

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

IN RE:)	
)	
PETITION OF TENNESSEE AMERICAN)	
WATER COMPANY REGARDING)	
CHANGES TO THE QUALIFIED)	
INFRASTRUCTURE INVESTMENT)	Docket No. 18-00022
PROGRAM RIDER, THE ECONOMIC)	
DEVELOPMENT INVESTMENT RIDER,)	
AND THE SAFETY AND)	
ENVIRONMENTAL COMPLIANCE RIDER)	
AND IN SUPPORT OF THE CALCULATION)	
OF THE 2018 CAPITAL RECOVERY)	
RIDERS RECONCILIATION)	

**CONSUMER ADVOCATE'S SUPPLEMENTAL DISCOVERY REQUEST
TO TENNESSEE-AMERICAN WATER COMPANY**

To: Tennessee American Water Company
C/O Melvin J. Malone
Butler, Snow, O'Mara, Stevens & Cannada, PLLC
The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201
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Linda Bridwell
Manager of Rates and Regulation – Tennessee and Kentucky
Kentucky American Water Company
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Lexington, KY 40502
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This Supplemental Discovery Request is hereby served upon Tennessee American Water Company (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. 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), June 1, 2018.

PRELIMINARY MATTERS AND DEFINITIONS

These additional discovery requests incorporate the same Preliminary Matters and Definitions set forth in the *First (Informal) Discovery Request of the Consumer Protection and Advocate Division to Tennessee American Water Company* filed April 10, 2018, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by TAWC and any TAWC affiliate which would make a prior response inaccurate, incomplete, or incorrect. Further, to the extent that some responses may contain confidential information, clearly and conspicuously mark those responses that TAWC asserts are confidential and separate these responses from the public filing.

SUPPLEMENTAL DISCOVERY REQUESTS

1. Produce all documents related to TAWC's replacement strategy for infrastructure under the Capital Riders, including but not limited to the prioritization of future projects, cost estimates and other budgetary information for upcoming projects, engineering progress reports, reports and presentations provided to management, and reports concerning the progress of current projects.

RESPONSE:

2. Provide the ratio of TAWC's capital expenditures eligible for its Capital Riders over the 2014 – 2017 time frame to the total TAWC capital expenditures incurred during this same period.

RESPONSE:

3. For each response to each discovery request made by the Consumer Advocate, identify the responsible witness who will be available at any hearing in this Docket to answer questions and respond to cross-examination on such response. Further, identify all persons assisting in the answering of each of these requests. Indicate the request(s) on which each such person(s) assisted.

RESPONSE:

4. Identify each person who you expect to call as an expert witness at the hearing on the merits in this docket, and for each such expert witness:

- (a) Identify the field in which the witness is to be offered as an expert;
- (b) Provide complete background information, including the witness's current employer, as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify;
- (c) Identify all publications written or presentations presented in whole or in part by the witness, including either a copy of all such publications and presentations or a reference to where such publications and presentations may be publicly obtained;
- (d) Provide the grounds for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion;
- (e) Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
- (f) Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;

- (g) Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert; and
- (h) Produce copies of all documents, summaries, charts, trade articles, journals, treatises, publications, workpapers, file notes, chart notes, tests, test results, interview notes, and consultation notes provided to, reviewed by, utilized by, relied upon, created by, or produced by any proposed expert witness in evaluating, reaching conclusions or formulating an opinion in this matter.

RESPONSE:

- 5. Identify all persons having knowledge of discoverable matters in this case.

RESPONSE:

- 6. Produce copies of all documents referred to or relied upon in responding to these discovery requests.

RESPONSE:

- 7. Produce copies of all hearing exhibits that you plan to introduce, use, or reference at the hearing on the merits in this docket.

RESPONSE:

- 8. Produce copies of all documents -- including, without limitation, work papers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- relied upon by any of your witnesses in evaluating, reaching conclusions, or formulating an opinion in this matter.

RESPONSE:

- 9. Identify all documents and other information filed in the present docket record, including all responses to discovery of the parties and data request from the TPUC Staff, which TAWC produced in this docket and does not agree to stipulate to the authenticity of such information, documents and things in this proceeding. For each separate piece of information,

documents and things which TAWC produced in this docket and TAWC contends is not admissible as evidence describe in specific detail any objection(s) TAWC claims as to admissibility into the evidentiary record in this docket.

RESPONSE:

10. Refer to the response supplied in response and attachment to CPAD 1-3 in the current docket, as well as the response to CPAD 1-16 in Docket No. 17-00124. In its response to 1-16 in Docket No. 17-00124, TAWC acknowledged that it claimed bonus depreciation for all years contained within this capital rider recovery period. Does TAWC believe that it would be appropriate to replace the existing ADIT balances contained in the Rider application (which reflect neither Bonus Depreciation nor the Repair Allowance) with the calculations contained within the attachment to CPAD 1-3?

- a. If TAWC does not believe this adjustment to be appropriate, provide a comprehensive explanation for this position, given the taxable income results provided within the response to CPAD Discovery Request 1-2 in this Docket. Provide any Private Letter Rulings issued by the IRS which support the conclusion that Bonus Depreciation should not be incorporated into the ADIT calculations included in this filing.
- b. If TAWC believes the NOL position of the company should be considered based upon TAWC results occurring prior to the effective date of the Capital Riders, provide a comprehensive explanation supporting this position. Provide any Private Letter Rulings issued by the IRS, as well as any other documents, which support this position.
- c. If TAWC believes that the NOL balances occurring during the period of the capital rider should be considered, provide the calculation of the NOL TAWC believes should apply to the capital riders, including all supporting workpapers. Further, reconcile the taxable income amounts provided in the confidential attachments to CPAD 1-2 to the proposed NOL that should be considered within this application. Provide any Private Letter Rulings issued by the IRS which support TAWC's position.

