

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

IN RE:

**APPLICATION OF TENNESSEE
WATER SERVICE, INC. FOR
ADJUSTMENT OF RATES AND
CHARGES, APPROVAL OF A
QUALIFIED INFRASTRUCTURE
INVESTMENT PROGRAM, AND
MODIFICATION TO CERTAIN
TERMS AND CONDITIONS FOR
THE PROVISION OF WATER
SERVICE**

DOCKET NO. 19-00028

CONSUMER ADVOCATE'S FIFTH DISCOVERY REQUEST TO TENNESSEE WATER SYSTEMS, INC.

This Fifth Discovery Request is hereby served upon Tennessee Water Systems, Inc. (Company or TWS), 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 Advocate Unit in the Financial 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, Financial Division, Consumer Advocate Unit, War Memorial Building, 301 6th Avenue North, Nashville, Tennessee 37243, c/o Wayne M. Irvin, on or before 2:00 p.m. (CDT) on June 7, 2019.

PRELIMINARY MATTERS AND DEFINITIONS

These Additional Discovery Requests incorporate the same Preliminary Matters and Definitions as set forth in the *Consumer Advocate's First Discovery Request to Tennessee Water Systems, Inc.* sent to the Company on March 20, 2019, and are to be considered continuing in

nature and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

FIFTH DISCOVERY REQUESTS

- 5-1. Refer to the Company's responses to CA4-4. Provide the Company's analysis along with any contemporaneous notes or documents related to the Company's decision not to pursue or file a claim under the insurance policy applicable to property losses from the Gatlinburg wildfires.

RESPONSE:

- 5-2. Refer to the Company's responses to CA4-3.

(a) Provide a copy of each insurance policy (including without limitation any declaration page and similar document) applicable to property losses from the Gatlinburg wildfires, along with a list of covered property and any replacement values assigned to such property. Further, provide a copy of each application by the Company or its Affiliates for insurance coverage that resulted in the issuance of a policy applicable to property losses from the Gatlinburg wildfires. Finally, identify the specific language in each insurance policy that dictates the deadline for filing any claims associated with the Gatlinburg wildfires.

(b) If replacement values were assigned to property items under the insurance policy applicable to the assets damaged or destroyed by the Gatlinburg wildfire, state the Company's process for determining those replacement values and any audit or confirmation process that was used prior to the Gatlinburg wildfires to confirm such value(s). Identify the personnel who performed the initial value determination and any follow up audit or confirmation process. If the Company believes that the replacement

values for the Tennessee assets were incorrectly reported for insurance purposes, state whether or not that recovery of these costs could be recovered through the Company's indemnification insurance policies and provide a copy of the indemnification policies supporting the Company's assertion.

(c) For each asset listed and/or described in the Company's response to CA4-3(b), provide the fair market value and the replacement cost of each such asset at the time of the Gatlinburg wildfires.

(d) Provide a summary along with any contemporaneous notes or documents of any discussion(s) with the insurer providing each insurance policy applicable to property losses from the Gatlinburg wildfires.

(e) Provide a copy of any written correspondence with the insurer providing each insurance policy applicable to property losses from the Gatlinburg wildfires.

(f) State the loss limit under each insurance policy applicable to property losses from the Gatlinburg wildfires. Further, provide each loss limit applicable to each specific item of property under the property insurance policy in effect at the time of the Gatlinburg wildfires.

(g) For each property insurance policy applicable to property losses from the Gatlinburg wildfires, provide the citation or other reference in such policy that specifically states that the "uninsured assets" described in the Company's response to CA DR 4-3(b) are uninsured. If the Company is not able to provide a specific citation or reference, provide the basis for the Company's assertion that the listed assets are uninsured.

(h) State the monetary difference between the loss limit applicable to the assets damaged or destroyed in the Gatlinburg wildfires and the deductible amount applicable to those assets on both a cumulative and by-asset basis.

