

IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE

IN RE: )  
)  
PETITION OF TENNESSEE AMERICAN )  
WATER COMPANY REGARDING THE )  
2020 INVESTMENT AND RELATED )  
EXPENSES UNDER THE QUALIFIED ) Docket No. 19-00105  
INFRASTRUCTURE INVESTMENT )  
PROGRAM RIDER, THE ECONOMIC )  
DEVELOPMENT INVESTMENT RIDER, )  
AND THE SAFETY AND ENVIRONMENTAL )  
COMPLIANCE RIDER )

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CONSUMER ADVOCATE'S FIRST DISCOVERY REQUEST TO TENNESSEE  
AMERICAN WATER COMPANY

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To: Tennessee-American Water Company

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Elaine K. Chambers  
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This First Discovery Request is hereby served upon Tennessee American Water Company ("TAWC" or "Company"), 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, 315 Deaderick Street, 20<sup>th</sup> Floor, Nashville, Tennessee 37243, c/o Daniel P. Whitaker III, on or before 2:00 p.m. (CDT), January 16, 2019.

### **PRELIMINARY MATTERS AND DEFINITIONS**

1. **Continuing Request.** These discovery requests are to be considered continuing in nature and are to be supplemented from time to time as information is received by the Producing Party and any of its affiliates which would make a prior response inaccurate, incomplete, or incorrect.
2. **Clear References.** To the extent that the data or information requested is incorporated or contained in a document, identify the document including page/line number if applicable.
3. **Format of Responses.** Provide all responses in the format in which they were created or maintained, for example, Microsoft Word or Microsoft Excel format with all cells and formulas intact and in working order. If a document (including without limitation a financial or other spreadsheet or work paper) is not created or maintained in Microsoft Excel format, convert the document to Microsoft Excel format or provide the document in a format that enables or permits functionality like or similar to Microsoft Excel (including without limitation the functionality of working cells and formulas), or provide the software program(s) that will enable the Consumer Advocate to analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.
4. **Objections.** If any objections to this discovery are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege or immunity asserted. If you claim a document is privileged, identify the document and state

the basis for the privilege or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

5. The singular includes the plural, and vice-versa, where appropriate.

6. **Definitions.** As used in this Request:

- (a) "You," "Your," "Company," "Tennessee-American," or "TAWC" shall mean Tennessee-American Water Company and all employees, agents, attorneys, representatives or any other person acting or purporting to act on its behalf.
- (b) "Affiliate" shall mean any entity who, directly or indirectly, is in control of, is controlled by, or is under common control with the Company. For greater clarification, "control" is the ownership of 20% or more of the shares of stock entitled to vote for the election of directors in the case of a corporation, or 20% or more of the equity interest in the case of any other type of entity, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, or status as an owner of a sole proprietorship, or any other arrangement whereby a person has the power to choose, direct, or manage the board of directors or equivalent governing body, officers, managers, employees, proxies, or agents of another person. In addition, the term "Affiliate" shall mean any entity that directly or indirectly provides management or operational services to the Company or any affiliate (as defined in the preceding sentence) of the Company, or to which the Company provides management or operational services. Further, the payment of money to the Company or receipt by the Company of money from an entity with which the Company has any relationship, other than such payment or receipt, shall include the payor or recipient of such money as an "Affiliate".
- (c) "Communication" shall mean any transmission of information by oral, graphic, written, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, meetings and personal conversations, or otherwise.
- (d) "Document" shall have the broadest possible meaning under applicable law. "Document" shall mean any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), work paper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If any

such document was, but no longer is, in your possession, custody or control, state what disposition was made of the document and when it was made?

- (e) "Person" shall mean any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.
- (f) "Identify" with respect to:
  - i. Any natural person, means to state the full name, telephone number, email address and the current or last known business address of the person (if no business address or email address is available provide any address known to you) and that person's relationship, whether business, commercial, professional, or personal with you;
  - ii. Any legal person, business entity or association, means to state the full name, the name of your contact person with the entity, all trade name(s), doing business as name(s), telephone number(s), email address(es), and current or last known business address of such person or entity (if no business address is available provide any address known to you);
  - iii. Any document, means to state the type of document (e.g., letter), the title, identify the author, the subject matter, the date the document bears and the date it was written; and
  - iv. Any oral communication, means to state the date when and the place where it was made, identify the person who made it, identify the person or persons who were present or who heard it, and the substance of it.
- (g) "And" and "or" shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.
- (h) "Including" shall be construed to mean including but not limited to.

