

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:)	
)	
APPLICATION OF TENNESSEE)	
WATER SERVICE, INC. FOR)	
ADJUSTMENT OF RATES AND)	DOCKET NO. 19-00028
CHARGES, AND)	
MODIFICATION TO CERTAIN)	
TERMS AND CONDITIONS FOR)	
THE PROVISION OF WATER)	
SERVICE)	

**TENNESSEE WATER SERVICE, INC.'S RESPONSES TO CONSUMER ADVOCATE'S
THIRD INFORMAL DISCOVERY REQUEST**

Tennessee Water Service, Inc. ("TWS"), hereby responds to the second informal discovery requests from the Consumer Advocate Unit of the Attorney General's Office ("Consumer Advocate") as follows:

THIRD INFORMAL DISCOVERY REQUESTS

3-1. Refer to the "Schedule E – Operating Loss and Quarterly Reports" spreadsheet that was provided in response to Consumer Advocate Request No. 1-25. Provide a narrative explanation of the source, purpose and calculation for each tab in this spreadsheet.

RESPONSE: See below explanations for each tab:

- **Monthly** = Summarizes the financial transactions by NARUC account and account category, generally pulling from the AA, UA, and Sheet1 tab transaction detail and pivot tables.
- **AA** = Transaction download from JDE system for TWS Direct Ledger. Column A identifies NARUC code for applicable transaction's object account.
- **UA** = Transaction download from JDE system for TWS Allocation Ledger. Column A identifies NARUC code for applicable transaction's object account.
- **NARUC Mapping** = Mapping table for JDE system object accounts to applicable NARUC account.
- **Sheet3** = Pivot Table summarizing transactions by NARUC account from AA tab. This is used to update post-test year month activity (October – December

2018). Also shows pre-filed DR #5 revenue summary by month, from Monthly tab.

- Sheet1 = Pivot Table summarizing transactions from Trial Balance file for January-September 2018, to be populated into Monthly Tab.
- Rate Case DR = Copy of Monthly tab from as-filed version, to present Schedule E.
- Rate Case DR Amended = Copy of Monthly tab from this updated version, to present Schedule E amended for entries posted in the 2018 year-end closing process, after filing was prepared, and correcting missed transactions from the AA, UA and Sheet1 tabs in the initial filing.

3-2. Refer to the “Schedule F – Asset Review & Return on Replacement” spreadsheet that was provided in response to Consumer Advocate Request No. 1-25. Provide a narrative explanation of the source, purpose and calculation for each tab in this spreadsheet.

RESPONSE: See below explanations for each tab:

- Sheet1 = Pivot table for Martin tab, summarizing and segregating transactions by NARUC account related to Piney Butt Booster project (code 2018100), Clubhouse Booster project (code 2018164), and other wildfire activity posted to the Wildfire Project code 2016130. Also, a pivot table summarizing Martin tab transactions by JDE system object account.
- Martin = Download from JDE system for transactions posted to Wildfire Project code 2016130. Columns H, I, and J were added to facilitate identifying each transaction as related to other large capital projects or O&M, and the remainder to be matched to an applicable NARUC code for use in Calculation of return tab.
- Assets needing retirements = Top Section: Copy of Martin tab for capital transactions not related to 2018100 or 2018164 and did not otherwise generate a retirement posting. Columns K and L were added manually, Column H calculated the retirement amount to be posted for the capital addition, using Handy-Whitman Index values on Calculation of return tab. Bottom Section: Copy of Stacy-Jason tab for applicable additions needing retirement postings. Column K added to calculate the retirement amount to be posted for the capital addition, using Handy-Whitman Index values on Calculation of return tab.
- Journal Entry = Summary of reclassification entries from Wildfire Project code 2016130 to applicable O&M and asset accounts or large project codes, per information on Martin and Stacy-Jason tabs.
- Calculation of return = Summarizes replacement additions by month from Stacy-Jason and Martin tabs through end of Test Year, and retirements from Retirements tab, as well as calculating retirements within this tab for valves, meters, and service lines replaced, using Handy-Whitman Index values in Columns AT and AU. Post-Test Year data calculates additions and related retirements for meters and services based on the number (confirmed by contract operator) and total cost through the end of the Test Year, times customer

reconnections projected in “cust count AS FILED” file. Also included are Piney Butt and Clubhouse project values in Post-Test Year as projected in initial filing. Accumulated depreciation on net additions and rate of return on net plant replacement value is also calculated based on depreciation rate and rate of return authorized in last rate case.