RESPONSE:

11. Refer to page 11 of Ms. Bridwell's rebuttal testimony in Docket No. 17-00124. Is it Ms. Bridwell's position that an NOL attributed to periods prior to the initiation of the Capital Riders should be used to increase the Capital Rider rate base? If so, provide all Private Letter Rulings issued by the IRS, as well as any other documents, which support this position.

RESPONSE:

12. Refer to page 11 of Ms. Bridwell's rebuttal testimony in Docket No. 17-00124. Does the Company contend that the existing TAWC Capital Riders tariff precludes the calculation of ADIT and tax depreciation for the Capital Riders in a manner consistent with the methodology used to calculate tax depreciation actually used within the TAWC tax return? If so, provide a complete explanation supporting this conclusion.

RESPONSE:

13. Refer to page 11 of Ms. Bridwell's rebuttal testimony in Docket No. 17-00124. Provide the balance of the TAWC NOL asset included in TAWC's rate base in its most recent base rate filing, and provide the reference, source, and support for this balance.

RESPONSE:

14. Refer to page 11 of Ms. Bridwell's rebuttal testimony in Docket No. 17-00124. Provide the balance of the TAWC NOL as of December 31, for each year end, from 2011 through 2017.

RESPONSE:

15. Refer to page 11 of Ms. Bridwell's rebuttal testimony in Docket No. 17-00124. Provide the account(s) used to record the NOL (Deferred Tax Asset) on the books of TAWC.

RESPONSE:

16. Refer to page 11 of Ms. Bridwell's rebuttal testimony in Docket No. 17-00124. Provide the calculation of the TAWC taxable income for the periods 2008 through 2014.

RESPONSE:

17. Refer to the response supplied in response and attachment to CPAD 1-3 in the current docket. Does Ms. Bridwell agree that TAWC has not generated a net NOL carryforward during the period of time the Capital Riders were in effect? If Ms. Bridwell does not agree with this statement, provide a comprehensive explanation supporting this position in light of the response to CPAD 1-2, along with all supporting calculations.

RESPONSE:

18. Refer to the attachment provided in the response to CPAD 1-2. Provide the underlying calculation supporting the amount of Repair Allowance shown on excel row 13 of this schedule for each period included in the spreadsheet. This response should include the complete support for factors used within cells F13, J13, N13, S13 and X13.

RESPONSE:

19. Refer to CPAD 1-2 in Docket No. 17-00020. Provide support for the hard-coded amounts contained within the "WKP SAP Revenues" tab within the file "TAW_2017_Capital Rider Reconciliation". If these amounts were derived from the TAWC accounting system, provide the applicable screen shots that support the hard-coded amounts.

RESPONSE:

20. Regarding the response to CPAD 1-7, confirm that the referenced work order is actually R26-02D1.15-P-003-CN, rather than the referenced R12-02D1.15-003-CN. If this is not

confirmed, identify where this reimbursement is reflected within the TAWC workpapers.

RESPONSE:

21. When TAWC prepares its budget filing, does it net anticipated governmental reimbursements against its projected costs when determining its net investment subject to the capital riders? If not, provide the rationale for not including such estimates in the budget process and explain how ratepayers are protected from excessive budget charges.

RESPONSE:

22. Refer to “TAW_APP_SCH1_2017” and to “TAW_2017_Capital_Rider_Recon.” Specifically, refer to the tab “WKP PTR&CF” in the “TAW_APP_SCH1_2017” file and the “Exhibit Reconciliation” tab in the “TAW_2017_Capital_Rider_Recon” file. Provide a comprehensive explanation why the budget file uses a different property tax rate than is used to calculate Property Taxes within the reconciliation file.

RESPONSE:

23. Provide an update to the “Proposed Sheet No. 12- Riders Twelfth Revision” as included with the Petition to include the updated PCOP Percentage from Docket 18-00009.

RESPONSE:

24. Provide a sample of a typical residential customer’s bill.

RESPONSE:

25. Confirm that TAWC has only capitalized 50% of incentive compensation applicable to 2017 capital expenditures as outlined in the rebuttal testimony of Linda Bridwell in Docket No. 17-00020.

RESPONSE:

26. Refer to CPAD Attachment 1 to this Discovery Request. CPAD Attachment 1 is a subset of work orders from the "TAW_R_CPADDR2_NUM001_051518_Attachment.xlsx" provided by the Company on May 16th, 2018. For each of the work orders shown in CPAD Attachment 1 provide the supporting invoices or other supporting documentation for these charges.

RESPONSE:

RESPECTFULLY SUBMITTED,



DANIEL P. WHITAKER III (BPR No. 035410)
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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:

Melvin J. Malone
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Linda Bridwell
Manager of Rates and Regulation – Tennessee and Kentucky
Kentucky American Water Company
2300 Richmond Road
Lexington, KY 40502
Linda.Bridwell@amwater.com

This the 18th day of May, 2018.



DANIEL P. WHITAKER III
Assistant Attorney General