RESPONSE:

5-3. State whether the Company has performed any analysis or given consideration to the ability of customers (collectively or individually) to bypass usage of the Company's water services by means of drilling water wells, constructing cisterns, having water brought to their respective homes by water tank truck, or other means. If the Company has performed any such analysis or given any such bypass option consideration, provide a summary along with any contemporaneous notes or documents related to any such analysis or consideration. If the Company has not performed any such analysis or given any such bypass option consideration, explain why such analysis or consideration has not been done.

RESPONSE:

5-4. Provide the depth (in feet) and monetary cost of each water well drilled by the Company (or drilled by an Affiliate or third party on its behalf) for the purpose of providing water to its customers in its Gatlinburg service territory. If the Company acquired any water well(s) for the purpose of providing water to its customers in its Gatlinburg service territory, provide all the documentation in the Company's possession concerning the depth and monetary cost of drilling each such well. Further, if the Company acquired any water well(s) for the purpose of providing water to its customers in its Gatlinburg service territory, provide all documentation related to such acquisition.

RESPONSE:

5-5. Provide a topographical map of the Company's service territory showing the location of each producing water well drilled by or on behalf of the Company, as well as any other producing water well known to the Company. Also provide the location on such topographical map of any dry hole water well(s) known to the Company.

RESPONSE:

5-6. To the extent known by the Company, provide the estimated itemized cost of drilling a water well (in terms of a per foot cost and additional charges to complete the well and pump the water to the household) by an individual household seeking to use such well for its own household purposes. Provide the source and any supporting documentation for your response.

RESPONSE:

5-7. Provide a copy of any franchise agreement, developer or development agreement, restrictive covenants (by deed or otherwise), fire protection codes, or other similar document imposing limitations or constraints on the ability of customers to bypass usage of the Company's water services by means of drilling water wells, constructing cisterns, having water brought to their respective homes by water tank truck, or any other means.

RESPONSE:

5-8. Refer to the CONFIDENTIAL chart attached to CA DR 4-9. Provide a narrative explanation, in detail and with specificity, and journal entries reflecting the transactions and relationships between the Company and its Affiliates in such chart.

RESPONSE:

- 5-9. Provide all communications in which the Company has considered either a sale of its existing Tennessee properties or the acquisition of other Tennessee properties to mitigate the rate impact to customers from infrastructure replacement after the Gatlinburg wildfire.

RESPONSE:

- 5-10. Refer to the Company's response to CA3-11 regarding the investment cost for the Tank/Booster Station Rehabilitation project of \$331,482.95. Provide an update on this project that shows the capital expenditures by month. In addition, provide a copy of the monthly journal entries where this project has been capitalized to construction work in progress and plant in service.

RESPONSE:

- 5-11. Refer to the Company's response to CA3-12 regarding the estimated investment cost for the Well/Booster Station Rehabilitation project of \$310,000.00. Provide an update on this project that shows the capital expenditures by month. In addition, provide a copy of the monthly journal entries where this project has been capitalized to construction work in progress and plant in service.

RESPONSE:

- 5-12. Refer to the Company's responses to CA3-13, CA3-14 and CA3-15 regarding the estimated investment costs for reconnected service lines, reconnected meter/installations, and the SCADA project. Provide an update on these projects that show the capital expenditures by month. In addition, provide a copy of the monthly journal entries where these projects have been capitalized to construction work in progress and plant in service.

RESPONSE:

5-13. Refer to the Income Statement (Exhibit 1) included with the Company's filing. Explain the difference in the amounts recorded to Regulatory Commission Expense (Line 17) and Utility/Commission Tax (Line 29). In addition, explain the omission of any data in Regulatory Commission Expense (Account 6070) prior to 2015.

RESPONSE:

RESPECTFULLY SUBMITTED,



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Financial Division, Consumer Advocate Unit
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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:

Ryan A. Freeman, Esq.
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This the 31st day of May, 2019.



WAYNE M. IRVIN