- Retirements = JDE system download of retirement transactions posted when replacement asset purchase orders were processed.
- Sheet2 = Pivot table summaries of transactions on Stacy-Jason tab to segregate replacement activity and non-replacement transactions.
- Stacy-Jason = JDE system download of asset addition postings since wildfire in late 2016 through end of Test Year, to identify replacement activity and non-replacement transactions. Columns O and P manually added.

3-3. Refer to the “GL Detail – 2017-2018” tab of the of the Company’s attachment to Consumer Advocate Request No. 1-12. Specifically refer to the Company’s adjustment of \$95,789 in March 2018 to Account No. 474 – Other Revenue. Explain the content and purpose of this adjustment.

RESPONSE: This amount reflects the Company’s accrual for the 2017 operating loss. This value can be shown supported by Schedule E, page 1, excluding Taxes Other Than Income.

3-4. Refer to the “Rate Case DR Amended” tab of the of the Company’s attachment to Consumer Advocate Request No. 1-25 Schedule E Operating Loss and Quarterly Reports spreadsheet. Explain the cause of the changes to this schedule from the data that was included in the Company’s initial filing along with the journal entries for these changes. In addition, reconcile the supporting data on this spreadsheet with the general ledger detail provided in response to Consumer Advocate Request No. 1-12.

RESPONSE: Please see documents in attached thumb drive:

- 3.04.xlsx

Please see attached updated response to DR# 1-25, reconciliation of Rate Case DR Amended Tab to Rate Case DR tab and to DR# 1-12 (See Amended tab, columns AB to AG). Highlighted within the AA and 1.12 tabs are the variance transactions. Each

transaction is a correction to December 2017 or December 2018 system allocations, except four miscellaneous revenue transactions from 2018, classified to NARUC 474 in #1-12 and NARUC 461 in #1-25.

3-5. Refer to the “Rate Case DR Amended” tab of the of the Company’s attachment to Consumer Advocate Request No. 1-25: Schedule E Operating Loss and Quarterly Reports spreadsheet. Specifically refer to the monthly entries for Depreciation Expense included on this schedule. It appears that the Company has continued to depreciate plant that was no longer used and useful after it was destroyed by the fire instead of immediately retiring this plant. Provide a pro forma monthly calculation of depreciation expense for 2017 and 2018 that takes into account the retirement of all plant destroyed by the fire on the date of the destruction.

RESPONSE: Please see documents in attached thumb drive:

- **3.05.xlsx**

This calculation uses the retirements identified on the updated Schedule F supplied in response to DR# 3-6.

3-6. Refer to the Company’s responses to Consumer Advocate Request Nos. 1-30, 1-36 and 1-39. Each of these responses indicates that the Company has updated the amounts contained in their initial filing. Is it the Company’s intention to revise its rate case filing? If so, provide an updated revenue requirement calculation.

RESPONSE: Please see documents in attached thumb drive:

- **Rate Filing Exhibits TWS.xlsm**
- **Schedule A.xlsx**
- **Schedule F.xlsx**
- **Schedule G.xlsx**
- **Schedules B-D.xlsx**

The Exhibits and Schedules contain updates.

3-7. Refer to the Company's response to Consumer Advocate Request No. 1-12 regarding the historical trial balance from 2013 to 2018. The Company's response appears to only show the monthly activity data. Provide a monthly trial balance for January 2013 through December 2018 that identifies the monthly account balance for balance sheet accounts.

RESPONSE: Please see documents in attached thumb drive:

- **DR 3.7.xlsx**

The account balances provided are for the AA Ledger (Direct Cost) for the period requested. The allocated balances for the Test Year were provided in the response to DR# 2-18. The justification for providing only the Test Year allocated balances is provided in the response to DR# 3-24.