### **FIRST DISCOVERY REQUESTS**

- 1-1. On pages 3 and 4 of his testimony, Mr. Stafford describes the internal approval process associated with its Capital Investment Plan and concludes that TAWC ultimately determines the Plan. Mr. Stafford also indicates that the Service Company may make

suggestions with respect to the budget. With respect to these statements, respond to the following:

- a. Does the actual amount of budget embedded within the Capital Investment Plan require the written approval of anyone outside of the Tennessee-American organization? If so, identify the individuals and their titles outside of TAWC that approved the budget amount (distinct from approving individual projects) contained within the Capital Investment Plan; and
- b. Are the funds used within the Capital Investment Plan provided by TAWC, or are such funds provided by affiliates of TAWC? If the latter is indicated, identify the individuals and their titles outside of TAWC that approve the advancement of funds to TAWC in order to finance TAWC operations, including the funding for the Capital Investment Plan.

**RESPONSE:**

- 1-2. On page 4 of Mr. Stafford's testimony, he indicates that the "... identified work will enable TAWC to provide safe, adequate and reliable service to its Customers to meet their domestic, commercial and industrial needs . . . ." With regard to this statement, what measurement tools or metrics can be used to measure the Company's success in providing:  
a) safe service, b) adequate service and c) reliable service?

**RESPONSE:**

- 1-3. Provide the estimated capital expenditures of TAWC that will be made in 2020 that are not subject to the Capital Riders request.

**RESPONSE:**

- 1-4. On page 29, line 20 of her testimony, Ms. Chambers states that without the Capital Recovery Riders, TAWC would be preparing another general rate case. Is it the position of TAWC that it would have an annual rate case in lieu of the annual Capital Rider filing if that mechanism were not available?

**RESPONSE:**

- 1-5. On page 30 of Ms. Chamber's testimony, she indicates that "a substantial portion of TAWC's distribution infrastructure is between 50 and 100 years old, and TAWC needs to continue to invest in replacing its infrastructure in order to meet its obligation to provide safe, reliable drinking water to its customers." With respect to this statement, please provide the following:
- a. Identify the miles of i) Distribution Main, ii) Transmission Main, and iii) listing of Other Distribution Infrastructure (specify) which are in excess of 50 years old;
  - b. Identify the miles of i) Distribution Main, ii) Transmission Main, and iii) listing of Other Distribution Infrastructure (specify) which are less than 50 years old;
  - c. Identify the miles of i) Distribution Main, ii) Transmission Main, and iii) Other Distribution Infrastructure (specify) in excess of 50 years old that have been replaced in each year for the 2016 – 2018 period; and
  - d. Identify the miles of i) Distribution Main, ii) Transmission Main, and iii) Other Distribution Infrastructure (specify) in excess of 50 years old targeted for replacement within the Capital Investment Plan in 2020.

**RESPONSE:**

- 1-6. Identify the estimated a) Cost of Mains and b) Miles of Main contained in the 2020 forecasted plant contained in this filing.

**RESPONSE:**

- 1-7. Regarding Exhibit EKC – Average Impact, provide the following information:
- a. Provide all underlying support for the calculation of the 6.62% TCJA Credit as reflected on this schedule;
  - b. Provide an explanation of how this credit is incorporated into the requested surcharge rates contained in this case; and
  - c. Identify the date the 6.62% TCJA tax credit began to be reflected in customer bills.

**RESPONSE:**

- 1-8. Describe in detail the billing cycles used by TAWC to measure usage. In circumstances when customer usage is measured throughout the month, how does the company reflect a change in its rates occurring in the middle of a given billing cycle?

**RESPONSE:**

- 1-9. In Ms. Chamber's rebuttal testimony in Docket No. 19-00031, she indicated, with respect to the September 12, 2019 main break, that the Company needed more information to learn of the cause of the event to better recommend appropriate accounting treatment. Previously published reports indicated that the Company had hired a third-party investigator to assess

the reason for the main break. With respect to the cause of the main break on September 12, 2019, provide the following:

- a. A copy of the report of findings of the third-party investigator. If such report is not complete, identify the estimated date such report will be completed;
- b. All documents and internal information identifying the reason for the main break; and
- c. All pleadings and other court filings associated with the class action lawsuit filed in Hamilton County Circuit Court.

