

Electronically Filed in TPUC Docket March 13, 2020 2:16 p.m.

March 13, 2020

VIA EMAIL AND HAND DELIVERY

Hon. Robin L. Morrison, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utilities Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: ***Joint Petition of Tennessee-American Water Company and Thunder Air, Inc. D/B/A Jasper Highlands Development, Inc. for the Approval of an Asset Purchase Agreement and for the Issuance of a Certification of Convenience and Necessity; Docket No. 20-00011***

Dear Chairman Morrison:

Attached for filing please find *Tennessee-American Water Company and Thunder Air, Inc. d/b/a Jasper Highlands Development, Inc.'s Responses to the First Discovery Requests of the Consumer Protection and Advocate Division* in the above-captioned matter. Please note that the Response to DR 1-12 and the attachments to the responses for DR 1-4, 1-10, 1-17, and 1-19 are being submitted **UNDER SEAL** as **CONFIDENTIAL and PROPRIETARY**. Both a public version and a nonpublic, **CONFIDENTIAL** version of Response to DR 1-12 and the attachments to the responses for DR 1-4, 1-10, 1-17, and 1-19 are enclosed. The responses to DR 1-13, 1-15, and 1-18 are not included in this filing and will be filed with the Commission at a later date.

As required, an original of this filing, along with four (4) hard copies, will follow. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Sincerely,

BUTLER SNOW LLP


Melvin Malone

MJM:mcb

cc: Daniel Whitaker, Consumer Protection and Advocate Division

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

**JOINT PETITION OF TENNESSEE-
AMERICAN WATER COMPANY, AND
THUNDER AIR, INC. D/B/A JASPER
HIGHLANDS DEVELOPMENT, INC.
FOR APPROVAL OF AN ASSET
PURCHASE AGREEMENT AND FOR
THE ISSUANCE OF A CERTIFICATE
OF CONVENIENCE AND NECESSITY**

DOCKET NO. 20-00011

**TENNESSEE-AMERICAN WATER COMPANY'S RESPONSES
TO FIRST DISCOVERY REQUESTS OF
THE CONSUMER ADVOCATE**

Tennessee-American Water Company ("TAWC"), by and through counsel, hereby submits its Responses to the First Discovery Requests propounded by the Consumer Advocate Unit in the Financial Division of the Attorney General's Office ("Consumer Advocate").

GENERAL OBJECTIONS

1. TAWC objects to all requests that seek information protected by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or restriction on disclosure.

2. TAWC objects to the definitions and instructions accompanying the requests to the extent the definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations, or orders of the Tennessee Public Utility Commission ("TPUC" or "Authority").

3. The specific responses set forth below are based on information now available to TAWC, and TAWC reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information produced.

4. TAWC objects to each request to the extent that it is unreasonably cumulative or duplicative, speculative, unduly burdensome, irrelevant or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

5. TAWC objects to each request to the extent it seeks information outside TAWC's custody or control.

6. TAWC's decision, now or in the future, to provide information or documents notwithstanding the objectionable nature of any of the definitions or instructions, or the requests themselves, should not be construed as: (a) a stipulation that the material is relevant or admissible, (b) a waiver of TAWC's General Objections or the objections asserted in response to specific discovery requests, or (c) an agreement that requests for similar information will be treated in a similar manner.

7. TAWC objects to those requests that seek the identification of "any" or "all" documents or witnesses (or similar language) related to a particular subject matter on the grounds that they are overbroad and unduly burdensome, and exceed the scope of permissible discovery.

8. TAWC objects to those requests that constitute a "fishing expedition," seeking information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence and is not limited to this matter.

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

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Grady Stout, TAWC

Question:

1-1. Refer to the Company's February 14, 2019 voluntary withdrawal of the *Joint Petition* in

Docket No. 18-00099 and provide the following information:

- a. Provide a comprehensive explanation of the Company's voluntary withdrawal in Docket No. 18-00099; and
- b. Provide an explanation of how the reasons for the Company's voluntary withdrawal in Docket No. 18-00099 are no longer relevant in this Docket No. 20-00011.

