

**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 FIRST INFORMAL
DISCOVERY REQUEST OF THE CONSUMER ADVOCATE UNIT**

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

FIRST INFORMAL DISCOVERY REQUESTS

1-1. Refer to the "Rate Filing Exhibits TWS – Links Broken" spreadsheet that was included with the Company's filing as well as Schedules A through I. Provide a version of these spreadsheets that contain the "Links" between them.

RESPONSE: Please see documents in attached thumb drive:

- **Rate Filing Exhibits TWS AS FILED.xlsm**

Please see attachments to DR #1-25 for Schedules B through F. Schedules A, G, H and I did not have links to outside files.

1-2. Provide an account mapping of the Company's JD Edwards accounts to the NARUC Uniform System of Accounts for water utilities.

RESPONSE: Please see documents in attached thumb drive:

- **DR 1.2.xlsx**

1-3. Provide a statement from the Company's controller or other responsible officer affirming that the accounting methods used by the Company for data entry into the JD Edwards accounting system complies with the accounting instructions for the NARUC Uniform System of Accounts for water utilities.

RESPONSE: Please see documents in attached thumb drive:

- **1-03 Controller Certification.pdf, 1 Page.**

1-4. Provide a copy of the Company's chart of accounts.

RESPONSE: Please see documents in attached thumb drive:

- **1-04 JDE Chart of Accounts Year 2018.xlsx**

1-5. Provide a sample customer bill (eliminating customer identification information) for each rate class under current rates.

RESPONSE: Please see documents in attached thumb drive:

- **DR1.5.pdf, 2 Pages.**

1-6. Provide a copy of the rate case orders issued by regulatory commissions in other states for affiliates of Tennessee Water Service since January 1, 2015.

RESPONSE: Please see documents in attached thumb drive:

- **1-06 FL 2017-0361-FOF-WS.pdf, 348 Pages.**
- **1-06 FL Final Order - Amended.pdf, 1 Page.**
- **1-06 MW-MA BU Rate Cases.zip**
 - **IL (folder)**
 - **Final Order - 414425.pdf, 41 Pages.**
 - **Final Order.pdf, 69 Pages.**

- **IN (folder)**
 - **CN 44724 Final Order.pdf, 80 Pages.**
- **KY (folder)**
 - **WSCK Final Order - Full 2019.02.11.PDF, 31 Pages.**
- **MD (folder)**
 - **MWS Rate Case No. 9423 Final Order.pdf, 40 Pages.**
- **PA (folder)**
 - **CUPA - Final Order.pdf, 3 Pages.**
 - **CUPA Joint Petition for Full Settlement.pdf, 61 Pages.**
- **VA (folder)**
 - **MPSC _ PUE-2014-00035 Final Order 2015.08.25.PDF, 18 Pages.**
 - **PUR-2017-00069.pdf, 8 Pages.**
- **1-06 NC Elk River - Final Order.pdf, 24 Pages.**
- **1-06 NC Final Order Sub 356.pdf, 68 Pages.**
- **1-06 NC Final Order Sub 360.pdf, 146 Pages.**
- **1-06 NC W-354 sub 344 FINAL order 12 7 2015.pdf, 46 Pages.**
- **1-06 NC W-778 sub 91 CWSS FINAL order.pdf, 61 Pages.**
- **1-06 SC Final Rate Case Order No. 2015-876.pdf, 63 Pages.**
- **1-06 SC Order 2018-345(A) Docket 2017-292-WS.pdf, 47 Pages.**
- **1-06 South BU Rate Cases.zip**
 - **Docket 32553 Community Utilities of Alabama Inc 12.26.18.pdf, 10 Pages.**
 - **U-33595-A Utilities Inc. of Louisiana and Louisiana Water Service, Inc., ex parte 6.10.16.pdf, 24 Pages.**
 - **U-34742 CULI and UIL, ex parte 10.30.18.pdf, 63 Pages.**

