

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

IN RE:)	
)	
JOINT PETITION OF)	
TENNESSEE-AMERICAN WATER)	
COMPANY, AND THUNDER AIR, INC.)	Docket No. 18-00099
D/B/A JASPER HIGHLANDS)	
DEVELOPMENT, INC. FOR APPROVAL OF)	
AN ASSET PURCHASE AGREEMENT AND)	
FOR THE ISSUANCE OF A CERTIFICATE)	
OF CONVENIENCE AND NECESSITY)	

**CONSUMER ADVOCATE'S FIRST 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
melvin.malone@butlersnow.com

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 First Discovery Request is hereby served upon Tennessee American Water Company (Company), 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 2:00 p.m. (CDT), Monday, November 26, 2018.

PRELIMINARY MATTERS AND DEFINITIONS

1. **Continuing Request.** These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company and any of its affiliates which would make a prior response inaccurate, incomplete, or incorrect.

2. **Clear References.** To the extent that the data or information requested is incorporated or contained in a document, identify the document including page/line number if applicable.

3. **Format of Responses.** Provide all responses in the format in which they were created or maintained, for example, Microsoft Word or Microsoft Excel format with all cells and formulas intact and in working order. If a document (including without limitation a financial or other spreadsheet or work paper) is not created or maintained in Microsoft Excel format, convert the document to Microsoft Excel format or provide the document in a format that enables or permits functionality like or similar to Microsoft Excel (including without limitation the functionality of working cells and formulas), or provide the software program(s) that will enable the Consumer Advocate to audit and analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.

4. **Objections.** If any objections to this discovery are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege or immunity asserted. If you claim a document is privileged, identify the document and state the basis for the privilege or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

5. The singular shall include the plural, and vice-versa, where appropriate.

6. **Definitions.** As used in this Request:

(a) “You,” “Your,” “Company,” “Tennessee American,” or “TAWC” shall mean Tennessee American Water Company and all employees, agents, attorneys, representatives or any other person acting or purporting to act on its behalf.

(b) “Affiliate” shall mean any entity who, directly or indirectly, is in control of, is controlled by, or is under common control with the Company. For greater clarification, “control” is the ownership of 20% or more of the shares of stock entitled to vote for the election of directors in the case of a corporation, or 20% or more of the equity interest in the case of any other type of entity, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, or status as an owner of a sole proprietorship, or any other arrangement whereby a person has the power to choose, direct, or manage the board of directors or equivalent governing body, officers, managers, employees, proxies, or agents of another person. In addition, the term “Affiliate” shall mean any entity that directly or indirectly provides management or operational services to the Company or any affiliate (as defined in the preceding sentence) of the Company, or to which the Company provides management or operational services. Further, the payment of money to the Company or receipt by the Company of money from an entity with which the Company has any relationship, other than such payment or receipt, shall include the payor or recipient of such money as an “Affiliate”.

(c) “Communication” shall mean any transmission of information by oral, graphic, written, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, meetings and personal conversations, or otherwise.

(d) “Document” shall have the broadest possible meaning under applicable law. “Document” shall mean any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), work paper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If any such document was, but no longer is, in your possession, custody or control, state what disposition was made of the document and when it was made?

(e) “Person” shall mean any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

(f) “Identify” with respect to:

- i. Any natural person, means to state the full name, telephone number, email address and the current or last known business address of the person (if no business address or email address is available provide any address known to you) and that person's relationship, whether business, commercial, professional, or personal with you;
 - ii. Any legal person, business entity or association, means to state the full name, the name of your contact person with the entity, all trade name(s), doing business as name(s), telephone number(s), email address(es), and current or last known business address of such person or entity (if no business address is available provide any address known to you);
 - iii. Any document, means to state the type of document (e.g., letter), the title, identify the author, the subject matter, the date the document bears and the date it was written; and
 - iv. Any oral communication, means to state the date when and the place where it was made, identify the person who made it, identify the person or persons who were present or who heard it, and the substance of it.
- (g) "And" and "or" shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.
- (h) "Including" shall be construed to mean including but not limited to.

FIRST (INFORMAL) DISCOVERY REQUESTS

1. Provide a detailed discussion of the meaning of the phrase in Schedule 2.2 "...completed to buyer's satisfaction prior to closing."?

RESPONSE:

2. Provide a comprehensive explanation for the distinction between Article 2.2, Excluded Assets and Schedule 2.2, Excluded Assets.

RESPONSE:

3. Is the purchase price of \$1.5 Million subject to change based upon finalizing the Excluded Assets within Schedule 2.2?

RESPONSE:

4. Referring to Item 20 (a) of the Petition, provide a copy of the financial statements, records and reports provided by Thunder Air to TAWC that a) supports the original cost value of utility plant and b) that were relied upon by TAWC in its due diligence of the Thunder Air system. To the extent the documentation differs, please distinguish between the two categories.

RESPONSE:

5. Regarding paragraph 23 of the Petition, provide an estimate of the incremental cost of the build-out of the system at the point the lots would be fully subscribed.

RESPONSE:

6. Refer to paragraph 3 of the Petition, compared with page 5 of Ms. Bridwell's testimony, confirm whether TAWC is proposing to limit recovery of all transaction and acquisition costs to \$10,000.

RESPONSE:

7. Regarding Ms. Bridwell's testimony concerning maintaining separate records for the two systems for ratemaking and accounting purposes, provide a discussion of whether TAWC intends to allocate common costs of the existing TAWC system to the new system for accounting purposes? If so, provide a comprehensive explanation of how such determinations will be made.

RESPONSE:

8. Regarding Ms. Bridwell's testimony on page 7 concerning the Capital Rider and Production Cost rider proposal, would the new customers of the water system be subject to the existing approved surcharge rates? Provide a detailed discussion on how each of the two riders would be assessed to the existing Thunder Air customers.

RESPONSE:


9. If Thunder Air customers will be assessed the existing Capital Rider and Production Cost rider rates, provide the rationale for maintaining separate base rates while charging a combined rate for the two riders in question.

RESPONSE:

10. Provide a comprehensive discussion of the tax implications to TAWC of a) the acquisition of the system, b) the Transfer of Title to the Facilities as referenced in Exhibit A and c) the transaction described in Appendix B.

RESPONSE:

RESPECTFULLY SUBMITTED,

Daniel P. Whitaker by permission
DANIEL P. WHITAKER III (BPR No. 035410) 
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Office of the Tennessee Attorney General
Public Protection Section
Consumer Protection and Advocate Division
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Nashville, Tennessee 37202-0207
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Email: Daniel.Whitaker@ag.tn.gov

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
Butler Snow LLP
The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201
melvin.malone@butlersnow.com

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 9th day of November, 2018.

Daniel P. Whitaker by permission
DANIEL P. WHITAKER III 