

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

IN RE:)	
)	
PETITION OF TENNESSEE)	
WASTEWATER SYSTEMS, INC., FOR)	DOCKET NUMBER 16-00139
APPROVAL OF ADJUSTMENT OF ITS)	
RATES AND NEW TARIFF)	

**RESPONSE OF CONSUMER PROTECTION AND ADVOCATE DIVISION TO FIRST
DISCOVERY REQUEST OF TENNESSEE WASTEWATER SYSTEMS, INC.**

Comes the Consumer Protection and Advocate Division (Consumer Advocate) in the above-referenced Tennessee Public Utility Commission (TRUC) docket and hereby responds to the First Discovery Requests of Tennessee Wastewater Systems, Inc. (Company) to the Consumer Advocate. In the following responses, William H. Novak is the responsible witness with respect to the substance of each response.

GENERAL OBJECTIONS AND RESPONSES

1. The Consumer Advocate objects to these Requests to the extent that they seek information protected from disclosure by the attorney-client privilege, attorney work product doctrine, and/or any other applicable legal privilege.
2. The Consumer Advocate objects to these Requests to the extent that the “Instructions and Definitions” exceed the permissible scope of the Tennessee Rules of Civil Procedure, and Tenn. Comp. R. & Reg. 1220-1-2-.11.
3. The Consumer Advocate objects to these Requests to the extent that they seek information that exceeds the scope of discovery permitted by the Tennessee Rules of Civil Procedure, and Tenn. Comp. R. & Reg. 1220-1-2-.11.
4. The Consumer Advocate objects to these Requests to the extent that they

purport to impose upon the Consumer Advocate an obligation to search publicly available materials when such material is equally accessible to the Company, or would require the Consumer Advocate to serve subpoenas on unrelated entities to obtain responsive information.

5. The Consumer Advocate objects to these Requests to the extent that they call for legal conclusions or legal arguments.

6. The Consumer Advocate objects to these Requests to the extent that they seek the production of information not relevant to the issues in this matter and not likely to lead to the discovery of admissible evidence.

7. The specific and general responses are made solely for the purpose of this action. Each response is subject to all objections as to competence, relevance, privilege, materiality, propriety, admissibility, and any and all other objections that would require the exclusion of any evidence if any Requests were made of, or any testimony were offered by, a witness present and testifying at trial. All such objections are reserved, and may be interposed at any time prior to or during the trial in this matter.

8. To the extent that the Consumer Advocate has responded to any Request, or any part thereof, such response is not intended, and shall not be construed, as a waiver of all, or any part, of any objection to any such Request.

9. The Consumer Advocate reserves the right to amend any of the specific responses set forth below in light of information developed or learned on a subsequent date.

10. The Consumer Advocate objects because the Requests are not limited in time, which makes them overbroad and burdensome.

11. The responses made herein are made to the best of the Consumer Advocate's present knowledge after a reasonably diligent search for responsive information. The Consumer Advocate will supplement its responses as required by the Tennessee Rules of Civil

Procedure and expressly reserves its right to supplement or amend its answers if and as appropriate.

12. Each of the foregoing General Objections and Responses is incorporated by reference into each of the Specific Objections and Responses below.

SPECIFIC OBJECTIONS AND RESPONSES

1. Provide all the expenses associated with the escrow revenue. If the expenses cannot be provided, explain in detail why not.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

The Consumer Advocate further objects to this Request on the grounds that much of the information the Consumer Advocate requires in order to respond to this Request is in the Company's exclusive possession, custody, and control. The Consumer Advocate does not have this information.

Subject to and without waiving the foregoing objections, the Consumer Advocate's revenue projection was determined by forecasting attrition period bills and then multiplying these bills by the total (base rate and escrow) tariff rate. Therefore, there is no segregation of escrow revenues in its forecast.

The Consumer Advocate's expense projections, including escrow-related expenses, were determined through either a price-out or through an analysis of prior annual amounts. However, because the Company does not segregate these expenses on its books, there is no separation of expenses to determine those that are directly associated with escrow revenue.