- Utility Order for Community Utilities of Louisiana, Inc., ex parte 12.11.17.pdf, 8 Pages.
- 1-06 TX FinalOrder_07-28-2017.PDF, 75 Pages.
- 1-06 TX FinalOrderPh3.PDF, 61 Pages.
- 1-06 West BU Rate Cases.zip
 - 14-12033 SCUC compliance staff memo.pdf, 3 Pages.
 - 14-12033 SCUC RC Final Order.pdf, 27 Pages.
 - 14-12033 Tariff approved July 1.pdf, 5 Pages.
 - 15-06063 FINAL ORDER.pdf, 105 Pages.
 - 15-06063 UICN RC Order.pdf, 16 Pages.
 - 16-12037 CORRECTED ORDER - Stip.pdf, 32 Pages.
 - 16-12037 FINAL Order.PDF, 32 Pages.
 - 010716 Misc - Notice of Errata.pdf, 4 Pages.
 - 120216 Decision.pdf, 14 Pages.

1-7. Provide copies of the Annual Stockholder Reports, the 10K reports and 10Q reports for the Company, its Parent, Multi-State Utility, or Affiliated Utility Service Company for 2016, 2017 and 2018.

RESPONSE: Please see documents in attached thumb drive, **CONFIDENTIAL 2016 and 2017 Utilities Inc. audited financial reports:**

- 1-07 2016 UI CONFIDENTIAL.pdf, 23 Pages.
- 1-07 2017 UI CONFIDENTIAL.pdf, 24 Pages.

The 2018 audited financial report will be provided when available.

- 1-8. Provide a detailed list of all the Company's affiliated party transactions (i.e., transactions with any Affiliate) for 2017 and 2018, including the nature and amount of each transaction.

RESPONSE: Other than centralized service cost allocations constituting the UA ledger activity (detail of which is provided in response to DR #1-12), the Company has no affiliated party transactions.

- 1-9. Provide an organization chart of Corix, Utilities Inc., and all affiliates of Tennessee Water indicating the ownership and business nature of each affiliate (water, wastewater, etc.). Also identify the members of the board of directors and officers of each entity. For any entity that is a limited liability, please identify the member(s) and any individual who serves as managing member and/or an officer of such entity.

RESPONSE: Please see CONFIDENTIAL documents attached in thumb drive:

- **1-09 Cortix Utility Affiliates.pdf, 2 Pages.**
- **1-09 Directors and Officers - CONFIDENTIAL.xlsx**

- 1-10. Identify all insurance proceeds either received or expected to be received by the Company and/or any Affiliate of the Company that are related to the fires in the Gatlinburg area.

RESPONSE: The Company has not received nor does it expect to receive insurance proceeds due to the wildfires.

- 1-11. Refer to the "Trial Balance – AA & UA" tab of the "Rate Filing Exhibits TWS – Links Broken" spreadsheet that was included with the Company's filing. Specifically refer to Columns D and E of this spreadsheet that include the captions for "AA Ledger" and "UA

Ledger”. Define the terms AA Ledger and UA Ledger and provide an explanation of why these two specific ledgers contain the appropriate data for this filing.

RESPONSE: The AA ledger represents the TWS general ledger for direct operating company activity. The UA ledger represents allocated costs from regional cost centers, WSC, Utilities Inc. and Corix. These two ledgers capture all direct charged and allocated costs supporting operating activities for TWS.

1-12. Refer to the “Trial Balance – AA & UA” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet that was included with the Company’s filing. This spreadsheet appears to provide the balance in various accounts at September 30, 2018 for the balance sheet accounts and for the twelve months ended September 30, 2018 for the income statement accounts for both the AA and UA ledgers. Provide a trial balance that contains the monthly account balances for both the balance sheet accounts and income statement accounts, from January 2013 through December 2018 for both the AA and UA ledgers. In addition, provide a statement from the Company’s controller or other responsible officer affirming the completeness and accuracy of this information.

RESPONSE: Please see Excel file attached in the thumb drive:

- **DR 1.12.xlsx**

See certification from the corporate controller attached in response to DR #1-3.