3-8. Refer to the "Schedule F – Asset Review & Return on Replacement" spreadsheet that was provided in response to Consumer Advocate Request No. 1-25. Specifically refer to the "Calculation of Return" tab of this spreadsheet which provides the Company's calculation of the Deferred Return on invested capital necessary to repair fire damage and restore the water system to operational status. It appears that the individual monthly amounts contained on this spreadsheet do not tie to the Company's monthly ledger presented in response to Consumer Advocate Request No. 1-12. Provide a reconciliation of the monthly amounts contained on this spreadsheet with the Company's ledger. In addition, provide an explanation as to why the Company has not used the activity recorded in the ledger to calculate the deferred return on invested capital.

RESPONSE: Please see documents in attached thumb drive:

- 3.08.xlsx

Please also see response to DR# 3-2. Much of the Company's capital costs related to restoration from the Wildfires was recorded to project code 2016130, which tracked transactions on the balance sheet in JDE object account 2856 and were not charged directly to utility plant accounts. Therefore, the Company's books understated utility plant until 12/31/2018, when the transactions in 2016130 were reclassified to the appropriate accounts or large project codes (See response to DR# 1-25 for Schedule F, Journal Entry tab). Schedule F displays the transaction activity as should have been captured during the restoration process based on the actual transaction dates.

3-9. Refer to the Company's response to Consumer Advocate Request No. 1-12 regarding the historical trial balance from 2013 through 2018. Identify the monthly activity for NARUC Accounts 303 through 347, from January 2017 through September 2018 that were "necessary to repair fire damage and restore the water system to operational status."

RESPONSE: See response to DR# 3-8.

3-10. Refer to the "Deferred Charges" tab of the "Schedule B-D Rate Base and Deferrals" spreadsheet that was included with the Company's filing. On this spreadsheet, the Company appears to have included a total of \$48,757 in costs related to the 2017 Emergency Petition in Docket 17-00108. However, the Commission's Order in that Docket specifically limited deferred rate case costs to \$30,000. If the Company believes that its calculation of deferred rate case costs in Docket 17-00108 is correct, then provide the basis for the Company's assertion. If the Company believes that its calculation of deferred rate case costs in Docket 17-00108 is incorrect, then provide an updated calculation to reflect this.

RESPONSE: The Company in the current proceeding has provided the actual total costs incurred to process the 2017 petition. The \$30,000 amount proposed by TWS in the 2017 case did not accomodate the extent of costs incurred to prepare and facilitate hearings.

3-11. Refer to the “Schedule F – Asset Review & Return on Replacement” spreadsheet that was provided in response to Consumer Advocate Request No. 1-25. Specifically refer to Cell AB8 of the “Calculation of Return” tab of this spreadsheet which provides a hard-coded amount for the total cost of \$331,482.95 for the “Tank/Booster Station Rehab” project shown on Schedule B of the Company’s filing. Provide the source and support for this hard-coded amount along with a narrative explanation of the need and purpose of this project.

RESPONSE: Please see documents in attached flash drive:

- 3.11.xlsx

Transaction details for the costs of this project are listed within the document. Both the Piney Butt Booster Station and ground storage tank were significantly damaged in the Wildfires. This station serves approximately 8 customers above the elevation of the ground storage tank. After the Wildfire, a third-party consultant inspected the 100,000 gallon tank and provided their summary as "this water storage vessel is in Poor condition on the exterior and OK condition in the interior. Tank needs to be addressed to avoid major repairs in future."

The rehab and replacement work included the following:

- Pipe replacement to ensure tank is in good condition in future.
- All wiring, conduit, piping, and floats replaced or repaired.
- Recoating of internal/external of storage tank.

- Replacement of Piney Butt booster station with a submersible pump system with VFD controller.

- Installation of new safety railing, stairs, access hatch and tank vent to meet current safety guidelines.

3-12. Refer to the “Schedule F – Asset Review & Return on Replacement” spreadsheet that was provided in response to Consumer Advocate Request No. 1-25. Specifically refer to Cell AD8 of the “Calculation of Return” tab of this spreadsheet which provides a hard-coded amount for the total cost of \$310,000 for the “Well #1/Booster Station Rehab” project shown on Schedule B of the Company’s filing. Provide the source and support for this hard-coded amount along with a narrative explanation of the need and purpose of this project.

