BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

June 3, 2025

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

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 27, 2025.

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 informal 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 May 5, 2025, by marking the information as confidential. CGC is acting in good faith reliance on the Consumer Advocate's compliance with the Protective Order.

DISCOVERY REQUESTS

See the following pages for each specific informal discovery response.

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

CA 2-01

QUESTION:

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:

a. Please see the response to CA 2-11a.

b. In general, AFUDC is not applied to charges residing in accounts 10600000 Completed Construction not Classified and 106000005 Completed Construction not Classified – Topside. However, in certain instances, account 106000005 could contain AFUDC. In such cases, the system will reverse any AFUDC charges in the following month.

c. Yes, CGC has ownership of the natural gas reflected in accounts 16410030, 16410035, and 16420000.

d. Account 16420100 Inventory-LNG presentation Reclass is used to record the adjustment pertaining to the acquisition of CGC by AGL in 1986, where the purchase price exceeded CGC's book value. This adjustment was recorded in accordance with Generally Accepted Accounting Principles (GAAP) for financial reporting but is excluded from regulatory calculations, as per Docket 97-00982, which denied CGC's request to include it in the rate base. Therefore, it impacts financial statements but not regulatory rate base calculations.
   A portion of CGC's storage is optimized by the Company's Asset Manager, Sequent. These storage activities are tracked and recorded in a separate account-16410075 Asset Optimization. These activities are excluded from cost recovery and rate base.

e. Account 18400062 is the designated clearing account for damage billing. The offsetting account used is 92300000 - Outside Services Employed Account using two resource types ERI-Reimbursements for O&M and RET-Reimbursement – taxable. Please refer to Schedule 35.08-Damage Billing WP for 9230000 account details.

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 2-02

QUESTION:

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:

CGC is continuing to assemble the detailed information requested and will provide a response in the near future.

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 2-03

QUESTION:

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:

The difference observed when comparing the balances for account 2820150 between Schedule 2A1 and Schedule 35.07a is a reclassification of $16,767, which offsets between the state Property account (2820150) and the plant-related gross up account (28207000). As a result, the difference to total ADIT (and rate base) when compared to the GL is zero.

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 2-04

QUESTION:

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:

Please see the response to CA 2-03.

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 2-05

QUESTION:

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:

a. Account 28207000 "Regulatory Liability Reclass" represents the income tax gross up calculated on the Company's tax regulatory liability balance for excess deferred income taxes. The Remediation portion of this balance relates to a remediation adjustment initially recorded in 2005 to true up property-related ADIT balances to the correct amounts, which is being amortized through a tax regulatory liability over the 30-year period from 2005-2034. The remaining unamortized portion of the gross-up as of December 31, 2024 is 397,856.

b. See explanations for the following components of 2830100:

   i. Other Actualizing and Other Actualizing – Fed: Items represent immaterial tax return deductions that reduce rate base for various timing differences that were actualized with the filing of historical tax returns.

   ii. See response i.

iii. In accordance with Accounting Standard ASC 740 (formerly FAS109), at fiscal year ending September 30, 2001, CGC recorded a deferred tax liability representing future income tax payments.

The deferred tax asset referenced above was created as an offset to the deferred tax liability that was created when FAS 109 was implemented. Since the Company had not recovered the tax expense associated with this deferred tax liability, a regulatory deferred tax asset was established to allow the Company to recover the deferred taxes that it would pay in the future. The Company has not begun amortizing the deferred tax asset for recovery nor has recovery been proposed in the current proceeding.

iv. This line item relates to the timing of the state tax deduction taken on the federal income tax return when and if the federal tax return is filed prior to the state return being finalized. As of December 31, 2024, this item has a zero ending ADIT balance.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
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CA 2-06

QUESTION:

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:

a. The TN state NOL is calculated on a standalone basis. This NOL is driven by other timing differences whose ADITs are included in Rate Base. Therefore, the DTA for TN NOL should also be included in Rate Base.

b. During the preparation of this response, the Company determined that the DTA for Stock Options Granted is mislabeled. The balances relate to Performance Share Units and Restricted Stock Units. Therefore, an adjustment is needed in Schedule 35.07b to remove the ADIT balances related to the "Stock Options Granted" line. Please see CA 2-06 Attachment A, "Schedule 35.07b ADIT Workpaper updated", Additionally, CGC Weems Exhibit TW-1, Schedule 2A1, has also been updated to reflect this adjustment. The impact of this adjustment is a decrease to the deficiency of $7,242.

c. This DTA of $1,376 was mislabeled and relates to a miscellaneous timing difference on the tax return that has since turned to zero.

d. A portion of the book amounts associated with this item are included in cost of service, therefore it is appropriate to include the corresponding ADIT impacts in Rate Base.

