

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:)	
)	
PETITION OF TENNESSEE AMERICAN)	
WATER COMPANY REGARDING THE)	Docket No. 16-00126
2016 INVESTMENT AND RELATED)	
EXPENSES UNDER THE QUALIFIED)	
INFRASTRUCTURE INVESTMENT)	
PROGRAM RIDER, THE ECONOMIC)	
DEVELOPMENT INVESTMENT RIDER,)	
AND THE SAFETY AND ENVIRONMENTAL)	
COMPLIANCE RIDER)	

**SUPPLEMENTAL DISCOVERY REQUEST OF THE CONSUMER PROTECTION
AND ADVOCATE DIVISION TO TENNESSEE AMERICAN WATER COMPANY**

To: Tennessee American Water Company
C/O Melvin J. Malone
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This Supplemental Discovery Request is hereby served upon Tennessee American Water Company ("Company" or "TAWC"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. Along with this Supplemental Discovery Request and pursuant to TRA Rule 1220-1-2-.11(5)(a), the Consumer Advocate is filing

a Motion for Leave to Issue More Than Forty Discovery Requests and an accompanying memorandum establishing good cause for service of the additional requests. The Consumer Protection and Advocate Division of the Attorney General's Office ("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 Protection and Advocate Division, 315 Deaderick Street, 20th Floor, Nashville, Tennessee 37243, c/o Daniel P. Whitaker III, on or before 4:00 p.m. (CDT), January 19, 2017.

PRELIMINARY MATTERS AND DEFINITIONS

These Additional Discovery Requests incorporate the same Preliminary Matters and Definitions as set forth in the *Informal Discovery Request of the Consumer Advocate and Protection Division to Tennessee American Water Company* sent to Tennessee American Water Company on December 6, 2016, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Tennessee American Water Company which would make a prior response inaccurate, incomplete, or incorrect.

SUPPLEMENTAL DISCOVERY REQUESTS

2-1. Please refer to the attached file provided in the Company's response to CPAD1-1 in this docket. Specifically refer to the "RP District Detail" tab of this attachment. It appears that certain data included on this schedule is calculated from other sources. For example, Cell E25 of this schedule contains the January 2017 estimated expenditures for unscheduled main replacement with a hard-coded value of "\$10,621.0526315789", leaving us with the impression that this value is calculated from other data. Therefore, please provide the source and support for the hard numbers contained in Columns E through P that comprise the 2017 SCEP amounts.

RESPONSE:

2-2. Please refer to the attached file provided in the Company's response to CPAD1-1 in this docket. Specifically refer to the "RP District Detail" tab of this attachment. Please provide a side-by-side comparison of the 2017 expenditures from this schedule with the estimated 2017 expenditures from the 2016-2020 SCEP that was included with the Company's response to CPAD DR2-11 in Docket 15-00111, and provide an explanation for all line item budget changes that are greater than 10%.

RESPONSE:

2-3. Please refer to the attached file provided in the Company's response to CPAD1-3 in this docket. The final sentence of this response refers to an "Attachment2" that was apparently not included with the Company's response. Please provide a copy of "Attachment2" that is referenced here.

RESPONSE:

2-4. Please refer to the Company's responses to CPAD1-5, CPAD1-6, CPAD1-7 and CPAD1-8 in this docket regarding the actual plant expenditure amounts in November 2015 and December 2015 for Business Units A, B, C and D. In addition, please refer to Table 1 and Table 2 below that summarize the November 2015 and December 2015 plant additions for Business Units A, B, C and D in this Capital Rider Budget Docket and in the 16-00022 Capital Rider Reconciliation Docket.

Table 1 – 16-00022 Plant Additions ¹		
Business Unit	Nov 2015	Dec 2015
A	\$0	\$67,251

Table 2 – 16-00126 Plant Additions ²		
Business Unit	Nov 2015	Dec 2015
A	\$35,979	\$10,743

¹ Company workpapers in Docket 16-00022, "WKP 2015 Pivot Actuals" tab that was referenced in CPAD1-5, CPAD1-6, CPAD1-7 and CPAD1-8 in this docket.

² Company workpapers in Docket 16-00126, "WKP 2016 In-Serviced SCEP Proof" tab that was referenced in CPAD1-5, CPAD1-6, CPAD1-7 and CPAD1-8 in this docket.