1-13. Refer to the “Linked TB-AA” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet that was included with the Company’s filing. Specifically refer to Column H of this spreadsheet which appears to show the allocation method for the different accounts for the AA ledger. Provide a trial balance that contains the gross monthly account balances (before any allocations) for both the balance sheet accounts and income statement accounts, from January 2013 through December 2018 for the AA ledger. In

addition, provide a statement from the Company's controller or other responsible officer affirming the completeness and accuracy of this information.

RESPONSE: Please see attached response to DR #1-12, and see certification from the corporate controller attached in response to DR #1-3.

- 1-14. Refer to the "Linked TB-AA" tab of the "Rate Filing Exhibits TWS – Links Broken" spreadsheet that was included with the Company's filing. Specifically refer to Column H of this spreadsheet which appears to show the allocation method for the different accounts for the AA ledger. Provide the monthly allocation calculation for each account by month from January 2013 through December 2018 for the AA ledger.

RESPONSE: Please see attached response to DR #1-12. The allocation methodology shown in Column H of the spreadsheet is not applicable in this filing as TWS is operated as a water only system and as such all general ledger postings are made to water accounts.

- 1-15. Refer to the "Linked TB-UA" tab of the "Rate Filing Exhibits TWS – Links Broken" spreadsheet that was included with the Company's filing. Specifically refer to Column H of this spreadsheet which appears to show the allocation method for the different accounts for the UA ledger. Provide a trial balance that contains the gross monthly account balances (before any allocations) for both the balance sheet accounts and income statement accounts, from January 2013 through December 2018 for the UA ledger. In addition, provide a statement from the Company's controller or other responsible officer affirming the completeness and accuracy of this information.

RESPONSE: Please see attached response to DR #1-12, and see certification from the corporate controller attached in response to DR #1-3.

- 1-16. Refer to the “Linked TB-UA” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet that was included with the Company’s filing. Specifically refer to Column H of this spreadsheet which appears to show the allocation method for the different accounts for the UA ledger. Provide the monthly allocation calculation for each account by month from January 2013 through December 2018 for the UA ledger.

RESPONSE: Please see attached response to DR #1-12. The allocation methodology shown in Column H of the spreadsheet is not applicable in this filing as TWS is operated as a water only system and as such all general ledger postings are made to water accounts.

- 1-17. Refer to the “Linked TB-AA” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet that was included with the Company’s filing. Specifically refer to Account 5495 for Meter Reading which has a zero balance for the twelve months ended September 30, 2018. Explain why there is no activity within this account.

RESPONSE: Meter Reading is performed by TWS’s contract employee, and therefore is captured under Maintenance & Repair – Oper Contract Workers, general ledger account 6370.

- 1-18. Refer to Page 3 of the testimony of Company witness, Mendenhall, where he states the following:

“The Chalet Village water system received extensive damage to several major components and temporarily was unable to deliver potable water service or fire protection to those structures that remained. The Piney Butt ground storage tank and booster pump station received direct fire contact. The radiant heat damaged the tanks exterior integrity and allowed for internal heat contact. The booster station that resided on the roof of the tank was destroyed. The Clubhouse booster station and well structure was subjected to intense radiant heat and fire impingement compromising the integrity of internal components including all electrical panels, electrical wiring, and piping networks. The wellhead protective covering and associated electrical wiring were also destroyed. As the water distribution

system was pressurized staff members discovered leaks in multiple components including but not limited to the City of Gatlinburg interconnect, water meters, fire hydrants, water valves, and water lines (service and mains).”

Provide a copy of the journal entries to record the plant retirements for the property described above, as well as the retirement for all other plant that was destroyed.

RESPONSE: Please see list of retirement postings and detail on “retirements” tab in Excel file supporting Schedule F, provided in response to DR #1-25.