Witness: Tiffani Weems
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Southern Company Gas

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CA 2-07

QUESTION:

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:

a. Please refer to CA 2-07 Attachment A, Exhibit 1, Line 9, Column (c).
b. The ADIT entries made throughout 2024 for the TN State NOL relate to the 2023 tax return true up, and estimated TN loss generated in 2024. Please refer to CA 2-07 Attachment A, Exhibit 2 for the calculation.

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CA 2-08

QUESTION:

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:

In general, direct assigned costs can fluctuate month to month. Direct assigned costs are costs incurred when ASC employees charge their time directly to CGC for services and functions they perform on behalf of CGC. These costs can vary depending on the need and requirement of services directly from ASC employees. Please refer to Schedule 23.3 line 7 for the allocated cost percentage from ASC to CGC excluding direct assigned costs.

In October, an adjustment was made to reclassify labor expense from CGC to ASC. Between January and October 2024, certain costs were booked directly to CGC rather than ASC. As a result, the associated burden costs were also reclassified to ASC in alignment with the labor adjustment.

For a journal detail of the labor reclass made in October, please see CA 2-08 Attachment A

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

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CA 2-09

QUESTION:

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:

CGC objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. The Consumer Advocate is requesting information regarding, and billing invoices for, certain costs paid by the Company, some of which the Company is not seeking recovery for in this proceeding, and therefore such information is not relevant to a determination of the Historic Base Period costs at issue in this case. In addition, some of these costs constitute confidential, proprietary, or trade secret information in that such costs are not public information and in some cases the costs are very specific to CGC or its affiliated companies. Notwithstanding the foregoing, CGC shall provide these costs to the Consumer Advocate on a confidential basis for its review. Please note that all charges identified as "DOEXTR – Dist Ops Service Providers-External Relations" are recorded to Department 1637, and these costs have been fully excluded from the revenue requirement, as the company is not seeking recovery for them. Specific further responsive information is as follows:

a. Please see 2-09 Attachment A, Tab "CGC Invoice -DOEXTR" for break out charges by FERC account.

b. The nature of the underlying charges identified as DOEXTR - Dist Ops Service Providers-External Relations would include but are not limited to labor and benefits, travel expenses, dues, and other miscellaneous expenses.

c. Please refer to 2-09 Attachment A. All internal labor and benefits are identified by account No. 920 and 926.

d. The Company has provided the invoices for the following charges in CONFIDENTIAL Attachments CA 2-09 B through F2, as presented in 2-09 Attachment A

Account No.	Resource Type	Amount	Attachment
92100000: Office Supplies and Expenses	ECD: Dues-Other	$1,750	CA2-09 CONFIDENTIAL Attachment B
92100000: Office Supplies and Expenses	ECD: Dues-Other	$190	CA2-09 CONFIDENTIAL Attachment C
92100000: Office Supplies and Expenses	EDU: Dues-Industry	$7,500	CA2-09 CONFIDENTIAL Attachment D
92100000: Office Supplies and Expenses	ESP: Sponsorships	$500	CA2-09 CONFIDENTIAL Attachment E
92300000: Outside Services Employed	ECD: Dues-Other	$10,000	CA2-09 CONFIDENTIAL Attachment F1 and F2

Objections by Counsel

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-10

QUESTION:

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:

Please see the response to CA 2-08.

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-11

QUESTION:

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:

a. The topside entry is essential for accurately reflecting the Plant-in-Service balance for two types of projects:
    i. **Completed and In-Service Projects**: If a project is complete and in service but has missing information or incorrect project settings, a topside entry is required to transfer the costs from FERC account 107 to FERC accounts 106 or 101.
    ii. **Fleet Projects in CWIP**: while service vehicles are awaiting customization and deployment to the field operations team, the completed portion of the total project cost is capitalized through this topside entry.

b. Please refer to CA 2-11 CONFIDENTIAL Attachment A.

c. The verification process involves using Power Plan queries and reports to ensure accurate journal entries:
    i. **External Close Entry:** The verification process utilizes a CWIP Summary with Aging query to identify all projects with balances in FERC account 107.
    ii. **Fleet Entry:** The verification process involves the Fleet Manager providing the status of all fleet projects, including actual costs of completed work and total estimated costs. The Property Accountant then calculates the percentage of project completion and determines the completed cost from the total project cost using a specific query from Power Plan.

d. The journal entries used for the month of May 2024 are shown below. Please see CA 2-11 Attachment B for detailed information.