B	223,756	337,840
C	103,929	110,053
D	-1,056	959,844

B	109,119	92,341
C	103,929	109,644
D	12,033	64,679

a. Admit or deny that the amounts included in Table 1 above represent the actual plant additions that were included by the Company in Docket 16-00022. If the Company denies that these are the amounts included in Docket 16-00022, then provide updated amounts with an explanation of the differences.

b. Admit or deny that the amounts included in Table 2 above represent the actual plant additions that were included by the Company in Docket 16-00126. If the Company denies that these are the amounts included in Docket 16-00126, then provide updated amounts with an explanation of the differences.

c. Please provide a reconciliation of the amounts included in Tables 1 and 2.

d. Please provide an attestation from the Company's controller of the actual amounts of capital recovery plant additions recorded in the Company's ledger for November 2015 and December 2015 for Business Units A, B, C and D.

RESPONSE:

2-5. Please refer to the Company's response to CPAD1-11 in this docket. Please provide the source and support for the 57.6% allocation factor calculation referenced in this request.

RESPONSE:

2-6. Please refer to the "TAW_APP_SCH1_2017" spreadsheet that was included with the Company's filing. Specifically refer to the "WKP Data-COR&Retires" tab of this spreadsheet. Please provide the source and support for the "Retirements" amounts that were included in Column G on this spreadsheet as hard numbers.

RESPONSE:

2-7. Please refer to the “TAW_APP_SCH1_2017” spreadsheet that was included with the Company’s filing. Specifically refer to the “WKP Retires” tab of this spreadsheet. Please provide the source and support for the “As Filed 2016 Allocated Retirement” amounts that were included in Column O on this spreadsheet as hard numbers.

RESPONSE:

2-8. Please refer to the “TAW_APP_SCH1_2017” spreadsheet that was included with the Company’s filing. Specifically refer to the “WKP Retires” tab of this spreadsheet. Please explain why the Company doesn’t include budgeted retirements to Business Units DV, A, E, G, I, K, N, O, P, R or S in its filing. If the Company believes that this omission is an error, please provide an updated calculation. If the Company believes that this omission is not an error, then please provide an explanation of the Company’s rationale.

RESPONSE:

2-9. Please refer to the “TAW_APP_SCH1_2017” spreadsheet that was included with the Company’s filing. Specifically refer to Column BC of the “WKP2017 In-Serviced SCEP Proof” tab of this spreadsheet which calculates the “Average Retires” for 2017 for each account. Please provide the source and support for the hard numbers that were included as retirements for the Investment Projects in Cells BC110 to BC116 of this spreadsheet.

RESPONSE:

2-10. Please refer to the “TAW_APP_SCH1_2017” spreadsheet that was included with the Company’s filing. Specifically refer to Column G of the “WKP Retires” tab of this spreadsheet which uses the 2017 plant additions to allocate budget retirements. It appears that the Company has changed the formula for Column G. In previous filings, this formula calculated the average

plant additions for each account. In the current filing, this formula appears to calculate the total plant additions for each account. Please discuss the reasons for this change in formula along with a citation to the Company's testimony for this change. If the Company believes that this change is an error, please provide an updated calculation. If the Company believes that this change is not an error, then please provide explanation of the Company's rationale.

RESPONSE:

2-11. Please refer to the "TAW_APP_SCH1_2017" spreadsheet that was included with the Company's filing. Specifically refer to the "WKP CIAC" tab of this spreadsheet. Please provide the account numbers and account descriptions corresponding with Rows 13 and 14 on this spreadsheet.

RESPONSE:

2-12. Please refer to the "TAW_APP_SCH1_2017" spreadsheet that was included with the Company's filing. Specifically refer to the "WKP CIAC" tab of this spreadsheet. Please provide the source and support for the hard numbers included on this spreadsheet.

RESPONSE:

2-13. Please refer to the "TAW_APP_SCH1_2017" spreadsheet that was included with the Company's filing. Specifically refer to Cell BE39 of the "WKP 2017 In-Serviced SCEP Proof" tab of this spreadsheet which should contain the cumulative CIAOC. Please explain why the Company only includes the 2017 CIAOC balance of \$110,941 instead of the cumulative CIAOC balance of \$270,551 (\$159,611 for prior periods plus \$110,941 for 2017). If the Company believes that this is an error, then please provide an updated calculation. If the Company believes that this is not an error, then please provide explanation of the Company's rationale.