1-19. Refer to the “Plant in Service” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet that was included with the Company’s filing. Specifically refer to Column V of this spreadsheet which appears to provide the Company’s depreciation rates by plant account. Provide the source and support for these depreciation rates including the authorization of these rates by the Tennessee Public Utility Commission.

RESPONSE: Please see attached exhibits in thumb drive from TWS’s last rate case petition in 2009, and an additional workpaper supporting the as-filed depreciation calculation supporting the depreciation rates in the current proceeding:

- **1-19 2009 base case petition.pdf, 22 Pages.**
- **1-19 Depr Workpaper.xlsx**

The final order in the 2009 rate case did not require TWS to adjust these existing depreciation rates.

1-20. Refer to the “Plant in Service” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet that was included with the Company’s filing. Specifically refer to Account 1020 – Organization. Provide the source and support for the specific components of Organization that are included here. In addition, provide the amounts and descriptions of any changes to this account since the Company’s 2009 rate case.

RESPONSE: This balance is consistent with the same account in the last rate case – no changes have occurred.

1-21. Refer to the “Cash Working Capital” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet that was included with the Company’s filing. It appears that the totals on Line 4 of this Schedule do not correctly sum to the data above it. Please confirm if this omission is appropriate and if not, provide an updated schedule.

RESPONSE: A corrected schedule is attached in the thumb drive:

- **1-21 Working Capital.pdf, 1 Page.**

1-22. Refer to the “Cash Working Capital” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet that was included with the Company’s filing. It appears that the Taxes Other Than Income do not include payroll taxes from the Income Statement schedule. Please confirm if this omission is appropriate and if not, provide an updated schedule.

RESPONSE: A corrected schedule is attached to DR #21.

1-23. Refer to the “Trial Balance – AA & UA” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet that was included with the Company’s filing. Specifically refer to Accounts 3430, 3435 and 3455 that provide the detail for the original amounts of Contributions in Aid of Construction (CIAOC). Provide the source and support for these original amounts including the contact information of the providers. In addition, where the CIAOC refers to a specific tariff item such as a water tap or meter fee, provide a copy of the tariff language authorizing such a fee.

RESPONSE: Please see depreciation workpaper attached to DR #1-19 for support from the Company’s last rate case filing for its CIAC balance of \$1,002,452 at

12/31/2006. See attached support in thumb drive for the Company's activity in these accounts since the last rate case:

- **1-23 TWS - Tap Fees.xlsx**

1-24. Refer to the Billing Report included in the "Data" tab of the "Schedule A Bill Analysis and Rate Design" spreadsheet that was included with the Company's filing. Provide this same information January 2013 through December 2018.

RESPONSE: Please see documents in attached thumb drive:

- **DR1.24.xlsx**

Please note the "Data" tab provided in Schedule A shows the raw billing data. The actual data use to complete the bill analysis is found in the "Sorted" tab of Schedule A. The raw billing data was adjusted to remove duplicate line items.

1-25. Refer to the "Proforma Plant" tab of the "Schedule B-D Rate Base and Deferrals" spreadsheet that was included with the Company's filing. Provide the source and support for the "Costs thru 9/30/2018" shown in Column A of this spreadsheet totaling \$123,013.

RESPONSE: Please see Excel files attached in thumb drive supporting Schedules B, C, D, E, and F, with intact formulas:

- **1-25 Schedule E Operating Loss and Quarterly Reports - TWS 2017-18.xlsx**
- **1-25 Schedule F Asset Review and return on replacement.xlsx**
- **1-25 Schedules B-D Rate Base Workpapers.xlsx**

1-26. Refer to the "Proforma Plant" tab of the "Schedule B-D Rate Base and Deferrals" spreadsheet that was included with the Company's filing. Provide the source and support for the "Additional Costs to be Incurred" shown in Column B of this spreadsheet totaling \$614,392.

RESPONSE: Please see attached Excel files for DR #1-25 supporting Schedules B, C, D, E, and F, with intact formulas.