RESPONSE: Please see documents in attached thumb drive:

- **3.12.xlsx**

The attachment contains transaction detail for the costs of this project to-date, and summary of estimated total costs. Please note the update cost estimate for this project is \$443,126, and estimated in-service is May 2019. This is due to a change order from the contractor for an increase scope to incorporate: manual transfer switch to booster building, new well enclosure and connective piping to booster, additional electrical improvements, and temporary pump rentals.

The Clubhouse Booster Station was significantly damaged in the Wildfires. The Clubhouse booster station is comprised of (2) 20 HP booster pumps and electrical controls that pumps water from the existing well and an interconnect from the City of Gatlinburg to the Piney Butt 100,000 gallon storage tank.

The rehab and replacement work included the following:

-New concrete split face block booster building

-New (2) 20 HP Grundfos booster pump skid with integrated VFD

- New pump for well #1

- New electrical, wiring, conduit, and piping, manual transfer switch, and quick connect generator hub

3-13. Refer to the “Schedule F – Asset Review & Return on Replacement” spreadsheet that was provided in response to Consumer Advocate Request No. 1-25. Specifically refer to Row 14 of the “Calculation of Return” tab of this spreadsheet which provides the basis for the total cost of \$9,479 for the “Reconnected Service Lines” project shown on Schedule B of the Company’s filing. Provide the following information with respect to this project:

- A. Provide a copy of the “cust count AS FILED” spreadsheet referred to in the formulas for the individual amounts on Row 14;
- B. Provide a narrative explanation of the calculations in Cells AN14, AO14, and AP14 which together sum to the total cost for this project; and
- C. Provide a narrative explanation for the calculations in Cells AQ11 through AR14 which also support the calculation of this project cost.

RESPONSE:

- A. Please see response to DR #1-34.
- B. These cells do not sum the total cost of reconnected service lines. Cell AP14 (Wildfire through Test Year-end) is a component of cell AN14 (Wildfire through effective date of rate case, 1/1/2020). Cell AO14 reflects the costs from the effective date of the rate case to the mid-point of the Attrition Year (1/2020-6/2020), which when added to AN14 results in the total additions for service lines from the Wildfire to the mid-point of the Attrition Year. These values are used in Schedule B for pro-forma additions to plant ($AN14 - AP14 + AO14 = \text{post-test year additions}$).
- C. AQ14 is the contractor-confirmed number of service lines replaced since the wildfire, through the end of the Test Year. AR14 uses the costs since the wildfire

through the end of the Test Year (Cell AP14), divided by the number of service lines replaced (AQ14) to derive an average cost per service replacement. This cost per line is multiplied by the customer count reconnects estimated for a particular month, multiplied by the ratio of service lines replaced to meters replaced in the wildfire-to-Test Year -end period (Cell AQ12) to give an estimated service line addition cost for each projected month from the Test Year-end to the mid-point of the Attrition Year.

3-14. Refer to the “Schedule F – Asset Review & Return on Replacement” spreadsheet that was provided in response to Consumer Advocate Request No. 1-25. Specifically refer to Row 15 of the “Calculation of Return” tab of this spreadsheet which provides the basis for the total cost of \$36,442 for the “Reconnected Meters/Installations” project shown on Schedule B of the Company’s filing. Provide the following information with respect to this project:

- A. Provide a narrative explanation of the calculations in Cells AN15, AO15, and AP15 which together sum to the total cost for this project; and
- B. Provide a narrative explanation for the calculations in Cells AQ11 through AR15 which also support the calculation of this project cost.

RESPONSE:

- A. These cells do not sum the total cost of meters and meter installations. Cell AP15 (Wildfire through Test Year-end) is a component of cell AN15 (Wildfire through effective date of rate case, 1/1/2020). Cell AO15 reflects the costs from the effective date of the rate case to the mid-point of the Attrition Year (1/2020-6/2020), which when added to AN15 results in the total additions for meters/installations from the Wildfire to the mid-point of the Attrition Year. These values are used in Schedule B for pro-forma additions to plant ($AN15 - AP15 + AO15 = \text{post-test year additions}$).
- B. AQ15 is the contractor-confirmed number of meters/installations replaced since the wildfire, through the end of the Test Year. AR15 uses the costs since the wildfire through the end of the Test Year (Cell AP15), divided by the number of meters/installations replaced (AQ15) to derive an average cost per meter

replacement. This cost per line is multiplied by the customer count reconnects estimated for a particular month to give an estimated meter/installation addition cost for each projected month from the Test Year-end to the mid-point of the Attrition Year.

