

Electronically Filed In TPUC Docket Room on July 30, 2019 at 2:02 p.m.

July 30, 2019

VIA ELECTRONIC FILING

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Hon. Robin L. Morrison, Chairman c/o Ectory Lawless, Docket Room Manager Tennessee Public Utility Commission 502 Deaderick Street, 4th Floor Nashville, TN 37243

RE: Tennessee-American Water Company's Response to Commission's Investigation of Impacts of Federal Tax Reform on the Public Utility Revenue Requirements, TPUC Docket No. 18-00039

Dear Chairman Morrison:

Attached please find Tennessee-American Water Company's Supplemental Response to the Consumer Advocate's Second Discovery Request in the above-caption docket.

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 he sitate to contact me.

Very truly yours,

BUTLER SNOW LLP

clw

Attachments

cc: Elaine Chambers, Tennessee-American Water Company

Daniel Whitaker, Assistant Attorney General, Consumer Advocate Unit (via email)
Karen H. Stachowski, Assistant Attorney General, Consumer Advocate Unit (via email)

The Pinnacle at Symphony Place 150 3rd Avenue South, Suite 1600 Nashville, TN 37201

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BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION NASHVILLE, TENNESSEE

IN RE:)	
)	
TENNESSEE AMERICAN WATER)	
COMPANY'S RESPONSE TO)	DOCKET NO. 19 00020
COMMISSION'S INVESTIGATION OF)	DOCKET NO. 18-00039
IMPACTS OF FEDERAL TAX REFORM)	
ON THE PUBLIC UTILITY REVENUE)	
REQUIREMENTS)	

TENNESSEE-AMERICAN WATER COMPANY'S SUPPLEMENTAL RESPONSE TO SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Tennessee-American Water Company ("TAWC"), by and through counsel, hereby submits its Supplemental Response to the Second Discovery Request propounded by the Consumer Advocate Unit in the Financial Division of the Attorney General's Office ("Consumer Advocate").

GENERAL OBJECTIONS

- 1. TAWC objects to all requests that seek information protected by the attorneyclient privilege, the work-product doctrine and/or any other applicable privilege or restriction on disclosure.
- 2. TAWC objects to the definitions and instructions accompanying the requests to the extent the definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations, or orders of the Tennessee Public Utility Commission ("TPUC" or "Authority").

- 3. The specific responses set forth below are based on information now available to TAWC, and TAWC reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information produced.
- 4. TAWC objects to each request to the extent that it is unreasonably cumulative or duplicative, speculative, unduly burdensome, irrelevant or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.
- 5. TAWC objects to each request to the extent it seeks information outside TAWC's custody or control.
- 6. TAWC's decision, now or in the future, to provide information or documents notwithstanding the objectionable nature of any of the definitions or instructions, or the requests themselves, should not be construed as: (a) a stipulation that the material is relevant or admissible, (b) a waiver of TAWC's General Objections or the objections asserted in response to specific discovery requests, or (c) an agreement that requests for similar information will be treated in a similar manner.
- 7. TAWC objects to those requests that seek the identification of "any" or "all" documents or witnesses (or similar language) related to a particular subject matter on the grounds that they are overbroad and unduly burdensome, and exceed the scope of permissible discovery.
- 8. TAWC objects to those requests that constitute a "fishing expedition," seeking information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence and is not limited to this matter.
- 9. TAWC does not waive any previously submitted objections to the Consumer Advocate's supplemental discovery requests.

TENNESSEE AMERICAN WATER COMPANY DOCKET NO. 18-00039 SUPPLEMENTAL RESPONSE TO SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE DIVISION

Responsible Witness:

Elaine K. Chambers

Question:

2-03 Based on the forecasted capital expenditures that qualify for recovery under the Capital Riders, estimate the portion of the annual Income Tax Expense savings that would accrue to the benefit of the Company's ratepayers by year for the period 2020 - 2022. Provide supporting workpapers for this estimate. For the approximately \$2 million in annual Income Tax Expense savings, identify the portion of this annual amount TAWC anticipates would be used to offset the costs of the Capital Riders surcharges.

Original Response:

2-03 Please refer to the attachment file "TAWC_CADDR2_NUM003_04022019_Attachment". This attachment contains a simple estimate of the income tax expense savings to be deferred through 2022 and the impact on that balance from the estimated capital rider tax savings offset based on current forecasted eligible capital expenditures. Based on this simple estimate without interest, the deferred tax expense savings would be fully refunded by September 2021. These amounts are based on current filings pending in Docket #18-00120 and Docket 19-00031.