1-27. Refer to the “Proforma Plant” tab of the “Schedule B-D Rate Base and Deferrals” spreadsheet that was included with the Company’s filing. Provide the source and support for the “Retirements” shown in Column D of this spreadsheet totaling \$92,741.

RESPONSE: Please see attached Excel files for DR #1-25 supporting Schedules B, C, D, E, and F, with intact formulas.

1-28. Refer to the “ADIT” tab of the “Schedule B-D Rate Base and Deferrals” spreadsheet that was included with the Company’s filing. Provide the source and support for the MACRS tax depreciation rate of 4.00% used on this schedule.

RESPONSE: The Company utilizes a 25-year life for water utility property, and therefore 4% MACRS, per IRS Publication 946.

1-29. Refer to the “Deferred Charges” tab of the “Schedule B-D Rate Base and Deferrals” spreadsheet that was included with the Company’s filing. Provide the source and support for the “Costs thru 9/30/2018” shown in Column A of this spreadsheet totaling \$266,788.

RESPONSE: Please see attached Excel files for DR #1-25 supporting Schedules B, C, D, E, and F, with intact formulas.

1-30. Refer to the “Deferred Charges” tab of the “Schedule B-D Rate Base and Deferrals” spreadsheet that was included with the Company’s filing. Provide the source and support for the “Additional Costs to be Incurred” shown in Column B of this spreadsheet totaling \$168,171.

RESPONSE: Please see attached Excel files for DR #1-25 supporting Schedules B, C, D, E, and F, with intact formulas. Please note the 2018 Operating Losses amount per

Schedule E has been updated to include additional adjustments posted, resulting in a total deferral of \$141,463.

1-31. Refer to the “Rate Case DR” tab of the “Schedule E Operating Loss” spreadsheet that was included with the Company’s filing. Provide the source and support for the monthly amounts included on this spreadsheet that appear as hard-coded data.

RESPONSE: Please see attached Excel files for DR #1-25 supporting Schedules B, C, D, E, and F, with intact formulas. Please note the 2018 Operating Losses amount per Schedule E has been updated to include additional adjustments posted, resulting in a total deferral of \$141,463.

1-32. Refer to the “Calculation of Return” tab of the “Schedule F Return on Replacement Capital” spreadsheet that was included with the Company’s filing. Provide the source and support for the monthly amounts included on this spreadsheet that appear as hard-coded data.

RESPONSE: Please see attached Excel files for DR #1-25 supporting Schedules B, C, D, E, and F, with intact formulas.

1-33. Refer to the “CPI” tab of the “Schedule G O&M Pro-Forma” spreadsheet that was included with the Company’s filing. Provide the source and support for the 3.30% CPI Inflator in Cell E13 of this spreadsheet that is presented as a hard-coded number.

RESPONSE: Please see documents attached in thumb drive:

- **1-33 Table 2. Consumer Price Index for All Urban Consumers (CPI-U)_ U.S. city average, by detailed expenditure category.pdf, 7 Pages.**

1-34. Refer to the “O&M Projections” tab of the “Schedule G O&M Pro-Forma” spreadsheet that was included with the Company’s filing. Provide the source and support for the

customer count of “311” in Cell H3 of this spreadsheet that is presented as a hard-coded number.

RESPONSE: Please see documents attached in thumb drive:

- **1-34 cust count AS FILED.xlsx**

1-35. Refer to the “WSC Allocation” tab of the “Schedule G O&M Pro-Forma” spreadsheet that was included with the Company’s filing. Provide a definition for the term “WSC”.

RESPONSE: WSC – Water Service Corporation provides the support services functions for the Utilities, Inc. operating entities, including TWS. WSC functions include: Corporate Accounting, Information Technology, Administrative Services, Human Resources, Billing, Health Safety and Environmental, and Customer Service and Collections.

1-36. Refer to the “WSC Allocation” tab of the “Schedule G O&M Pro-Forma” spreadsheet that was included with the Company’s filing. Provide the source and support for 2020 Outside Service Expense-Management Fees totaling \$4,401 on Line 2 of this spreadsheet.