- 3-15. Refer to the “Schedules B-D Rate Base Workpapers” spreadsheet that was provided in response to Consumer Advocate Request No. 1-25. Specifically refer to Cell K15 of the “Pro Forma Plant” tab of this spreadsheet which provides a hard-coded amount for the total cost of \$50,000 for the “SCADA” project shown on Schedule B of the Company’s filing. Provide the source and support for this hard-coded amount along with a narrative explanation of the need and purpose of this project.

RESPONSE: The Company contractor, Gopher Utility Services, bid \$49,856 to complete the project. Additional incidental costs such as capitalized time from employee/operator supervision of the contractor, can be expected. Please note this project is now expected to be in-service in June 2019.

There are no SCADA monitoring/controls at the present time. The use of a monitoring/control SCADA system would control the system based on actual tank level reading calling for wells and booster pumps to operate when necessary. Operations would also be able to remotely control wells, booster pumps on/off, view tank elevations and view (through internet interface) well pump information including totalizing flows (daily, weekly, monthly), current well run times, and have the ability to prepare historic trend modeling and graphing for the water usage and tank levels. Operations will also be notified in the event of any alarm condition in the system.

- 3-16. Refer to the “Combined Shared Services Salary Budget – Confidential” attachment to Consumer Advocate Request No. 1-42 regarding the source and support for the “Base 2020 Annual Salary” shown in the Company’s filing. The Company’s reply appears to

be non-responsive. Specifically, there is no salary and wage calculation in this spreadsheet that ties to the “Base 2020 Annual Salary” by individual employee that was included in “Schedule I – Salary & Wages Adjustment” spreadsheet included with the Company’s filing. Provide the calculation used by the Company to support the “Base 2020 Annual Salary” by individual employee that was included in the Company’s filing. If such support is unavailable, then provide a narrative explanation.

RESPONSE: Please see documents in attached thumb drive:

- **DR 3.16.xlsx (Password: 2018154-TWS)**

3-17. Refer to the “TN Leadership & Operations – Salary Budget 2020 – Confidential” attachment to Consumer Advocate Request No. 1-42, regarding the source and support for the “Base 2020 Annual Salary” shown in the Company’s filing. The Company’s reply appears to be non-responsive. Specifically, there are no calculations tying the current individual rate of pay to the 2020 budgeted monthly salaries. Provide the calculations used by the Company to arrive at the monthly 2020 budget salaries and wages by employee.

RESPONSE: Please see response to DR# 3-16.

3-18. Refer to the “WSC Rent and Mgmt Fees 2020 – Confidential” attachment to Consumer Advocate Request No. 1-36, regarding the source and support for the shared service allocation to Tennessee. Specifically refer to the “ERC Data” tab of this spreadsheet and provide the following information:

- A. Define the term “ERC” and provide a description of how this information is gathered and compiled for each entity presented in the attachment;
- B. Identify the time period for the ERC Data that is presented. Specifically, is this data for the test period, calendar year 2018, or some other period;

- C. Identify how often the ERC data is updated in the Company's allocation calculations. Specifically, is this data updated on a monthly, quarterly, annual or some other basis; and
- C. Provide this same ERC data and calculation by year for 2013 through 2018.

RESPONSE: A – ERC is defined as equivalent residential customer. The count is determined using the AWWA equivalent factor based on meter sizes. This count is generated and maintained in the Company's billing system. Please see the AWWA factor table attached.

B - The time period for this ERC data was as of August 31, 2018.

C - ERC counts are updated monthly for allocation purposes.

D - Please see documents in attached thumb drive:

- **AWWA - ERC Factor Table.xlsx**
- **DR 3.18.xlsx**

- 3-19. Refer to the Company's response to Consumer Advocate Request No. 1-50 regarding the source and support for the calculation of the allocation factors used to assign the cost of operations employees to Tennessee. The Company's response refers to the attachment included with the response to Consumer Advocate Request No. 1-49. However, this attachment does not appear to be responsive to the request for how the Company calculates the Tennessee allocation factors for operation employees. Provide the allocation factor calculations for operation employees assigning cost to Tennessee along with the source and support for these calculations.