2. Provide all the expenses associated with the developer revenue. If the expenses cannot be provided explain in detail why not. If the explanation for why the expenses are not included is because expenses were not provided, explain how developer revenue can be forecasted, but not the developer expenses.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

The Consumer Advocate further objects to this Request on the grounds that much of the information the Consumer Advocate requires in order to respond to this Request is in the Company's exclusive possession, custody, and control, and has not been produced to the Consumer Advocate despite direct discovery request. In particular, the Company failed to produce documents responsive to CPAD3-7 (Informal) requesting the identification of the expenses associated with revenues in Account 421.5 NIU Developer Revenue. The Company explained it "does not track those expenses and the TPUC has never asked TWSI to do so because both the expenses and the associated revenue are recorded below the line." This mismatch of revenues and expenses is one reason why the Consumer Advocates' witness determined that the Company's books and records are not maintained consistent with NARUC accounting principles and as a result are not appropriate to be relied upon for setting rates. As a result, TWSI has failed to satisfy its burden to support the proposed rates.

3. Provide all the expenses related to the 24% increase in residential customer accounts. If the expenses cannot be provided, explain in detail why not.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

The Consumer Advocate further objects to this Request on the grounds that much of the information the Consumer Advocate requires in order to respond to this Request is in the Company's exclusive possession, custody, and control. The Consumer Advocate does not have this information.

Subject to and without waiving the foregoing objections, the Consumer Advocate's residential revenue projection was determined by forecasting attrition period bills and then

multiplying these bills by the total tariff rate. Therefore, there is no segregation of expenses directly associated with its residential revenue forecast.

The Consumer Advocate's expense projection, including residential-related expenses, were determined through either a price-out or through an analysis of prior annual amounts. However, because the Company does not segregate these expenses on its books, there is no separation of expenses to determine those that are associated with residential revenue.

4. Provide a list of all the States WHN performs any accounting or consulting services.

Identify in each State the nature of work performed and for whom it is performed.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, Consumer Advocate refers the Company to Attachment WHN-1 that was included with Mr. Novak's pre-filed testimony for a list of selected cases Mr. Novak has been involved with. No other list is presently available.

5. Identify all utilities WHN has represented before the TPUC since 2009.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 4 above.

6. Identify all the dockets in which WHN has provided testimony before the TPUC on behalf of the utilities responsive to Request 2.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 4 above.

7. Identify all the dockets WHN has provided services, including testimony, on behalf of the CPAD since 2009.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 4 above

8. Identify all outside (ie. not within the Attorney General's Office) certified public accountants used by the CPAD in relation to rate case work before the TPUC in the past 3 years.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, the Consumer Advocate objects to such request on the grounds that it is overly burdensome and the requested information is not relevant. Without waiving the objections, the Consumer Advocate also contracted with

Mr. Ralph Smith of Larkin & Associates to assist it with TPUC Docket Nos. 16-00001 and 15-00042.

9. Produce the contract, invoices, and expenses for WHN related to this rate case.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

The Consumer Advocate objects to this Request on the ground of the attorney work product doctrine since, *inter alia*, describing “what work was done” could reveal the attorney’s thoughts and mental processes. In addition, the Consumer Advocate objects on the ground that the requested information is not relevant. Without waiving such objections, the Consumer Advocate provides, redacted, the contract between Mr. Novak and the Attorney General as Attachment 1-9.

10. Provide the specific accounts, amounts, billing timeframe, and tariff rate(s) that led to the conclusion that a compliance audit needs to be performed on TWSI’s billing.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, the Consumer Advocate refers the Company to pages 8 – 10 of Mr. Novak’s direct testimony (Q&A 14 and 15). Mr. Novak indicates that there were 65 commercial accounts where the billing rates consistently did not tie to TWSI’s tariff. The specific account numbers for these 65 accounts are included on Attachment 1-10.