RESPONSE: Please see CONFIDENTIAL response documents in attached thumb drive:

- **1-36 WSC Rent and Mgmt Fees 2020 - CONFIDENTIAL.xlsx**

Please note the amount has been updated to \$3,788 on the “Cost Allocation – Tier 1” tab. The allocation percentage of 0.0653% is shown on the “ERC data” tab Column I, Row 40.

1-37. Provide a list of outside professional services provided to the Company for 2017 and 2018, showing the entity providing the service, the nature of each service, and the total charge for each service.

RESPONSE: Please see documents attached in thumb drive:

- **DR 1.37.xlsx**

1-38. Refer to the “WSC Allocation” tab of the “Schedule G O&M Pro-Forma” spreadsheet that was included with the Company’s filing. Provide the source and support for 2020 Rent Expense totaling \$518 on Line 2 of this spreadsheet.

RESPONSE: Please see the response to DR #1-36. Please note the amount has been updated to \$520 on the “Monthly Schedule” tab.

1-39. Refer to the “Summary” tab of the “Schedule G O&M Pro-Forma” spreadsheet that was included with the Company’s filing. Provide the source and support for the Protected (\$95,102) and Unprotected (\$3,929) component balances of deferred taxes as well as the amortization periods included in Footnote 4 of this spreadsheet.

RESPONSE: Please see documents in attached thumb drive:

- **1-39 TWS Regulatory Liability.xlsx**

Please note the amounts have been adjusted to (\$72,183) Protected and (\$3,888) Unprotected.

1-40. Refer to the “Sheet2” tab of the “Schedule H Purchased Water Expense” spreadsheet that was included with the Company’s filing. Provide the source and support for the monthly amounts included on this spreadsheet that appear as hard-coded data.

RESPONSE: ERC’s are equivalent to customer counts and support is supplied in response to DR #1-34. The Pumped column represents the Company’s produced water via its own wells for the month, as measured by company production meters. The Purchased column represents the Company’s month-end reading of its interconnect meter with the City of Gatlinburg to determine purchased water entering its system each month.

1-41. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide a description of each type of service that employees of the Parent, Multi-State Utility, or Affiliated Utility Service Company perform for the Tennessee operations.

RESPONSE: The “Shared Services” tab of schedule I shows the employees and their respective job titles that falls within the support services functions for Utilities, Inc. operating entities. Employees within this group operate within the following departments; Corporate Accounting, Information Technology, Administrative Services, Human Resources, Billing, Health Safety and Environment, and Customer Service and Collections.

The “TN Leadership” tab shows the regional leadership team for the North Carolina and Tennessee (Atlantic Region).

The “TN Operations” tab shows employees that provide direct operational support for Tennessee.

1-42. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide the source and support for the “Base 2020 Annual Salary” shown on the “TN Operations”, “TN Leadership”, and “Shared Services” tabs of this spreadsheet.

RESPONSE: Please see **CONFIDENTIAL** response documents attached in thumb drive:

- **1-42 Combined Shared Services Salary Budget - CONFIDENTIAL.xlsx**
- **1-42 TN Leadership & Operations - Salary Budget 2020 - CONFIDENTIAL.xlsx**

The “TN Leadership & Operations – Salary Budget 2020” file shows the workpapers that support the base salary presented in the rate case for TWS leadership and operations staff. The “Combined Shared Service Salary Budget” file shows the workpapers that support the base salary for employees within the Shared Services (SS) group. The “Salary Build” tab shows the budgeted amount per employee for 2019. The “Summary” tab shows the 2020 budget summary per SS function in Column X, rows 4-13.

- 1-43. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide the source and support for the “Hourly Rate” shown on the “TN Operations”, “TN Leadership”, and “Shared Services” tabs of this spreadsheet and noting that some entries appear to be hard-coded amounts while others appear to be formulas, and some have no entry at all.