Dr. 10600005 - Completed Const not Classified – Topside		1,226,234.99
Cr. 10700015-CWIP -Topside	(1,226,234.99)	
Dr. 10600005 - Completed Const not Classified – Topside		395,732.55
Cr. 10700015-CWIP -Topside	(395,732.55)	
Total		**1,621,967.54**

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

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CA 2-12

QUESTION:

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:

Schedule 14 is the calculation of the ratemaking adjustment to adjust depreciation expense for the 2024 rate reset period based on CGC's Historic Base Period End of Period Plant investment balances using approved depreciation rates, consistent with the 2019 rate case. The calculated depreciation expense, in this case $12,358,158, is compared to the per book depreciation expense of CGC, excluding allocated depreciation expense from ASC, which is $11,365,094 as reflected on Tab "Schedule 19.2 excel row 1835. The $11,808,818 referenced above includes allocated depreciation expense from ASC, which is shown in Tab "Schedule 19.2" excel row 1837.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-15

QUESTION:

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:

The Complex Billing project is the overall migration of Virginia Natural Gas (VNG) and Chattanooga Gas Company (CGC) large commercial and industrial customers off a billing process involving Gas Operations System (GOS) volumetric data, Interface Calculation Module (ICM) rates, and Peoplesoft billing and onto the new Enterprise Gas Management System (EGMS) for volumetric data. Oracle Customer Care & Billing will be utilized for rates and billing. This project was deployed on May 18th.

This project is migrating from utilizing older technology and leveraging other newer technology already in place. There are four legacy systems that will be replaced by EGMS. Please see the Company's response to CA 2-16 for further details on these legacy systems. Additionally, PeopleSoft has been replaced by Oracle Financials, which includes Oracle Customer Care & Billing and will allow for the use of consistent rating and billing processes and systems. The changes made by this project will reduce manual efforts and provide better transparency in billing for Chattanooga Gas' large commercial and industrial customers.

Upon completion, this project will be assigned and "pushed down" to the books and records of CGC and VNG. CGC will have a unique project on their books with their portion of the cost. The cost is shared proportionately between all benefiting utilities (VNG and CGC in this case) on the basis of customer count. Thus, CGC's portion of the cost would be approximately 18.5%.

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 2-16

QUESTION:

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:

Enterprise Gas Management System (EGMS) is a platform that enables marketers, poolers, and shippers to efficiently manage natural gas distribution by facilitating planning, scheduling, balancing, and billing. Its users include marketers, third-party suppliers, internal gas operations teams, and ultimately impacts residential and commercial gas consumers. EGMS will replace several legacy systems, all of which became obsolete some time ago. EGMS is on schedule to deploy to production on June 1, 2025.

The new system provides significant security, reliability and efficiency improvements for Company employees who serve Chattanooga Gas customers. A comprehensive testing strategy and plan developed in 2023 and executed successfully in 2024 and 2025 has helped ensure the reliability and accuracy of this new system. From a security standpoint, the system successfully passed a formal external penetration test in 2025.

Given the external-facing nature of this system and other industry related security compromises such as the issues that occurred at Colonial Pipeline in 2021, Chattanooga Gas customers benefit from this increased security. Systems Integration Testing, User Acceptance Testing, and Performance Testing have each been executed according to plan. Efficiencies are being gained with improved end-user experiences for both external and internal users. Manual processes are being automated with improved reporting and configurability.

Second, from an overall standpoint, the project solves the underlying problem of core legacy systems that, while functionally continue to serve the needs of CGC and its customers, are from a technology standpoint considered obsolete. There are four legacy systems that will be replaced by EGMS: Interface Calculation Module (ICM), Gas Operation System (GOS), EnerAct and Gas Nominations System (GNS). Any gas management technology system is complicated and requires extensive knowledge and expertise to develop. The systems that EGMS will replace are relied upon by as many as 100 parties external to GAS and Chattanooga Gas, including gas marketers, third-party gas supplies, and gas shippers, and the systems enable all of these parties to interact to nominate natural gas at specific receipt and delivery points, confirm and schedule transportation of the gas via the intrastate pipeline system, and deliver gas to end-use customers.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-17

QUESTION:

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:

a. 2024 annual book depreciation expense included in the monthly ADIT calculation is $11,348,895. This amount will be trued-up with the 2024 tax return.

b. 2024 annual tax depreciation expense included in the monthly ADIT calculation is $14,591,579.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-18

QUESTION:

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:

a. The difference between state and federal depreciation and other property items in the 2023 provision calculation is a result of Tennessee not allowing bonus depreciation deductions that were taken on the federal tax returns in prior years. The result is higher remaining depreciable basis for TN purposes, and therefore higher 2023 TN depreciation.

b. The Company is continuing to assemble the information necessary to respond to this Request and will do so in the near future.

c. The Company is continuing to assemble the information necessary to respond to this Request and will do so in the near future.