RESPONSE:

2-14. Please refer to the “TAW_APP_SCH1_2017” spreadsheet that was included with the Company’s filing. Specifically refer to the “WKP Data-COR&Retires” tab of this spreadsheet. Please provide the source and support for the “Removal & Salvage” amounts included in Column E as hard numbers on this spreadsheet.

RESPONSE:

2-15. Please refer to the “TAW_APP_SCH1_2017” spreadsheet that was included with the Company’s filing. Specifically refer to the “WKP Retires” tab of this spreadsheet. Please provide the source and support for the “As Filed 2016 Cost of Removal Less Salvage” amounts included in Column Q as hard numbers on this spreadsheet.

RESPONSE:

2-16. Please refer to the “TAW_APP_SCH1_2017” spreadsheet that was included with the Company’s filing. Specifically refer to the “WKP Retires” tab of this spreadsheet. Please explain why the Company doesn’t include budgeted cost of removal for Business Units DV, A, E, G, I, K, N, O P, R or S in its analyses. If the Company believes that this omission is an error, then please provide an updated calculation. If the Company believes that this omission is not an error, then please provide explanation of the Company’s rationale.

RESPONSE:

2-17. Please refer to the “TAW_APP_SCH1_2017” spreadsheet that was included with the Company’s filing. Specifically refer to Column BI of the “WKP 2017 In-Serviced SCEP Proof” tab of this spreadsheet which calculates the “Cost of Removal Less Salvage” for 2017 for each account. Please provide the Company’s rationale for using \$21,718 as the cost of removal in Cell BI116 as it does not appear to match the logic used for the calculation for other accounts. If the Company believes that this calculation is an error, then please provide an updated calculation.

If the Company believes that this calculation is not an error, then please provide explanation of the Company's rationale.

RESPONSE:

2-18. Refer to the Company's response to CPAD DR1-13 in Docket 15-00111 related to vintage year tax depreciation which reads as follows: "A tax depreciation calculation tab can be added for future filings." Please provide a tax depreciation calculation in a separate spreadsheet that expands the calculation contained in Column BP of the "WKP 2017 In-Serviced SCEP Proof" tab of the "TAW_APPP_SCH1_2017" spreadsheet included with the Company's filing that provides for separate tax depreciation calculations for each vintage tax year.

RESPONSE:

2-19. Please refer to the "TAW_APP_SCH1_2017" spreadsheet that was included with the Company's filing. Specifically refer to Column AY of the "WKP 2014 In-Serviced Actual" tab of this spreadsheet which calculates the 2014 depreciation expense. The Company has converted the original formulas in this spreadsheet to hard numbers that no longer tie to the product of average plant in service * the appropriate depreciation rates. Please answer the following:

- a. Explain why the Company removed the 2014 depreciation expense formulas and converted these amounts to hard numbers.
- b. Explain why the Company has retained the original depreciation expense formulas on Column BG of the "WKP 2015 In-Serviced Actual" tab; Column BG of the "WKP 2016 In-Serviced SCEP" tab; and Column BG of the "WKP 2017 In-Serviced SCEP" tab while removing the depreciation expense formula from Column AY of the "WKP 2014 In-Serviced Actual" tab.
- c. It would appear that either the plant in service or the depreciation expense amounts included on the "WKP 2014 In-Serviced Actual" tab are in error, since the plant in service recorded

in Column AS cannot produce the depreciation expense included in Column AY at currently approved depreciation rates. If the Company believes that this calculation is an error, then please provide an updated calculation. If the Company believes that this calculation is not an error, then please provide explanation of the Company's rationale.

d. Please provide an attestation from the Company's controller of the actual amounts of capital recovery plant in service and depreciation expense by Business Unit recorded in the Company's ledger for 2014.

RESPONSE:

2-20. Please refer to the attached file provided in the Company's response to CPAD1-1. Specifically, refer to the "RP District Detail" tab of this attachment. Please segregate the budgeted 2017 SCEP plant additions by Business Unit between the following categories:

- a. TAWC Direct Labor;
- b. TAWC Overhead Costs;
- c. AWWC Allocated Labor;
- d. AWWC Allocated Overhead Costs; and
- e. Third Party Outside Vendor Costs.

RESPONSE:

2-21. Please identify the witness or other individual(s) who is responsible (and will respond to additional questions) for each response to each of these discovery requests.

RESPONSE:

RESPECTFULLY SUBMITTED



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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Manager of Rates and Regulation – Tennessee and Kentucky
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This the 6 day of January, 2017.



DANIEL P. WHITAKER III