RESPONSE: The hourly rates are calculated using the annual salary shown in Column I on the Earnings Report tab of the workbook divided by 2080 for employees with the Full-Time Hourly designation in Column E and 1040 for employees with the Part-Time Hourly designation in Column E. As the “Hourly Rate” column is only applicable to hourly or part-time employees to calculate overtime pay, any figures in this column for salaried employees are not applicable.

- 1-44. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide the source and support for the “Over Time HRs During the Test Year” shown on the “TN Operations”, “TN Leadership”, and “Shared Services” tabs of this spreadsheet.

RESPONSE: Please see CONFIDENTIAL response documents in attached thumb drive:

- **1-44 Hours & Earnings Report (Test Year) - CONFIDENTIAL.xlsx**

Column N of the “Hours Report – Test Year” Tab shows the overtime hours worked per pay period for each employee during the test year.

- 1-45. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide the source and support for the “Holiday Over Time HRs During the Test Year” shown on the “TN Operations”, “TN Leadership”, and “Shared Services” tabs of this spreadsheet.

RESPONSE: Please see attached CONFIDENTIAL response to DR #1-44. Column Q of the “Hours Report – Test Year” Tab shows the holiday hours worked per pay period for each employee during the test year.

- 1-46. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide the source and support for the “2020 Bonus” shown on the “TN Operations”, “TN Leadership”, and “Shared Services” tabs of this spreadsheet. In addition, provide the actual amount of bonus paid out by employee id number during the test period.

RESPONSE: Please see attached CONFIDENTIAL response to DR #1-42. On the “salary Build” tab, please see column AC, cells 160-166. These 2019 values were increased by 3% for 2020. The bonus paid out during the test year is in Column N of the “Earnings Report – Test Year” tab.

- 1-47. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide the source and support for the “On-Call Time Paid During Test Year” shown on the “TN Operations” tab of this spreadsheet.

RESPONSE: Please see attached CONFIDENTIAL response to DR #1-44. On-Call Time pay per pay period during the test year is shown in Column X of the Earnings Report – Test Year tab.

1-48. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide the source and support for the “SS Allocation %” of 0.07% shown on the “Summary” tab of this spreadsheet.

RESPONSE: Please see response to DR #1-36.

1-49. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide the source and support for the “Allocation” of 0.31% shown on the “TN Leadership” tab of this spreadsheet.

RESPONSE: Please see documents attached in thumb drive:

- **SE50 - Allocation Report.xlsx**

The SE50 – Allocation report is extracted directly from our ERP system and is generally used to allocate cost to the operating business units (BU). The allocation methodology shown in this report assigns an allocation percentage to an employee based on the number of equivalent residential customers (ERCs) for that business unit as a percentage of the total ERC count for all the BUs assigned to an employee. Column G of the Allocation Report tab shows the ERC count for each BU assigned.

1-50. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide the source and support for the various “percentage” allocations shown on the “Allocations” tab of this spreadsheet.

RESPONSE: Please see attached response to DR #1-49.


1-51. Refer to “Schedule I Salaries and Wages Adjustment” spreadsheet that was included with the Company’s filing. Provide the method used to allocate the “Pro-Forma Adjustment”

shown on the “Summary” tab of this spreadsheet to the “Maintenance”, “Operations” and “Other Taxes” tabs of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet.

RESPONSE: The Pro-Forma adjustments related to salaries and wages are shown on the “Salaries and Wages” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet. The adjustment related to maintenance wages is shown in Column [C], Line 9 on the “Summary” tab of Schedule I. The adjustment related to general wages is the sum of Column [C], Lines 1 and 5 on the “Summary” tab of Schedule I.

Adjustments related to payroll taxes are shown on the “TOTI” tab of the “Rate Filing Exhibits TWS – Links Broken” spreadsheet. The sum of each payroll line item in Column [C] on the “Summary” tab of Schedule I is shown in Column [G] of the TOTI tab.

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
rfreeman@bakerdonelson.com

Attorney for Tennessee Water Service, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on March 28, 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