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-20

QUESTION:

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:

Yes, the Company is adopting the Natural Gas Safe Harbor Provisions ("NGSH") with the 2024 tax return, which will be filed in Q3 or Q4 of 2025. The Company reflected the estimated impact of NGSH adoption on its books in 2024 and, consistent with all components of the tax provision, will true up these amounts to reflect the final tax return calculation once the returns are filed.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-21

QUESTION:

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:

a. There are no dues contained in the Company's confidential response to Consumer Advocate DR 1-08 included in Schedule 35.10c-Pivot lobbying Expenses.

b. CGC objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. This request seeks detailed information regarding dues paid by the Company for which the Company is not seeking recovery in this proceeding, and therefore such information is not relevant to a determination of the Historic Base Period costs at issue in this case. Notwithstanding the foregoing, please see CA 2-21 Attachment A and the response to CA 2-09 above, and the provided confidential attachments.

Objections, by Counsel

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

Chattanooga Gas Company
Docket No. 25-00028
Chattanooga Gas Company's 2024 Annual Rate Review

CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-22

QUESTION:

Where are the carry forward amounts above the $6.8 million cap recorded and reported in the current ARM calculation?

RESPONSE:

Carryforward amounts from prior ARM filings are not individually calculated or tracked; any carryforward amounts would be included in the determination of the 2024 ARM deficiency amount. For example, in the determination of the 2024 ARM deficiency, the Company included the amortization of the approved 2022 and 2023 ARM deficiency amounts and did not reduce or limit the amortization of these amounts based upon the $6.8 million voluntary cap. Amortization of the approved 2022 and 2023 ARM deficiency amounts is shown in Schedule 5, row18.

Witness: Tiffani Weems
Manager, Regulatory Reporting
Southern Company Gas

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-23

QUESTION:

What is the current usage by and revenue from VW?

RESPONSE:

Volkswagen consumption and respective revenues for 2024 are included in CONFIDENTIAL Workpaper 35.14 filed with the Petition in this proceeding. Volume and revenues on the 'Schedule 35.14' tab agree to screenshots of Volkswagen's monthly bills on tabs 'VW(1) through VW(12)'.

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CA 2-24

QUESTION:

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:

The source for margin totals for rate schedules F-1/T-2 and F-1/T-2/T-1 is Schedule 15 – Annualized Jurisdictional Non-Gas Revenue for the twelve months ended December 31, 2024. The source data for Schedule 15 is the Margin Revenue Summary by Charge Type provided as supporting Schedule 35.20 to the filing.

The revenues for F-1/T-2 and F-1/T-2/T-1 are recorded entirely separate from one another. Customers under the F-1/T-2 rate schedule have interruptible transportation service with full firm backup that is equivalent to the maximum volume of gas taken by the Customer in any one day during the most recent November-March period. Customers under the F-1/T-2/T-1 rate schedule have interruptible transportation service with contracted firm backup volume.

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

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CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-25

QUESTION:

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:

a. That is correct.

b. No; other than CGC's two customers with Commission-approved Special Contracts, the proposed rate increase is allocated to each Rate Schedule on an equal percentage basis with any differences due to rounding.

   The rate increase percentage as shown in File <2025-04-18 CGC Weems Exhibit TW-1.xlsx>, Tab "Schedule 17.1" revenue is determined by dividing the increase in revenue deficiency as calculated in tab "Schedule 1" by total revenues for the historic period (2024) as calculated in tab "Schedule 17." That calculated increase percentage is then multiplied by each rate schedule's total revenue to arrive at a target revenue increase by rate schedule. The calculated rate increase percentage is then applied to each current rate and multiplied by either number of bills or volumes (depending on the rate) on tab "Schedule 17" to produce a revenue increase for each rate schedule that should tie to the target revenue increase from tab "Schedule 17.1" with any differences in increases due to rounding.

   For the two Special Contract customers, CGC is proposing to limit the rate increase for Kordsa to 5% which is consistent with the Company's agreement with Kordsa during its special contract negotiations. The Company has proposed no rate increase for Volkswagen as their Special Contract was part of a package of incentives offered by the State of Tennessee to have Volkswagen locate to Tennessee.

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

Respectfully submitted,

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J.W. Luna Esq. (Tenn. No. 5780)
Butler Snow LLP
1320 Adams Street, Suite 1400
Nashville, TN 37208
Telephone: (615) 651-6749
JW.Luna@butlersnow.com

and

Floyd R. Self, Esq. (Tenn. No. 41716)
Berger Singerman LLP
313 North Monroe Street, Suite 301
Tallahassee, FL 32301
Telephone: (850) 521-6727
fself@bergersingerman.com

Attorneys for Chattanooga Gas Company

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing has been forwarded via electronic mail to the following on June 3, 2025:

Karen H. Stachowski, Deputy Attorney General
Vance Broemel, Managing Attorney
Office of Attorney General
Consumer Advocate Division
P.O. Box 20207
Nashville, TN 37202-0207

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J.W. Luna

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