

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

IN RE:)	
)	
CHATTANOOGA GAS COMPANY'S PETITION FOR APPROVAL OF ITS 2024 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6))))))))	DOCKET NO. 25-00028

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

This Second 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 Tennessee 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 Karen H. Stachowski on or before Tuesday, June 3, 2025, at 2:00 p.m. CST.

PRELIMINARY MATTERS AND DEFINITIONS

This Second 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, 2025, 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.

SECOND SET OF DISCOVERY REQUESTS

2-1. Refer to the Petition, File <2025-04-08 Schedule 21 – CGC and ASC Trial Balance

(FCC).xlsx>. Respond to the following questions:

- a. Describe a complete description of the project(s) included in account 10600005 Completed Construction not Classified – Topside, and explain why such balances are not included in account 10600000 Completed Construction not Classified.
- b. Confirm that AFUDC is not applied to charges residing in accounts 10600000 Completed Construction not Classified and 106000006 Completed Construction not Classified – Topside.
- c. Confirm that CGC has ownership of the natural gas reflected in accounts 16410030, 16410035, and 16420000.
- d. Define the transactions associated with accounts 16410075, Asset Optimization, and 16420100 Inventory-LNG Presentation Reclass and explain why these balances have been excluded from Rate Base.
- e. Define the transactions associated with account 18400062, Clearing Account AR (POET). Also, explain where the offsetting entries were recorded by month and amount for 2024.

RESPONSE:

2-2. Refer to the *Direct Testimony of Tiffani Weems*, File <2025-04-18 CGC Weems Exhibit

TW-1.xlsx>, Tab “Schedule 2A1.” Respond to the following:

- a. Identify each project comprising the January - December 2024 balance of AGL Service Company’s Plant in Service- Unreg. Provide the Plant in Service and the associated Accumulated Depreciation balance associated with each identified asset.
- b. For any asset identified above with an asset value greater than \$2.5 million, provide a complete description of the asset.
- c. For the balances in Plant in Service – Cloud Software Current and Cloud Software non-current, provide the following:
 - i. Distinguish between the two types of asset categories.
 - ii. Provide a comprehensive explanation of the functionality of these assets in terms of providing service to CGC customers.

RESPONSE:

- 2-3. Refer to the *Direct Testimony of Tiffani Weems*, File <2025-04-18 CGC Weems Exhibit TW-1.xlsx>, Tab “Schedule 2A1” and reconcile the balance of account 2820150 per Schedule 2A1 with the same account within Schedule 35.07a - Summary for January 2024.

RESPONSE:

- 2-4. Refer to the *Direct Testimony of Tiffani Weems*, File <2025-04-18 CGC Weems Exhibit TW-1.xlsx>, Tab “Schedule 2A1.” Reconcile the balance of account 2820700 with that contained in the same account within Schedule 35.07a - Summary for January 2024.

RESPONSE:

- 2-5. Refer to the Petition, File <2025-04-17 Schedule 35.07a ADIT Workpaper (Adjusted for.xlsx>, Tab “Schedule 35.07a – Summary.” Respond to the following:
- a. Identify the components of the “Excess Deferreds – Remediation” within Account 2820700.
 - b. Provide a comprehensive explanation for the following components of 2830100:
 - i. Other Actualizing;
 - ii. Other Actualizing – Fed;
 - iii. 133201T State Amended & RAR Adj – Temp TN; and
 - iv. 133401 State Income Tax Deduction – CF.

RESPONSE:

- 2-6. Refer to the Petition, File <2025-04-17 Schedule 35.07a ADIT Workpaper (Adjusted for.xlsx>, Tab “Schedule 35.07a – Summary.” Explain why the following should be included in the ADIT balance reflected in Rate Base:
- a. State NOL-TN;
 - b. Stock Options Granted;

- c. Charitable Contributions – Fed; and
- d. Bonus Accrual.

RESPONSE:

- 2-7. Refer to the Petition, File <2025-04-17 Schedule 35.07a ADIT Workpaper (Adjusted for.xlsx>, Tab “Schedule 35.07a -Summary.” Respond to the following:
- a. Provide the historic calculation(s) by year of State Taxable income, which gave rise to the January 2024 balance of State NOL–TN for \$957,040.
 - b. Provide supporting calculations for the 2024 entries made for State NOL – TN throughout 2024.

RESPONSE:

- 2-8. Refer to the *Direct Testimony of Tiffani Weems*, File <2025-04-18 CGC Weems Exhibit TW-1.xlsx>, Tab “Schedule 23.2.” Provide a comprehensive explanation detailing why the AGSC allocation percentage to CGC varies significantly between months, ranging from a low of 1.15% in October to a high of 3.43% in March, for a variance of greater than 100%. Provide supporting documentation underlying such a variance.

