

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

June 10, 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 ADDITIONAL RESPONSES AND OBJECTIONS
TO CONSUMER ADVOCATE’S SECOND SET OF DISCOVERY REQUESTS**

Chattanooga Gas Company (“CGC” or “Company”) files additional 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.

CGC hereby adopts its General Objections previously stated in its Responses and Objections to Consumer Advocate’s Second Set of Discovery Requests.

DISCOVERY REQUESTS

See the following pages for each specific informal discovery response.

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

CONSUMER ADVOCATE'S Discovery Requests Set: CA-2

CA 2-02

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:

- a. Please see CA 2-02 Attachment A.
- b. Please refer to part a. It should be noted that CA 2-02 Attachment A contains all ASC assets including those that are not allocated to CGC. However, adjustments for non-allocable assets such as VNG assets were made on schedule 35.13 ASC Non-Allocable Plant.
- c.
 - i. The FERC account 10100060 - Plant in service Cloud -Current shows the balance of cloud software assets that will be amortizing in next 12 months. Whereas The FERC account 10100070 Plant in service Cloud -non-current shows the Plant in service Cloud assets with a remaining life of 13 months or longer.

To ensure accurate financial reporting, the balances of current and non-current assets are assessed monthly. A Trial Balance is run for both accounts to identify any Net Activity which includes any new assets added or retired. If there is any Net Activity, the current balance is recalculated by dividing the total ending balance of both accounts by the remaining useful life of the assets. Finally, a reclassification entry is recorded to reflect correct current and non-current balances.

- ii. The assets included in Plant in Service – Cloud Software, both current and non-current, are associated with the Enterprise Foundation platform. This platform is part of Southern Company’s initiative to enhance operational efficiency by consolidating major systems for accounting, budgeting, finance, reporting, supply chain, treasury, and HR into a unified platform. This integration allows field and office personnel to access the necessary information required to serve CGC customers. This allows faster decision making and provides efficiency of service.

Additionally, security projects such as RSA Self-service and IronNet Cloud are part of these accounts. These Technology tools contribute to a more secure, efficient and user-friendly environment for CGC and its customers. The ultimately goal of these security projects is supporting the company’s operational objectives by reducing operational cost and enhancing customer satisfaction.

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 2-18

QUESTION:

Refer to the Company's Response to Consumer Advocate DR No. 1-07, Attachment <CA 1-07

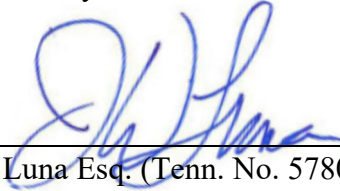
Attachment A.xlsx>. Respond to the following:

- 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. \$3,782,044 includes other property related book-tax timing differences in addition to federal depreciation. Support for this amount is shown as the total in the column "Current Difference" of CA 2-18 Attachment A.
- c. Please refer to the first column "Tax Recovery – Depreciation" of CA 2-18 Attachment A which agrees to the \$12,153,109 federal depreciation identified on Line 20 of Form 1120.

Respectfully submitted,



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 10, 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



J.W. Luna

PowerTax Deferred Tax Recovery By Type Report
Chattanooga Gas Company
Gas:2023 Tax Return
Tax Year: 2023