Response:

TAWC objects to this request on the grounds that the request is irrelevant and overly broad and constitutes a fishing expedition seeking information that is not relevant and is not limited to this matter. Subject to and without waiving this objection, TAWC responds as follows:

(a) The *Joint Petition* in TPUC Docket No. 18-00099 was voluntarily withdrawn for a number of reasons, such as the delay in the establishment of a joint procedural schedule, contentions raised by the Consumer Advocate's Office, and the ongoing growth of the development.

(b) The *Joint Petition* in TPUC Docket No. 20-00011 is a new, separate and different petition than was submitted in Docket No. 18-00099. Moreover, the parties have agreed upon a joint procedural schedule in Docket No. 20-00011 and the ongoing growth of the development is reflected in the *Joint Petition* and supporting documentation. Further, the *Joint Petition* and the supporting documentation support Commission approval, and the Joint Petitioners are hopeful that any intervenors will agree.

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**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC

Question:

1-2. Refer to the Asset Purchase Agreement included as Exhibit A to the Company's *Joint Petition*. Provide a side-by-side comparison of this Agreement with the Purchase Agreement included in Docket No. 18-00099 highlighting the differences between the two documents.

Response:

TAWC objects to this request on the grounds that the request seeks information that is irrelevant, constitutes a fishing expedition seeking information that is not relevant and is not limited to this matter, and seeks information that is obtainable from some other source that is more convenient, less burdensome or less expensive.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC

Question:

1-3. Refer to Paragraph No. 8 of the *Joint Petition* in Docket No. 20-00011 that identifies a purchase price for the water system of \$2,398,200. In addition, refer to Paragraph No. 8 of the *Joint Petition* in Docket No. 18-00099 that identifies a purchase price for the water system of \$1,500,000. Provide a comprehensive explanation of for the differences between the two purchase price amounts.

Response:

TAWC objects to this request on the grounds that the request is irrelevant and constitutes a fishing expedition seeking information that is not relevant and is not limited to this matter. TAWC further objects to this request on the ground that the explanation of the purchase price in TPUC Docket No. 18-00099 is obtainable from Docket No. 18-000099. Subject to and without waiving this objection, TAWC responds as follows: Please see pre-filed testimony of Elaine K. Chambers in this docket, page 4 for the explanation of the purchase price in this transaction.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC

Question:

1-4. Provide annual pro forma budgeted financial statements (income statements, balance sheets and projected monthly customer counts by tariff rate) for the first ten years (2020 - 2029) of operations for the water system being acquired by TAWC. Please describe in detail all budget assumptions and documents utilized to support these calculations.

Response:

TAWC objects to this request on the grounds that it is overly broad and unduly burdensome. Subject to and without waiving this objection, TAWC responds as follows: Attached is the analysis prepared by TAWC in making its acquisition determination., which is being submitted **UNDER SEAL as CONFIDENTIAL and PROPRIETARY.**

PUBLIC VERSION
ATTACHMENT TO 1-4

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC

Question:

1-5. Refer to Page 2 of the *Joint Petition* where it states the following:

Under the terms of the Purchase Agreement, a condition precedent to the closing of the sale of Thunder Air Inc. 's water system is TAWC obtaining a Certificate of Convenience and Necessity, along with acceptable accounting, ratemaking and regulatory approvals from the Commission.

In addition, refer to Page 8, Lines 171-173 of the direct testimony of Elaine Chambers that was included with the *Joint Petition*, describing the acquisition contingencies. Is it the intent of TAWC or Thunder Air to withdraw from the acquisition if the Commission approves the *Joint Petition* but includes accounting and ratemaking treatment that differs from the Companies' proposal?

Response:

Pursuant to the terms of the Purchase Agreement, both TAWC and Thunder Air reserve the right to withdraw from the acquisition if the accounting and ratemaking treatment is not favorable to TAWC and/or Thunder Air.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC

Question:

1-6. Refer to Paragraph 24a of the *Joint Petition* where it states the following:

TAWC proposes to utilize the financial statements, records and reports provided by Thunder Air Inc. and its accountant to support the original cost value of utility plant in service ("UPIS") as of the Closing Date.

Provide a copy of the annual financial statements, records, and reports provided by

Thunder Air and its accountant for the past three years (2017 - 2019).

Response:

The information requested here was filed in this Docket with the Commission and provided to the Consumer Advocate's Office on February 25, 2020.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC and Dane Bradshaw, Thunder Air, Inc.

