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May 12, 2017

**VIA ELECTRONIC FILING**

Hon. David Jones, Chairman  
c/o Sharla Dillon  
Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243

**RE: Petition of Tennessee-American Water Company Regarding The Production Costs and Other Pass-Throughs Rider, TPUC Docket No. 16-00148**

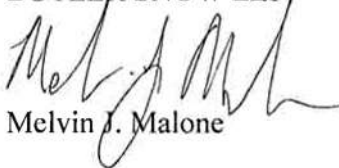
Dear Chairman Jones:

Attached for filing please find *Tennessee-American Water Company's Response to First Discovery Request of the Tennessee Public Utility Commission* in the above-captioned matter.

As required, an original of this filing, along with four (4) hard copies, will follow. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP



Melvin J. Malone

clw

Enclosure

cc: Valoria Armstrong, President, Tennessee-American Water Company  
Daniel Whitaker III, Assistant Attorney General, Consumer Protection and Advocate Division  
Wayne Irvin, Assistant Attorney General, Consumer Protection and Advocate Division  
Vance Broemel, Assistant Attorney General, Consumer Protection and Advocate Division

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**TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO. 16-00148  
FIRST DISCOVERY REQUEST OF THE  
TENNESSEE PUBLIC UTILITY COMMISSION**

**Responsible Person: Linda C. Bridwell**

**Question:**

- I. In response to question number 1 of the TPUC's data request filed April 28, 2016 in docket number 15-00131, the Company state that sales tax was erroneously charge for purchased water from Eastside, Hixon and Walden's Ridge utilities and the Company was investigating recovery of said taxes. Please provide the status of the sales tax investigation, and if any refunds have been received. If any refunds have been received, provide support the amounts received.

**Response:**

During 2016, Tennessee American did not pay sales tax to Eastside, or Hixon. Walden's Ridge continued to reject Tennessee American's sales tax exemption certificate until May 2016, and therefore charged Tennessee American \$600 in sales tax through April 2016. After that point, Tennessee American did not pay sales tax to any of the three utilities. When Tennessee American reached out to the three utilities, all three utilities indicated that the sales tax previously charged to Tennessee American was turned over to the State of Tennessee, and any refund of sales tax would have to be pursued through the State of Tennessee. Given the position indicated by the three utilities, Tennessee American informally concluded that the resources, including cost, of pursuing the amount of the refund was outweighed by any uncertain benefit, particularly given the possibility of non-recoupment from the utilities or the State of Tennessee. Therefore, Tennessee American has not received any refunds for sales tax.

STATE OF Kentucky )  
COUNTY OF Fayette )

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Linda C. Bridwell, being by me first duly sworn deposed and said that:

She is appearing as a witness on behalf of Tennessee-American Water Company before the Tennessee Regulatory Authority, and if present before the Authority and duly sworn, the data requests responses are accurate to the best of her knowledge.

Linda C. Bridwell  
Linda C. Bridwell

Sworn to and subscribed before me  
this 12<sup>th</sup> day of May, 2017.

Peggy A. Stone  
Notary Public

My Commission Expires: 10/3/2020