RESPONSE:

- 2-9. Refer to *Direct Testimony of Tiffani Weems*, File <2025-04-18 CGC Weems Exhibit TW-1.xlsx>, Tab “Schedule 23.” Respond to the following:
- a. Identify the 2024 account distribution(s) for charges identified as “DOEXTR – Dist Ops Service Providers-External Relations” direct assigned to CGC from ASC.
 - b. Describe the nature of these underlying charges.
 - c. Segregate the underlying charges incurred by ASC between internal labor, external vendor costs and Other (specify).
 - d. For any ASC allocated charges to CGC for the months of January and November 2024 that are classified as outside vendor costs, provide a copy of the underlying invoice.

RESPONSE:

2-10. Refer to the *Direct Testimony of Tiffani Weems*, File <2025-04-18 CGC Weems Exhibit TW-1>, Tab “Schedule 23.1.” More specifically, refer to the October 2024 activity within this file. Provide a comprehensive explanation underlying the large credits in October 2024 charged to Accounts 920 and 926, Administrative and General Salaries and Employee Pension and Benefits, respectively, both within the ASC Direct Assigned cost category. Identify the months to which any corrections relate and provide supporting calculations for the entries made in October, 2024.

RESPONSE:

2-11. Provide the following concerning the account 10600005, Completed Construction not Classified – Topside:

- a. What is the nature of the Topside entry, including a discussion of why such an entry is necessary?
- b. Provide support for the balance of this account as of May, 2024.
- c. How does the Company verify the accuracy of the balance in this account?
- d. Provide all accounting entries used to record transactions in this account for the month of May, 2024.

RESPONSE:

2-12. Refer to the *Direct Testimony of Tiffani Weems*, File <2025-04-18 CGC Weems Exhibit TW-1.xlsx>, Tab “Schedule 14”, Excel row 60, the Depreciation and Amortization Balance of \$11,365,094. Provide a comprehensive explanation why the appropriate amount of this line item is not \$11,804,818 as reflected in the Total Depreciation and Amortization Expense shown on Tab “Schedule 19.2”, Excel line 1835.

RESPONSE:

2-13. Refer to the Company's Response to Consumer Advocate DR No. 1-1, File <CA 1-01 CONFIDENTIAL Attachment A.xlsx>. Respond to the following:

- a. Regarding the [REDACTED] described as [REDACTED] after the date of [REDACTED] in the amount of [REDACTED] respond to the following:
- i. Provide a description [REDACTED];
 - ii. The date [REDACTED];
 - iii. The [REDACTED];
 - iv. The [REDACTED]; and
 - v. The [REDACTED] this [REDACTED].
- b. Refer to [REDACTED], which reflects the [REDACTED] this [REDACTED].
- c. [REDACTED] the [REDACTED] with the [REDACTED].

RESPONSE:

2-14. Refer to the Company's Response to Consumer Advocate DR No. 1-2, File <CA 1-02 CONFIDENTIAL Attachment A>. Respond to the following:

- a. Confirm that this filing was [REDACTED]. If not confirmed, provide the [REDACTED].
- b. Indicate whether any accounting entries were [REDACTED]. If so, provide the [REDACTED].
- c. Provide the [REDACTED] as reflected [REDACTED]. If the Company has [REDACTED] referenced on [REDACTED], provide a copy of [REDACTED].

RESPONSE:

2-15. Refer to the Petition, File <2025-04-17 Schedule 35.13 ASC Non-Alloca.xlsx>. Provide a comprehensive explanation of the capability and necessity of the Complex Billing System

recorded to Account 107, Construction Work in Progress, reflected under the (unnamed) notation 11015629. This response should identify the status of the project, why it is necessary and the resulting capabilities of the project that are otherwise not provided by existing AGSC assets.

RESPONSE:

2-16. Refer to the Petition, File <2025-04-17 Schedule 35.13 ASC Non-Alloca.xlsx>. Provide a comprehensive explanation of the capability and necessity of the Enterprise Gas Management System, recorded to Account 107, Construction Work in Progress, reflected under the (unnamed) notation 11013341. This response should outline the project's status, explain its necessity, and describe the capabilities it will provide that are not currently offered by existing AGSC assets.

RESPONSE:

2-17. Refer to Petition, File <2025-04-17 Schedule 35.07a ADIT Workpaper (Adjusted for.xlsx>, Tab "Schedule 35.07a -Summary." Respond to the following:

- a. Provide the annual book depreciation expense incorporated within the various basis differences identified within Schedule 35.07a -Summary that produces the monthly ADIT balances.
- b. Provide the 2024 annual accelerated tax depreciation incorporated within the various basis differences identified within Schedule 35.07a -Summary that produces the monthly ADIT balances.