Question:

1-7. Refer to Paragraph 24b of the Joint Petition where it states the following:

TAWC proposes to adopt the current TPUC-approved TAWC depreciation rates for Thunder Air Inc. upon Closing.

Provide a side-by-side comparison of the current depreciation rates used by Thunder Air with the current depreciation rates used by TAWC.

Response:

	<u>TAWC</u>	<u>Thunder Air</u>
304200 – Struct & Imp Pump	1.98%	3.95%
306000 – Lake River & Other Intakes	.83%	4.78%
330300 – Below Ground Tanks	2.74%	2.08%
334100 – Meters	7.47%	5.91%
335000 – Hydrants	2.30%	2.30%
331xxx – Mains	1.25%	1.25%
330100 – Elevated Tanks and Standpipes	2.74%	2.74%
311200 – Pump Eqp Electric	2.45%	12.33%

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC and Dane Bradshaw, Thunder Air Inc.

Question:

1-8. Refer to Page 6, Lines 131-132 of the direct testimony of Dane Bradshaw that was

included with the *Joint Petition* where it states the following:

Yes, the customers of the System have been made aware of the transaction that is the subject of the Purchase Agreement.

Provide a copy of all communication with the customers of Jasper Highlands making them aware of the proposed sale of the water system. In addition, reconcile this statement with Page 10, Lines 197-202 of the direct testimony of Elaine Chambers which appear to indicate that the existing customers have yet to be specifically notified of the sale except through the posting of the *Joint Petition* with TPUC.

Response:

TAWC and Thunder Air Inc., object to this request to the extent it seeks “all” such documents on the grounds that is overbroad and unduly burdensome and exceeds the scope of permissible discovery. Subject to and without waiving this objection, TAWC and Thunder Air, Inc. respond as follows:

Please see the Consent Agreement by and between Thunder Air, Inc. and Jasper Highlands Property Owners’ Association, Inc., dated as of November 26, 2019, which is attached to the *Joint Petition* as part of **Exhibit C**. Elaine K. Chambers testimony at Page 10, Lines 197-202 refers to noticing the Thunder Air Inc. customers of the Joint Petition itself. The current customers of the System will also be notified of this Joint Petition pursuant to the Commission’s notice requirements. The System customers will be provided, among other things, a summary of any proposed changes, along with the Commission’s date for the Hearing on the merits once a hearing date is set.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Dane Bradshaw, Thunder Air, Inc.

Question:

1-9. Refer to the proposed tariff included as Exhibit D to the Company's *Joint Petition*.

Provide the source and support for the proposed tariff rates in Excel format with all formulas intact. In addition, provide a copy of the existing tariff for Thunder Air customers.

Response:

The proposed tariff included as **Exhibit D** is in Microsoft Word format, not Excel. There are no formulas. The rates listed in the Word document are the existing rates for Thunder Air customers that have been typed into a Word document.

The rates for Thunder Air customers were provided in **Collective Exhibit C** to the *Joint Petition*.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC

Question:

1-10. Refer to Page 4, Lines 70-79 of the direct testimony of Elaine Chambers that was included with the Joint Petition, describing the proposed accounting for the acquisition. Provide a

pro forma copy of the journal entries to acquire the water system with all assets and liabilities designated by TAWC subaccount. In addition, include a comparison of the current book value for each asset and the value that TAWC intends to record on its books.

Response:

TAWC objects to this request on the grounds that it is overly broad and unduly burdensome. Subject to and without waiving this objection, TAWC responds as follows: Please see the attached, which is submitted **UNDER SEAL** as **CONFIDENTIAL** and **PROPRIETARY**.

PUBLIC VERSION
ATTACHMENT TO 1-10

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Grady Stout, TAWC

Question:

1-11. Refer to Page 4, Lines 89-90 of the direct testimony of Elaine Chambers that was included with the *Joint Petition*, describing the "developer model precedence" that is included in TAWC's existing tariffs. In addition, refer to Pages 10-11, Lines 214-235 of the direct testimony of Grady Stout further describing this same model. Provide the following information related to this developer model:

- a. Provide a copy of TAWC's tariff that includes language for a "developer model precedence"; and
- b. If the "developer model precedence" described by the Company's witnesses refers to a Customer Advance whereby TAWC is willing to extend its mains to provide service to an area that is not otherwise currently economically viable in exchange for a customer paying for some or all of the construction costs that may be refunded subject to future connections and usage, then explain how such a Customer Advance is akin to an entire utility acquisition such as Thunder Air.