Grouped By: Total Tax Classes

Jurisdiction: Federal	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
	Depreciation	Loss/(Gain)	Tax Total	Depreciation	Loss/(Gain)	Book Total		Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Total DIT
Federal														
CHG Fed Method/Life	\$12,074,375.19	\$1,418,079.12	\$13,492,454.31	\$9,742,553.93	\$89,890.95	\$9,832,444.88	\$0.00	\$2,331,821.26	\$1,328,188.17	\$0.00	\$185,746.17	\$105,799.64	\$0.00	\$291,545.81
Depreciation Difference	\$12,074,375.19	\$1,418,079.12	\$13,492,454.31	\$9,742,553.93	\$89,890.95	\$9,832,444.88	\$0.00	\$2,331,821.26	\$1,328,188.17	\$0.00	\$185,746.17	\$105,799.64	\$0.00	\$291,545.81
CHG Fed AFUDC Debt	\$0.00	\$0.00	\$0.00	(\$104,314.49)	\$0.00	(\$104,314.49)	\$70,876.00	\$104,314.49	\$0.00	(\$70,876.00)	\$26,330.51	\$0.00	(\$14,883.95)	\$11,446.56
CHG Fed AFUDC Equity	\$0.00	\$0.00	\$0.00	\$116,015.76	\$0.00	\$116,015.76	(\$801,458.00)	(\$116,015.76)	\$0.00	\$801,458.00	(\$31,322.10)	\$0.00	\$168,306.19	\$136,984.09
CHG Fed Engineering Costs	\$0.00	\$0.00	\$0.00	\$234,209.71	\$0.00	\$234,209.71	\$0.00	(\$234,209.71)	\$0.00	\$0.00	(\$58,413.86)	\$0.00	\$0.00	(\$58,413.86)
CHG Fed In Service Date Adds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CHG Fed Internal Dev. Software (	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CHG Fed Internal Software Labor	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CHG Fed Pension Differences	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CHG Fed Purchased Software (Br	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CHG Fed Relocation Costs	\$0.00	\$0.00	\$0.00	\$232,653.11	\$0.00	\$232,653.11	\$0.00	(\$232,653.11)	\$0.00	\$0.00	(\$64,201.16)	\$0.00	\$0.00	(\$64,201.16)
Book Difference	\$0.00	\$0.00	\$0.00	\$478,564.09	\$0.00	\$478,564.09	(\$730,582.00)	(\$478,564.09)	\$0.00	\$730,582.00	(\$127,606.61)	\$0.00	\$153,422.24	\$25,815.63
(8164)CHG Fed Contra Difference	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CHG Fed 3050 481a Bonus	(\$740.08)	\$0.00	(\$740.08)	\$0.00	\$0.00	\$0.00	\$0.00	(\$740.08)	\$0.00	\$0.00	(\$259.04)	\$0.00	\$0.00	(\$259.04)
CHG Fed 481(a) - Deductible G &	(\$88,649.81)	\$0.00	(\$88,649.81)	\$0.00	\$0.00	\$0.00	\$0.00	(\$88,649.81)	\$0.00	\$0.00	(\$31,027.43)	\$0.00	\$0.00	(\$31,027.43)
CHG Fed CIAC	\$280,876.51	\$0.00	\$280,876.51	\$0.00	\$0.00	\$0.00	\$465,184.00	\$280,876.51	\$0.00	(\$465,184.00)	\$70,708.46	\$0.00	(\$97,688.64)	(\$26,980.18)
CHG Fed Deductible G & A Costs	(\$108,487.75)	\$0.00	(\$108,487.75)	\$0.00	\$0.00	\$0.00	(\$256,467.00)	(\$108,487.75)	\$0.00	\$256,467.00	(\$26,025.35)	\$0.00	\$53,858.07	\$27,832.72
CHG Fed FMV Adj	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CHG Fed G & A SALARY O/H	(\$4,264.83)	\$0.00	(\$4,264.83)	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,264.83)	\$0.00	\$0.00	(\$895.61)	\$0.00	\$0.00	(\$895.61)
Tax Difference	\$78,734.04	\$0.00	\$78,734.04	\$0.00	\$0.00	\$0.00	\$208,717.00	\$78,734.04	\$0.00	(\$208,717.00)	\$12,501.03	\$0.00	(\$43,830.57)	(\$31,329.54)
Total Tax Classes	\$12,153,109.23	\$1,418,079.12	\$13,571,188.35	\$10,221,118.02	\$89,890.95	\$10,311,008.97	(\$521,865.00)	\$1,931,991.21	\$1,328,188.17	\$521,865.00	\$70,640.59	\$105,799.64	\$109,591.67	\$286,031.90
Company/JurSubtotal:	\$12,153,109.23	\$1,418,079.12	\$13,571,188.35	\$10,221,118.02	\$89,890.95	\$10,311,008.97	(\$521,865.00)	\$1,931,991.21	\$1,328,188.17	\$521,865.00	\$70,640.59	\$105,799.64	\$109,591.67	\$286,031.90
Less:														
Adjust for Partial Normalization	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00					\$3,782,044.38			
Accum Reserve Adjustments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00								
Transfer Activity	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00								
Company/Jur Total:	\$12,153,109.23	\$1,418,079.12	\$13,571,188.35	\$10,221,118.02	\$89,890.95	\$10,311,008.97								