11. Provide support for and explain in detail all the ways in which the accounting practices of TWSI are deemed to be non-compliant.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, the Consumer Advocate's review of the Company's books and records during this rate case should not be construed to be an audit. However, the Consumer Advocate's review did note the following deficiencies:

- As already noted in TWSI DR1-2, the Company has indicated that they do not include the expenses associated with developer revenue on the utility books.
- The Company has included charges for "convenience fees" to its customers without first receiving authorization to impose such charges.
- It appears that the Company has utilized water meter readings and imposed tariff rates which differ from the authorized tariff rates without first receiving authorization to impose such charges.

12. Provide the documentation, support workpapers, rationale, and any other pertinent information that led the CPAD and WNH to the basis of a 24% increase in residential customer counts.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, the Consumer Advocate's summary workpaper calculating residential revenue of \$1,197,203 is included on Workpaper WP-8 of our filing. The detailed workpapers supporting this amount are included on Attachment 1-12.

13. Identify all the TPUC dockets and all other documentation and support which were reviewed or relied upon in determining the 6.5% operating margin recommendation.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, the Consumer Advocate refers the Company to Page 6 (Q&A 11) of Mr. Novak's testimony where he states the following:

The 6.50% operating margin is the same rate approved by the Commission in the latest rate cases for Cartwright Creek (Docket No. 16-00127), Integrated Resources Management (Docket No. 15-00130) and Aqua Utilities (Docket No. 15-00044). In addition, the 6.50% operating margin is the same rate adopted by the Commission in TWSI's last rate case (Docket No. 08-00202). I would therefore recommend that the Commission adopt 6.50% as the fair operating margin for TWSI in this case.

14. Provide a reconciliation of CAPD Exhibit Schedule 2, Test Period to TWSI Exhibit 2 and any supporting documentation to those differences.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, the Consumer Advocate refers the Company to Mr. Novak's testimony (Q&A 9) explaining the use of the 12 months ending December 31, 2016 as the appropriate test period in its filing. Since the Company used the 12 months ended December 31, 2015 as its test period, there is no such reconciliation available.

15. Provide a reconciliation of CAPD Exhibit Schedule 3, Test Period Adjustments to TWSI Exhibit 2 and any supporting documentation to those differences.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 14 above.

16. Provide a reconciliation of CAPD Exhibit Schedule 4, Test Period to TWSI Exhibit 2 identifying by line number to TWSI NARUC accounts.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 14 above.

17. Provide a reconciliation of CAPD Exhibit Schedule 5, Test Period to TWSI Exhibit 2 identifying by line number to TWSI NARUC accounts.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 14 above.

18. Provide a reconciliation of CAPD Exhibit Schedule 6, Test Period to TWSI Exhibit 2 identifying by line number to TWSI NARUC accounts.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 14 above.

19. Provide a reconciliation of CAPD Exhibit Schedule 7, Test Period to TWSI Exhibit 2 identifying by line number to TWSI NARUC accounts.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 14 above.

20. Provide a reconciliation of CAPD Exhibit Schedule 8, Test Period to TWSI Exhibit 2 identifying by line number to TWSI NARUC accounts.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its

specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 14 above.

21. Provide a reconciliation of CAPD Exhibit Schedule 9, Test Period to TWSI Exhibit 2 identifying by line number to TWSI NARUC accounts.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 14 above.

22. Provide the documentation and support to the conclusion arrived on CAPD WP-1 Workpaper Support for Schedule 3, Average Period for each line number.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, the determination of the average period for each line number on CPAD WP-1 Workpaper Support for Schedule 3 was based on the professional judgment of Mr. Novak. As a result, there are no specific workpapers related to the selection of the average period for each line number (account) on this workpaper.

The average period selection process was challenging because of the Company's "recasting" of the structure for reporting their expenses in the middle of 2014. The details for this

average period selection process are discussed on Page 11 (Q&A 18) of Mr. Novak's testimony.

23. Provide the documentation and support to the conclusion arrived on CAPD WP-2

Workpaper Support for Schedule 4, Average Period for each line number.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 22 above.

