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April 17, 2019

VIA ELECTRONIC FILING

Hon. Robin L. Morrison, Chairman
Tennessee Public Utilities 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. 18-000120**

Dear Chairman Morrison:

As a supplement to TAWC's Responses to the Consumer Advocate's Second Discovery Request in the above-captioned matter, please find enclosed a supplemental response to DR 2-5. 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

MJM/lle

Attachments

cc: Daniel Whitaker, Assistant Attorney General, Consumer Advocate Unit (via email)
Vance Broemel, Assistant Attorney General, Consumer Advocate Unit (via email)

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BUTLER SNOW LLP

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

**PETITION OF TENNESSEE-AMERICAN)
WATER COMPANY REGARDING THE)
2019 INVESTMENT AND RELATED)
EXPENSES UNDER THE QUALIFIED)
INFRASTRUCTURE INVESTMENT)
PROGRAM RIDER, THE ECONOMIC)
DEVELOPMENT INVESTMENT RIDER)
AND THE SAFETY AND)
ENVIRONMENTAL COMPLIANCE)
RIDER)**

DOCKET NO. 18-00120

**TENNESSEE-AMERICAN WATER COMPANY'S SUPPLEMENTAL RESPONSES
TO SECOND DISCOVERY REQUESTS 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 attorney-client 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.

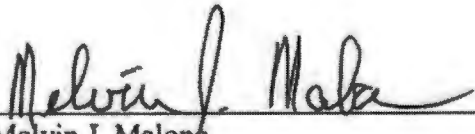
9. TAWC does not waive any previously submitted objections to the Consumer Advocate's supplemental discovery requests.

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
Vance Broemel
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
Vance.Broemel@ag.tn.gov

This the 17th day of April, 2019.



Melvin J. Malone

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 18-00120
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE DIVISION**

Responsible Person: Elaine Chambers

Question:

5. Provide a detailed schedule of all the book/tax timing differences comprising the TAWC balance of Accumulated Deferred Income Taxes as of December 31, 2018.

Response:

This information would be included in a tax basis balance sheet analysis which has not been completed for December 31, 2018. It will be completed by the time the consolidated federal income tax return is filed in Oct 2019. The Company does have this analysis as of December 31, 2017. It reconciles the gross temporary differences related to plant and other ledger driven book/tax differences and rolls the balances forward. See attached TAW_R_CADDR2_NUM005_040818_Attachment.

Supplemental Response:

The Company does have a provision estimate as of December 31, 2018.

See TAW_R_CADDR2_NUM005_040819_Attachment Supplemental

It is important to clarify that while the total book/tax difference is good in PowerTax, the presentation and classification of line items in PowerTax are still under review and could change pending further guidance.

Tennessee-American Water
Book Tax Differences for 12/31/2018

Per PowerTax	12/31/2017 Beginning Difference	w/o 2018 activity Current Difference	12/31/2018 Ending Difference
1026 Fed - COR	4,221,267	3,068,189	7,289,456
1026 Fed - M/L	96,569,376	(1,256,631)	95,312,745
Depreciation Difference	100,790,643	1,811,558	102,602,201
1026 Fed - AFUDC Debt	1,368,633	(55,550)	1,313,083
1026 Fed - AFUDC Equity	1,099,899	(47,858)	1,052,042
1026 Fed - Asset Acq Adj	4,857,964	(169,258)	4,688,706
1026 Fed - CPI	(219,183)	11,699	(207,484)
1026 Fed - Historical Other	7,132,843	(368,225)	6,764,618
1026 Fed - Inter-Co Adj	(2,906,787)	89,548	(2,817,239)
1026 Fed - Non-Tax CAC	(8,717,278)	201,268	(8,516,011)
1026 Fed - Repair 481a	17,722,262	(409,058)	17,313,204
1026 Fed - Tax Repairs	20,825,482	(488,588)	20,336,893
Book Overhead	41,163,836	(1,236,024)	39,927,811
1026 Fed - Taxable CIAC	(3,084,574)	171,572	(2,913,002)
Tax Overhead	(3,084,574)	171,572	(2,913,002)
Total Tax Classes	138,869,905	747,106	139,617,011
Jurisdiction Totals:	138,869,905	747,106	139,617,011

Other Plant	(2,901,182)	(2,901,182)
NOL	(4,938,171)	(4,938,171)
Non Plant	(21,900,199)	(21,900,199)
Total	109,130,353	109,877,459
Per Deferred Inventory Difference	(0)	

Rider	Estimate Other Prov activity	Estimate 2018 CY Provision	Estimate Other Adj	with 2018 activity Ending Difference
	(57,846)	(57,846)		7,231,610
	(2,144,723)	(542,421)		94,770,324
	(2,202,569)	(600,267)		102,001,934
	(29,127)	(29,127)		1,283,956
		-		1,052,042
		-		4,688,706
		-		(207,484)
		-		6,764,618
		-		(2,817,239)
		-		(8,516,011)
		-		17,313,204
2,652,194	(2,812,703)	(160,509)		20,176,384
2,652,194	(2,841,830)	(189,636)		39,738,175
	38,100	38,100		(2,874,902)
-	38,100	38,100		(2,874,902)
4,254,496	(5,006,299)	(751,803)		138,865,208
4,254,496	(5,006,299)	(751,803)		138,865,208

		42,652	(764,378)	(3,622,908)
(1,250,245)	3,701,172	2,450,927	(1,630,301)	(4,117,545)
		228,358	121,884	(21,549,957)
3,004,251	(1,305,127)	1,970,134	(2,272,795)	109,574,798
				109,574,799

(1)