**RESPONSE:**

1-10. With respect to the testimony of Mr. Stafford regarding the impact of the Paving and Right of Way Ordinance respond to the following:

- a. On lines 235 – 237, Mr. Stafford references the costs associated with this ordinance being incurred by TAWC customers located within the city limits. Confirm that in the manner in which the Capital Riders are currently computed, all customers of TAWC would pay the increased ordinance costs, not just those residing within the city limits of Chattanooga. If this is not confirmed, explain how the increased costs of the ordinance are recovered exclusively from Chattanooga residents; and
- b. Provide an explanation of how the new ordinance increased costs to TAWC compared with the requirements which existed prior to the new ordinance.

**RESPONSE:**



1-11. Identify the budgeted Capital Rider qualifying capital expenditures anticipated in 2020 within the Whitwell system.

**RESPONSE:**

1-12. Identify the miles of distribution and transmission main within the Whitwell system split into the following age categories: 0-10, 11-20, 21-30, 31-40, 41-50, and >50.

**REPSONSE:**

1-13. On page 13 and 14 of Mr. Stafford's testimony, he lists a series of projects whereby 2" diameter pipe is being replaced with 8" diameter pipe. With respect to the increase in diameter pipe, please respond to the following:

- a. Does the Company believe that the incremental costs associated with the increased (8" vs. 2") diameter pipe are necessarily recoverable within the Capital Riders? If so, provide the basis for the argument that the increased costs associated with the increased capacity is required to be recovered in the Capital Riders;
- b. Provide an explanation of the impact on O&M costs associated with the increased diameter pipe; and
- c. Provide a comprehensive explanation for the Company's determination that an 8" diameter pipe is required for the Addison, Carrol Lane, and Dodds projects, compared with other pipe diameters.

**RESPONSE:**

1-14. On page 15, lines 332 – 348 of Mr. Stafford’s testimony, he identifies various ratios demonstrating a decrease in Main breaks over various time periods. Provide all internal documents which support these references.

**RESPONSE:**

1-15. Regarding Mr. Stafford’s testimony on page 23, provide the internal estimate of O&M savings that was estimated to be generated at the onset of the AMR investment and which supported the TAWC decision to initially transition to AMR? Provide all support documents.

**RESPONSE:**

1-16. On page 31 of Mr. Stafford’s testimony, he references the EDI rider allowing the installation of essential infrastructure associated with the Coca Cola bottling facility:

- a. It is the Company’s position that, without the EDI rider, such infrastructure would not have been installed and the facility would have been forced to locate outside the TAWC service territory?
- b. Is it the position of TAWC that absent the rider, such investment by the Company would have been discretionary and that it would not have been required to make such investment? If so, highlight the tariff provisions which the Company believes would give it the discretion to not make the investment.

**RESPONSE:**

1-17. Refer to the “WKP 2020 COR” tab within the filing summary Excel file. In column AC, there are two cost of removal line items within 2019 that are identified as “Chlorine Gas Conversion” (\$50k) and “Remove Filter Building 3” (\$1.0m). Provide a comprehensive explanation supporting these hard-coded numbers, including an explanation why such data is not subject to the same type of calculation as are other cost of removal estimates.

**RESPONSE:**

1-18. Refer to the “WKP 2020 COR” tab within the filing summary Excel file. In column AE, there are two cost of removal line items within 2020 that are identified as “Repl Basin 1 & Plate Settlers” (\$1.5m) and “Retire Basin 2” (\$1.0m). Provide a comprehensive explanation supporting these hard-coded numbers, including an explanation why such data is not subject to the same type of calculation as are other cost of removal estimates.

**RESPONSE:**

1-19. Provide the actual 2019 cost of removal through October 2019 (or November 2019 if information is available) for those projects whose removal costs were estimated to be \$2,572,116 as reflected on WKP 2020 COR.

**RESPONSE:**

*Signature block on following page*

RESPECTFULLY SUBMITTED,



BPR No. 035410

Assistant Attorney General

Office of the Tennessee Attorney General

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:

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Elaine K. Chambers  
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This the 19<sup>th</sup> day of December, 2019.



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DANIEL P. WHITAKER III  
Assistant Attorney General