24. Provide the documentation and support to the conclusion arrived on CAPD WP-3

Workpaper Support for Schedule 5, Average Period for each line number.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 22 above.

25. Provide the documentation and support to the conclusion arrived on CAPD WP-4

Workpaper Support for Schedule 6, Average Period for each line number.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege,

confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 22 above.

26. Provide the documentation and support to the conclusion arrived on CAPD WP-5

Workpaper Support for Schedule 7, Average Period for each line number.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 22 above.

27. Provide the documentation and support to the conclusion arrived on CAPD WP-6

Workpaper Support for Schedule 8, Average Period for each line number.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 22 above.

28. Provide the documentation and support to the conclusion arrived on CAPD WP-7

Workpaper Support for Schedule 9, Average Period for each line number.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, see the Consumer Advocate's response to Request 22 above.

29. Provide the documentation and support to the Growth Adjustment column on WP-8 by rate class.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, refer to the Consumer Advocate's response to the Company's Data Request 1-12.

30. Provide the source used, specifically the tariff page number, and the reconciliation of the tariff rate to the WP-8 schedule for each rate use on schedule WP-8 by rate class.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, refer to the Consumer Advocate's response to the Company's Data Request 1-12.

31. Provide the source used, specifically the tariff page number, and the reconciliation of the tariff rate to the WP-9 schedule for each rate use on schedule WP-9 by rate class.

RESPONSE:

The Consumer Advocate repeats and restates its General Objections to this Request. The Consumer Advocate further objects to the extent this Request seeks documents subject to the attorney client privilege, work product doctrine, common interest privilege, confidential informant privilege, and similar legal privileges and governmental enforcement privileges. In addition, the Consumer Advocate repeats and restates its specific objections to each Request which involved the identification, consultation, reliance upon, or referral to any documents in the Consumer Advocate's response.

Subject to and without waiving the foregoing objections, the Consumer Advocate's summary workpaper calculating commercial revenue of \$1,076,426 is included on Workpaper WP-9 of our filing. The detailed workpapers supporting this amount are included on Attachment 1-31.

RESPECTFULLY SUBMITTED,



KAREN H. STACHOWSKI (BPR No. 019607)

Assistant Attorney General

Office of the Tennessee Attorney General

Public Protection Section

Consumer Protection and Advocate Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

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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:

Jeff Risen, Esq.
General Counsel
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This the 12 day of June, 2017.

Karen H. Stachowski
KAREN H. STACHOWSKI

**CONTRACT BETWEEN
WHN CONSULTING (WILLIAM H. NOVAK, PRESIDENT) AND THE
OFFICE OF THE ATTORNEY GENERAL OF TENNESSEE**

This Contract ("Contract") is made and entered into this first day of _____ by and between the Office of the Attorney General of Tennessee (hereinafter referred to as "Attorney General") and WHN Consulting, a Sole Proprietorship (William H. Novak, Sole Proprietor and President) (Employer Tax ID Number _____) (hereinafter referred to as "Contractor" and with the Attorney General and Contractor being collectively referred to as "Parties").

WITNESSETH

WHEREAS, the Attorney General has the responsibility for the conduct of administrative dockets and cases before the Tennessee Regulatory Authority ("TRA") and other proceedings representing the utility ratepayers of the State of Tennessee, and these ratemaking dockets and other proceedings often require the use of an expert regulatory utility analyst in the preparation and conduct of these cases and in generally assisting the Attorney General in his statutory duties and responsibilities such as but not limited to his duties and responsibilities as Consumer Advocate, set forth at Tenn. Code Ann. § 65-4-118, and the Attorney General's general duties and responsibilities pursuant to Tenn. Code Ann. § 8-6-101 *et seq.*, and

WHEREAS, the Attorney General is in need of expert regulatory utility analyst skills to be used by the Attorney General in the preparation for and conduct of proceedings before the TRA and any other proceedings in carrying out his duties and responsibilities as Consumer Advocate, set forth at Tenn. Code Ann. § 65-4-118, and the Attorney General's general duties and responsibilities pursuant to Tenn. Code Ann. § 8-6-101 *et seq.*; and