RESPONSE:

2-18. Refer to the Company's Response to Consumer Advocate DR No. 1-07, Attachment <CA 1-07 Attachment A.xlsx>. Respond to the following:

- a. Explain why there is such a large variance between state and federal Depreciation and Other Items within the two Provision calculations;

- b. Provide support for the Federal Tax Return Depreciation of \$3,782,044; and
- c. Reconcile the Federal Tax Return Depreciation with the Depreciation identified on Line 12 of Form 1120 supplied as Confidential Attachment <CA 1-02 CONFIDENTIAL Attachment A.pdf> in the Company's Response to Consumer Advocate DR No 1-02.

RESPONSE:

2-19. Refer to the Company's Response to Consumer Advocate DR No. 1-08. Specifically, File <CA 1-08 CONFIDENTIAL Attachment A.xlsx>, Tab "[REDACTED]" and respond to the following:

- a. Provide a complete description of the drivers of the credit activity of [REDACTED] recorded in [REDACTED].
- b. Identify the [REDACTED] that are included in the line item identified as [REDACTED]. Note that the [REDACTED] for this line item are [REDACTED].
- c. Provide a copy of any of the [REDACTED] associated with the [REDACTED].
- d. Review the response to Consumer Advocate DR No. 1-08 regarding [REDACTED] and confirm the [REDACTED]. There are some [REDACTED] without [REDACTED].
- e. Confirm [REDACTED] of the [REDACTED] of the following [REDACTED]. If any of the [REDACTED], provide the [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

viii. [REDACTED]

RESPONSE:

2-20. Confirm that the Company first took the Repair Deduction on its 2024 tax return and reflected it on its books in 2025. If this is not confirmed, identify the first date in which the Repair Deduction was claimed on its federal return.

RESPONSE:

2-21. Refer to Company's Petition, File <2025-04-17 Schedule 35.10c CGC.xlsx>, Tab "Pivot-Lobbying Expense" and respond to the following:

- a. Identify any portion of the dues included within this tab which are also contained in the Company's Confidential Response to Consumer Advocate DR No. 1-08. If there are such amounts, identify the vendor and costs identified within Response 1-08 that appear within the dues totals contained in Schedule 35.10C.
- b. If not contained in part (a) above, identify the vendor(s) which comprise the Dues contained within Schedule 35-10C that are excluded from the CGC revenue requirement.

RESPONSE:

2-22. Where are the carry forward amounts above the \$6.8 million cap recorded and reported in the current ARM calculation?

RESPONSE:

2-23. What is the current usage by and revenue from VW?

RESPONSE:

2-24. Refer to the Petition, Direct Testimony of Tiffani Weems, File <2025-04-18 CGC Weems Exhibit TW-1.xlsx>, Tab "Schedule 6." Schedule 6 lists the Sales and Transportation Margin for Industrial (F-1/T-2) and for Industrial (F-1/T-1/T-2). Explain the difference in the source of revenue for these two groups. What Industrial (F-1/T-2) Sales and

Transportation Margins is included in the Industrial (F-1/T-1/T-2) grouping that is not included in the Industrial (F-1/T-2) group?

RESPONSE:

2-25. Compare the tariffs effective November 1, 2018, in TPUC Docket No. 18-00017, with those proposed in the current docket (25-00028):

- a. Confirm that the increases have varied from approximately 100% to approximately 114% (Demand Charge for Industrial (T-1)); and
- b. Are the variances in the rate increases by design? If so, provide an explanation of the differences in the adjustment and reason for the adjustments.

RESPONSE:

RESPECTFULLY SUBMITTED,



KAREN H. STACHOWSKI (BPR No. 019607)

Deputy Attorney General

Office of the Tennessee Attorney General

Consumer Advocate Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

Phone: (615) 741-2370

Fax: (615) 741-1026

Email: Karen.Stachowski@ag.tn.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via electronic mail, and by request via US Mail, upon:

J.W. Luna, Esq.
Butler Snow LLP
The Pinnacle at Symphony Place
150 3rd Ave S, Ste. 1600
Nashville, TN 37201
Email: jw.luna@butlersnow.com

Elizabeth Wade, Esq.
Chief Regulatory Counsel
Ten Peachtree Place, NW
Atlanta, GA 30309
Phone: (404) 584-3160
Email: ewade@southernco.com

Floyd R. Self, Esq.
Berger Singerman, LLP
313 North Monroe Street, Suite 301
Tallahassee, FL 32301
Phone: (850) 521-6727
Email: fself@bergersingerman.com

Jeff Petrea
Director, External Affairs
Chattanooga Gas Company
2207 Olan Mills Drive
Chattanooga, TN 37421
Email: japetrea@southernco.com

This the 27th day of May, 2025.



KAREN H. STACHOWSKI
Deputy Attorney General