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November 29, 2018

VIA ELECTRONIC FILING

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

RE: *Joint Petition of Tennessee-American Water Company, and Thunder Air, Inc. d/b/a Jasper Highlands Development, Inc. for Approval of a Purchase Agreement and for the Issuance of a Certificate of Convenience and Necessity*
TPUC Docket No. 18-00099

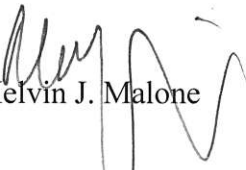
Dear Chairman Jones:

Attached for filing please find *Tennessee-American Water Company's Supplemental Response to Second Discovery Request No. 10 of the Consumer Protection and Advocate Division* 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

Attachments

cc: Linda Bridwell, Tennessee-American Water Company
Daniel Whitaker, Consumer Protection and Advocate Division
William H. Horton, Counsel for Thunder Air, Inc.

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**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 18-00099
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

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:

The tax implications to TAWC for the acquisition of the system include additional federal and state income taxes from additional revenues generated, the collection of additional sales tax related to usage, any additional local taxes including business or occupational taxes, additional property taxes related to the purchase of the assets and any other appropriate taxes related to the investment in and operations of water utility assets in the State of Tennessee.

The Transfer of Title to the Facilities discussed in the Acquisition Agreement that is attached as Exhibit A to the Asset Purchase Agreement is the agreement for any additional development within the system and follows TAWC's process for developer – installed facilities. TAWC does not believe the agreement generates any unique tax implications other than what would be generated with any new asset development.

TAWC does not believe that the Extension Deposit Agreement (Exhibit B; page 177-178 of the Joint Petition pdf) generates any unique tax implications other than what would be generated with any new development asset that may include a contribution or developer advance subject to refund. As of 2018, TAWC is including tax as part of the amount required as part of the actual cost with any contributions and developer advances that are taxable.

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 Public Utility Commission, and duly sworn, verifies that the data requests and discovery responses are accurate to the best of her knowledge.

Linda C. Bridwell
Linda C. Bridwell

Sworn to and subscribed before me
this 19th day of November, 2018.

Sharon Miller
Notary Public

My Commission Expires: 7/25/2020