Response:

- a. See attached Tariff Sheet No. 38-47, Section 23. For clarification, on page 11, lines 227-228 of Grady Stout's pre-filed testimony, Stout refers to *Joint Petition Exhibit D* as the tariff sheets related to the developer model. The tariffs relative to the developer model are attached hereto. The tariff attached to the *Joint Petition* as **Exhibit D** is the tariff of TAWC relative to the System.
- b. The developer model customer advance is not akin to an entire utility acquisition, but applies to future water main extensions for the Thunder Air Development.

- 22.3 No cross-connection will be permitted unless an acceptable form of protection against contamination by backflow into the water distribution system is provided. An acceptable form of protection is one which meets the approval of the Tennessee Department of Public Health, or any successor agency or organization, and the local regulating health agency. The required protective device or system shall be provided and installed by the Customer and maintained by him in good working condition at his own cost and expense and shall be subject to the inspection, test and approval of the Company before being placed in service, and at such times thereafter as may be deemed necessary by the Company.
- 22.4 Any cross-connection in violation of this rule shall immediately be removed or corrected in a manner acceptable to the Tennessee Department of Public Health, or any successor agency or organization, and the local regulation health authority, and the Company. Failure to do so may result in discontinuance of Water Service.
- 22.5 The Customer's Service Pipe and all connections and fixtures attached on a Customer's Private Fire Protection Service system shall be subject to the inspection of the Company to determine compliance with its cross-connection rule before water will be turned on, and all Premises receiving a supply of water and all Service Pipes, meters and fixtures, including any and all fixtures within the Premises, shall at all reasonable hours be subject to inspection by any duly authorized employee(s) of the Company.

23. EXTENSION OF DISTRIBUTION MAINS

- 23.1 The Company will extend its Distribution Mains and related facilities from the end of existing mains under the terms and conditions of this rule, unless otherwise approved by the Commission.
- 23.2 The Company, upon written request, from an applicant(s) in an established neighborhood, shall extend mains and connect Customer(s) in accordance with Rule 23.4. All other requests for service requiring main extensions shall be subject to either Rule 23.6 or Rule 23.7 at the option of the applicant(s). Rule 23.4 is for main installations necessary to serve existing Premises owned or occupied by the applicant(s) to be served. Rules 23.6 and 23.7 are for main installations necessary to serve new subdivisions or developments involving speculation or the prospect of new Customers.

Issued: March 18, 1988

Effective: MAR 23 1988

Issued By: E. W. Limbach, President
1101 Broad Street
Chattanooga, Tennessee

Issued in compliance with the Order
of the TPSC
Commission dated 3/17, 1988
Docket No. U-87-7534

TENNESSEE-AMERICAN WATER COMPANY

TRA No. 19

Second Revised Sheet No. 39

Cancelling First Revised Sheet No. 39

- 23.3 (a) Upon application for an extension of a Distribution Main, the Company will determine the necessary size, location and characteristics of the main and related facilities and make an estimate of the cost. Such estimate shall include all pipe, valves, fittings and other fixtures and materials and all other costs such as labor, permits, etc., including the Company's expense for supervision, engineering, insurance, tools, equipment, accounting, and overhead.
- (E)
- (b) Main extensions under Rule 23.4 shall terminate at a point perpendicular to the center of the Customer's residence fronting on the street in which the extension is to be made.
- (c) Main extensions under either Rule 23.6 or Rule 23.7 shall terminate at a point equidistant from the side property lines of the last lot or parcel for which facilities for Water Service are to be provided.
- (d) The size of pipe for extensions shall be eight-inch (8") unless a larger or smaller pipe, as determined by the Company, is reasonably necessary to serve the requirements of the proposed Customer(s), including fire protection service. If, for the Company's future extension plans it proposes to install a pipe larger than that which is reasonably necessary to meet the applicants' service requirements, the Company will pay the additional cost of such larger pipe.
- 23.4 Upon receipt of a signed application for permanent Water Service which shall commence upon completion of the Company's main extension, an extension shall be provided as follows:
- (a) Where the length of extension required does not exceed 100 feet for each applicant to be served, the Company will install the required amount of mains at no cost to the applicant(s) provided, the Company has on file a written application for Service from each applicant to be served.