WHEREAS, Contractor has on its staff personnel qualified to provide such services;

NOW, THEREFORE, in consideration of the foregoing premises, it is hereby agreed by the Parties hereto as follows:

1. The Attorney General hereby employs Contractor as said expert, and Contractor hereby accepts such employment.

2. The Contractor will be responsible for expert advice and consultation, testimony at or in any trial, hearing, deposition or other proceeding, and any matters necessarily related thereto, including review and evaluation of documents and/or other materials supplied to him, related to or in connection with dockets, potential dockets, and any and all other proceedings before the TRA (with all such work referred to herein as "Consulting Work").

3. For the timely and satisfactory performance of this Contract, including the performance of the Consulting Work described in paragraph 2 above, the Attorney General agrees to compensate the Contractor as follows:

and 00/100 Dollars (\$) per hour for Contractor's general consulting services and document review; and

and 00/100 Dollars (\$) per hour for Contractor's preparation of written testimony for a proceeding before the TRA or any other body or proceeding; and

and 00/100 Dollars (\$) .00) per hour for Contractor's appearance and testimony for a deposition or before the TRA or in any other body or proceeding.

In addition to the foregoing compensation, the Attorney General will pay all necessary out-of-pocket expenses reasonably incurred (e.g., long distance telephone calls, postage, parking fees) or for reasonable expenses incurred for travel, lodging and meals in the amount of actual cost with reasonable substantiation for the expense up to the limits provided for in the State's comprehensive travel regulations. The Contractor acknowledges that it may elect not to seek

reimbursement for travel or other out-of-pocket expenses but any such decision will be Contractor's alone.

4. The Contractor agrees to provide the Attorney General with a monthly billing for all services and expenses incurred in the prior calendar month.

5. The Contractor agrees to provide any notice required by this Contract to the Attorney General, either in writing to Deputy Attorney General, Consumer Protection and Advocate Division, Post Office Box 20207, Nashville, TN 37202-0207 or by e-mail at an address(es) provided to Contractor by the Attorney General or his designee.

6. Other than Consulting Work provided to the Attorney General, Contractor agrees not to accept Consulting Work from or related to any person or entity regulated or potentially regulated by the TRA directly or indirectly relating to activity in the State of Tennessee; provided, however, that Contractor may accept Consulting Work from a person or entity listed on Schedule A to this Contract so long as the Contractor provides notice to the Attorney General at the same time that the Contractor performs any Consulting Work for such person or entity that would reasonably be expected to result in a significant modification of rates charged by the person or utility or otherwise has a significant impact on ratepayers. If Contractor would like the Attorney General to consider allowing him to accept Consulting Work from a potential client not listed on Schedule A, Contractor will provide the Attorney General with written notice of the proposed Consulting Work including the identity of the proposed client and nature of the proposed Consulting Work in order to permit the Attorney General's consideration of such request. Contractor will not be retained by such potential client without the prior express written consent of the Attorney General, which prior express written consent will be in the sole and absolute discretion of the Attorney General.

7. This Contract shall extend from _____ through _____ unless terminated by mutual consent or unless terminated by the Attorney General, who reserves the right to terminate this Contract for any reason and only owe Contractor, at the rate set out herein, for any Consulting Work already performed and expenses already incurred prior to such termination. Contractor agrees to notify the Attorney General, either in writing or by e-mail at the address identified in paragraph 5, by no later than _____ if he desires for the Attorney General to consider renewal of this Contract for a time period beyond _____ and include the proposed length of any extension or renewal as well as terms and any proposed modifications to the Contract.

8. Contractor monthly billings for Consulting Work completed and expenses incurred shall be accompanied by a description of the services rendered; a statement of the time involved; the identity of the consultant performing the Consulting Work and when the Consulting Work was performed; a breakdown of the expenses and dates they were incurred; and any appropriate invoices. Such monthly billings shall be sent to the Attorney General at least once every month commencing _____. Contractor may make more frequent interim billings if it desires to do so.