RESPONSE: Please see documents in attached thumb drive:

- **SE50 - Allocation Report.xlsx**

The SE50 – Allocation report is the source for the allocation calculations for employees assigning cost to Tennessee. The report is extracted directly from the Company’s ERP system. The allocation methodology shown in this report assigns a cost allocation percentage to an employee based on the count of equivalent residential customers (ERCs) for that specific business unit - in this case TWS as a percentage of the total ERC count for all the Business Units assigned to that employee. Column G of the Allocation Report tab shows the ERC count for each Business Unit assigned to the employee and Column E shows the allocation percentage.

3-20. Refer to the attachment provided in the Company’s response to Consumer Advocate Request No. 1-34 regarding pro forma attrition period customers. Supplement the Company’s response by providing the actual monthly customer counts from January 2013 to December 2015.

RESPONSE: Please see documents in attached thumb drive:

- **3.20.xlsx**

3-21. Refer to the “WSC Rent and Mgmt Fees 2020 – Confidential” attachment that was provided in response to Consumer Advocate Request No. 1-36. Specifically refer to the “Allocation CU RU” tab of this spreadsheet. Certain cells in this spreadsheet are linked to a separate “CAM 2020 – Final” spreadsheet that was not provided with the result being that most of the data in the Company’s attachment was unusable. Provide an updated copy of the “WSC Rent and Mgmt Fees 2020 – Confidential” spreadsheet that converts linked data to hard-coded amounts. In addition, provide a copy of the “CAM 2020 – Final” spreadsheet referred to in the formulas.

RESPONSE: Please see documents in attached thumb drive:

- **3.21 CAM 2020 - FINAL.xlsx**

“CAM 2020- Final” Excel file includes tabs provided in response to DR# 1-36.

3-22. Refer to the Company's response to Consumer Advocate Request No. 1-38, the \$518 pro forma adjustment to rent. Provide a narrative explanation as to why this adjustment is necessary. Specifically, does this adjustment relate to an allocation of new rental property or an increase in rent for an existing property? If this rent adjustment is for a new lease, explain how removal of the previous lease cost is taken into consideration.

RESPONSE: The adjustment was made to reflect the rent expense being allocated to TWS due to the relocation of the Utilities, Inc. corporate office. The rent schedule for the new building was provided in the response to DR# 1-36, "Rent" tab. Prior to the relocation, the corporate office was owned by Utilities, Inc.

3-23. Refer to the "TWS Regulatory Liability" spreadsheet included as an attachment to Consumer Advocate Request No. 1-39. Provide a narrative explanation for each tab of this spreadsheet that describes the source and content as well as the calculations.

RESPONSE: See below explanations for each tab:

- **Reg Liab – Pro-Forma Adjustment** = Summarized the ADIT remeasurements from Co 220 tab, offset by amortization from rate effective date to mid-point of Attrition Year to derive rate base deduction and annual amortization credit for use in pro-forma income statement.
- **ADIT Regulatory Liability** = Summarizes the ADIT remeasurements from Co 220 tab, segregated by protected/unprotected and gross ups. Calculates annual protected and unprotected amortizations for use in pro-forma income statement.
- **Co 220** = Columns I through S reflect bridge of activity for deferred tax accounts from 2016 YE to 2017 YE before remeasurement, consistent with Column C inputs. Column W summarizes remeasurement calculations in Columns AF to AI. Note Column W reflects 40% adjustment to Column U (35% to 21% FIT rate). Column AC reflects the adjustments to the calculated amounts in Column W based on final filing of 2017 income tax return values, reflected on the following three tabs. The blue highlighted information summarizes the remeasurement changes, segregating the activity between protected and unprotected depending on the deferred tax driver, and calculating gross ups. Note: where applicable, FBOS stands for Federal Benefit of State, meaning the State taxes are a deduction for Federal tax calculations.
- **TN Support** = Generally summarizes the resulting booked adjustments derived from the TWS and TWS NOL tabs.