Supplemental Response:

2-03 Please refer to the attachment file "TAWC_CADDR2_NUM003_0802219_Attachment". This attachment contains an updated estimate of the income tax expense savings to be deferred through August 2019 and the amortization through August 2022 as per the Stipulation and Settlement agreed to on July 24th, 2019.

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:

Daniel P. Whitaker III
Karen H. Stachowski
Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate Unit, Financial Division
P.O. Box 20207
Nashville, TN 37202-0207
Daniel.Whitaker@ag.tn.gov
Karen.Stachowski@ag.tn.gov

This the 30th day of July, 2019.



TCJA Tax Expense Savings Deferral and Amortization

Authorized Revenue 47,073,724

TCJA Tax Expense

	TCA Tax Expense			
Month	Savings Deferred	TCJA Deferral Incremental	TCJA Deferral Amortization	TCJA Deferral Balance
Jan-18	(\$97,003)	(\$97,003)	Amortization	(\$97,003)
Feb-18	(181,502)	(84,499)		(181,502)
Mar-18	(483,977)	(302,475)		(483,977)
Apr-18	(540,185)	(56,208)		(540,185)
May-18	(707,062)	(166,877)		(707,062)
Jun-18	(885,987)	(178,925)		(885,987)
Jul-18	(1,068,026)	(182,039)		(1,068,026)
Aug-18	(1,241,445)	(173,419)		(1,241,445)
Sep-18	(1,411,450)	(170,005)		(1,411,450)
Oct-18	(1,599,454)	(188,004)		(1,599,454)
Nov-18	(1,764,429)	(164,975)		(1,764,429)
Dec-18	(1,907,336)	(142,907)		(1,907,336)
Jan-19	(2,075,175)	(167,839)		(2,075,175)
Feb-19	(2,228,568)	(153,393)		(2,228,568)
Mar-19	(2,379,522)	(150,954)		(2,379,522)
Apr-19	(2,536,052)	(156,529)		(2,536,052)
May-19	(2,705,488)	(169,436)		(2,705,488)
Jun-19	(2,881,711)	(176,223)		(2,881,711)
Jul-19	(3,059,440)	(177,729)		(3,059,440)
Aug-19	(3,237,169)	(177,729)		(3,237,169)
Sep-19	(3,237,169)		89,921	(3,147,248)
Oct-19	(3,237,169)		89,921	(3,057,326)
Nov-19	(3,237,169)		89,921	(2,967,405)
Dec-19	(3,237,169)		89,921	(2,877,484)
Jan-20	(3,237,169)		89,921	(2,787,562)
Feb-20	(3,237,169)		89,921	(2,697,641)
Mar-20	(3,237,169)		89,921	(2,607,720)
Apr-20	(3,237,169)		89,921	(2,517,798)
May-20	(3,237,169)		89,921	(2,427,877)
Jun-20	(3,237,169)		89,921	(2,337,955)
Jul-20	(3,237,169)		89,921	(2,248,034)
Aug-20	(3,237,169)		89,921	(2,158,113)
Sep-20	(3,237,169)		89,921	(2,068,191)
Oct-20	(3,237,169)		89,921	(1,978,270)
Nov-20 Dec-20	(3,237,169) (3,237,169)		89,921 89,921	(1,888,349)
Jan-21			89,921	(1,798,427)
Feb-21	(3,237,169) (3,237,169)		89,921	(1,708,506) (1,618,585)
Mar-21	(3,237,169)		89,921	(1,528,663)
Apr-21	(3,237,169)		89,921	(1,438,742)
May-21	(3,237,169)		89,921	(1,348,821)
Jun-21	(3,237,169)		89,921	(1,258,899)
Jul-21	(3,237,169)		89,921	(1,168,978)
Aug-21	(3,237,169)		89,921	(1,079,056)
Sep-21	(3,237,169)		89,921	(989,135)
Oct-21	(3,237,169)		89,921	(899,214)
Nov-21	(3,237,169)		89,921	(809,292)
Dec-21	(3,237,169)		89,921	(719,371)
Jan-22	(3,237,169)		89,921	(629,450)
Feb-22	(3,237,169)		89,921	(539,528)
Mar-22	(3,237,169)		89,921	(449,607)
Apr-22	(3,237,169)		89,921	(359,686)
May-22	(3,237,169)		89,921	(269,764)
Jun-22	(3,237,169)		89,921	(179,843)
Jul-22	(3,237,169)		89,921	(89,921)
Aug-22	(3,237,169)		89,921	(0)