9. In the event the services performed pursuant to this Contract result in fees and expenses owing which approach the sum of _____ and 00/100 Dollars (\$ _____), Contractor agrees to inform the Attorney General or his designee, either in writing or by e-mail at an address(es) designated by the Attorney General in paragraph 5, and to proceed no further without the prior written approval of the Attorney General.

10. In no event shall the liability of the Attorney General under this Contract exceed _____ and 00/100 Dollars (\$ _____).

11. In the event Contractor fails to fulfill his obligations under this Contract in a timely and proper manner or violates any of the terms hereof, the Attorney General shall have the right to immediately terminate this Contract and to withhold payments in excess of fair compensation for Consulting Work completed; alternatively, the Attorney General shall have the right, upon written notice to Contractor of such failure(s), to secure compliance elsewhere and deduct the cost thereof from any payment then or thereafter due to Contractor. This remedy is not exclusive, and the Attorney General retains the right to pursue any other remedies legally available to him.

12. Contractor agrees that all papers, studies, documents, opinions, and/or other work product generated from or relating to this Contract shall be confidential and privileged and shall not be available for discovery or open for inspection or copying except at the direction of the Attorney General. Contractor agrees to comply with and abide by any protective order or other orders relating to the protection of documents or discovery and issued by the TRA or other appropriate body or as entered into with the Attorney General.

13. All financial and other records relating to Contractor's services and expenses shall be preserved for a period of three (3) years after the conclusion of any proceedings and shall be made available to the Attorney General, the Comptroller of the Treasury, or their authorized representative at any reasonable times. Prior to the destruction of any materials relating to these services, the Contractor will notify the Attorney General and provide at least thirty (30) days prior written notice and the opportunity for the Attorney General to elect to take possession of the records to preserve the records for a longer period of time.

14. It is agreed that in the event of termination of this Contract, the Attorney General shall have the right to take possession of all work performed by Contractor in furtherance of the

Contract and in the event any disagreement arises regarding the Consulting Work performed by Contractor, the Attorney General's decision shall be binding and final on all Parties.

15. The Parties also agree that the following shall be essential terms and conditions of this Contract:

a. Contractor warrants that no part of the total Contract amount provided herein shall be paid directly or indirectly to any officer or employee of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant to Contractor or any agent of Contractor in connection with any Consulting Work contemplated or performed relative to this Contract.

b. No person on the ground of handicap, race, color, religion, sex, age, or national origin will be excluded from participating in, be denied benefits of, or otherwise be subjected to discrimination in the performance of this Contract or in the employment practices of Contractor. Contractor shall, upon request, show proof of such non-discrimination and shall post notices of non-discrimination in conspicuous places available to all employees and applicants.

c. Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability, professional malpractice, and other appropriate forms of insurance and to pay all taxes incident to performance of this Contract. The State shall have no liability except as specifically provided in this Contract.

d. Contractor agrees that upon completion of this Contract all original documents, any copies, and any materials furnished to Contractor by the Attorney General shall be returned to the Attorney General.

e. Contractor shall not assign this Contract or enter into sub-contracts for any other Consulting Work described herein without obtaining the prior written approval of the Attorney General.

16. This writing contains all the terms of the Contract. No other contracts, amendments, or modifications relative hereto shall be enforceable unless entered into and signed by both Parties.

IN WITNESS THEREOF, said Parties have executed this Contract in duplicate originals, by their respective and duly authorized officials, one of which is retained by each of the Parties, on the day and date first above written.

WHN Consulting,
A Sole Proprietorship

BY:

William H. Novak,
Sole Proprietor and President

ATTORNEY GENERAL AND REPORTER

BY:

Herbert H. Slatery III
Attorney General and Reporter

**CONTRACT BETWEEN
WHN CONSULTING (WILLIAM H. NOVAK, PRESIDENT) AND THE
OFFICE OF THE ATTORNEY GENERAL OF TENNESSEE**

SCHEDULE A

- 1.
- 2.
- 3.
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