- **TWS** = Shows the “provision to return” calculations, driving the adjustment to deferred taxes and the EDIT Regulatory Liability. Key information is the difference in the provision vs. return temporary difference values for various deferral and miscellaneous reserve balances (Column K, rows 38-60) and depreciation (Rows 31-35), which when multiplied by the tax rate difference of 14% generate the net adjustments for Co 220 tab, Cells AC9 and AC16.
- **TWS NOL** = Shows the supporting calculations for the 2017 federal return adjustment to the original provision deferral. Cell D49 shows the estimated (provision) federal NOL at 12/31/17, and D61 shows the final return NOL. This adjustment drives the NOL adjustment on Co 220 tab, Cell AC17.
- **Protected Only** = Uses the Company’s asset listing at 12/31/17 and remaining years of asset lives to recalculate weighted average remaining life (Column Y, cell V87) which is used for protected EDIT amortization.
- **Mapping** = Details the JDE system asset and liability accounts relevant for the calculation of deferred tax remeasurements, identified as protected or unprotected.

3-24. Refer to the Company's response to Consumer Advocate Request No. 2-18 regarding the unallocated trial balance schedules as well as the calculation of the allocation factors to Tennessee that were first requested in Consumer Advocate Request No. 1-13, Consumer Advocate Request No. 1-14, Consumer Advocate Request No. 1-15 and Consumer Advocate Request No. 1-16. The Company's response refers to an attachment that has not yet been provided. When does the Company expect to be able to provide this attachment? In addition, provide a narrative explanation of the Company's accounting processes that describe why this data is not maintained and readily available.

RESPONSE: The attachment has been confirmed as provided. As these calculations are system-generated using data captured and processed by the JDE system, there is no manual, detailed recalculation on-hand. The response to DR# 2-18 attempts to recreate the system calculation manually using the identified inputs, after extracting them through various reports from JDE.

3-25. For each company listed below, provide the actual capital structure including amounts and proportions of short-term debt, long-term debt, preferred stock, and common equity

for the three most recent fiscal years ending prior to January 1, 2019. Also include cost rates for any short-term debt, long term debt, and preferred stock.

- A. Tennessee Water Service, Inc.;
- B. Utilities, Inc., parent-only;
- C. Utilities, Inc., consolidated;
- D. Corix Infrastructure, Inc., parent-only; and
- E. Corix Infrastructure, Inc., consolidated.

Include in your response all supporting source documentation, work papers, and calculations.

RESPONSE: Items A and B are not applicable. Please see attached consolidated CONFIDENTIAL responses demonstrating Utilities, Inc. capital structure (historical and projected) and supporting debt documents, and Corix Infrastructure, Inc. capital structure for parent-only and consolidated. Please note the 2016, 2017 and 2018 balances are supported by the CONFIDENTIAL Utilities, Inc. audited financial statements supplied in response to DR# 1-7 and 2-17. Utilities, Inc. aims to maintain a 50/50 debt/equity ratio in its capital structure, and thus any equity infusion needs are dependent on debt issuances or draws from the revolving fund.

3-26. For each company listed below, provide the forecasted capital structure, including amounts and proportions of short-term debt, long-term debt, preferred stock, and common equity for the attrition year ending Dec. 31, 2020. Also include forecasted cost rates for any short-term debt, long term debt, and preferred stock.


- A. Tennessee Water Service, Inc.;
- B. Utilities, Inc., parent-only;

- C. Utilities, Inc., consolidated;
- D. Corix Infrastructure, Inc., parent-only; and
- E. Corix Infrastructure, Inc., consolidated.

Include in your response all supporting source documentation, work papers, and calculations.

RESPONSE: Please see response to DR# 3-25.

Respectfully submitted,

By: 
Ryan A. Freeman (#033299)
BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ, P.C.
633 Chestnut Street, Suite 1900
Chattanooga, TN 37450
(423) 209-4181
rffreeman@bakerdonelson.com

Attorney for Tennessee Water Service, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on May 7, 2019 a true and correct copy of the foregoing was served
via U.S. Mail or electronic mail upon:

Wayne Irvin
Senior Assistant Attorney General
Financial Division, Consumer Advocate Unit
War Memorial Building, 2nd Floor
301 6th Avenue North
Nashville, Tennessee 37243
Wayne.Irvin@ag.tn.gov



Ryan Freeman