(E) Eliminate Text

ISSUED: September 16, 1997

EFFECTIVE DATE: January 1, 1997

ISSUED BY: R. J. Gallo
1101 Broad Street
Chattanooga, Tennessee 37401

Issued in compliance with the Order
of the TRA
Commission dated _____, 19____
Docket No. 97-370

TENNESSEE-AMERICAN WATER COMPANY

TRA No. 19

Second Revised Sheet No. 40

Cancelling First Revised Sheet No. 40

- (b) If the length of main required to provide service to each applicant or group of applicants exceeds 100 feet per applicant, such extension will be made only if the applicant(s) shall contract with the Company for such extension and deposit in a manner mutually agreed to in writing between the applicant(s) hereinafter called Depositor(s) and the Company, the total estimated cost of the extension less a credit equal to the amount produced by multiplying the estimated unit cost per foot of main by 100 and by then multiplying that result by the number of applicants.
- (c) If within a ten (10) year period beginning with the date the main extension is completed, service is provided directly from said extension to any Premises which has not previously received water service from the Company, the Company will refund to the Depositor(s) an amount equal to the actual completed cost of 100 feet of main installed under the contract. In no event shall the aggregate refund made to any Depositor(s) exceed the amount of that Depositor's original deposit. No refunds shall be required to be made by the Company until the number of Customers actually connecting to the extension equals the number of applicants used in computing the deposit required for the extension.
- (E) (d) When more than one Depositor is involved, the amount of the advance deposit may be divided equally among the Depositors, unless otherwise agreed to by the Depositors.
- (E) (e) Should the actual cost of the extension be less than the estimated cost, the Company will refund the difference as soon as the actual cost has been ascertained. Should the actual cost of the extension exceed the estimated cost, the Company may require the original Depositor(s) to pay for the additional cost. The final cost of the extension shall be reflected in a supplemental memorandum to the original extension and deposit agreement.
- (E) 23.5 For the purposes of main extensions Rules 23.6 and 23.7 and all agreements entered into by the company for the extension of water mains in accordance with this Rule 23.5, the following definitions shall apply:

(E) Eliminate Text

ISSUED: September 16, 1997

EFFECTIVE DATE: January 1, 1997

ISSUED BY: R. J. Gallo
1101 Broad Street
Chattanooga, Tennessee 37401

Issued in compliance with the Order
of the TRA
Commission dated , 19
Docket No. 97-370

TENNESSEE-AMERICAN WATER COMPANY

TRA No. 19

First Revised Sheet No. 41

Cancelling Original Sheet No. 41

- (a) Bona Fide Prospective Customer - Any owner or lessee who is or will be the occupant of a developed Premises having a curb line abutting on that part of a street or public highway in which there is, or is to be, located a Distribution Main of the Company, and who shall have filed with the Company a signed application for permanent Water Service to begin immediately after installation of a Service Line to such Premises.
- (b) Prior Main - A Distribution Main not a Branch Main installed under an Extension Deposit Agreement for the purpose of serving a new development having one or more Bona Fide Prospective Customers.
- (c) Branch Main - A lateral Distribution Main installed under an Extension Deposit Agreement for the purpose of serving one or more Bona Fide Prospective Customers whose Premises are located in an area not contiguous to a street in which water mains have been installed under unexpired prior Extension Deposit Agreements.
- (d) Unit Cost Per Foot of Main - An amount, to be determined by the Company as soon as possible after installation of the requested main, consisting of the Company's average completed cost per foot of all mains installed pursuant to the specific Extension Deposit Agreement. For the purposes of determining the initial deposit to be made by the applicant(s), the Company will estimate the Unit Cost Per Foot of Main in accordance with Rule 23.3.
- 23.6 (a) The Company will extend existing Distribution Mains in dedicated public streets or highways where the ground surface has been conformed to the established grade or sub-grade of the street, a distance of forth-five (45) feet for each Bona Fide Prospective Customer making application for Water Service therefrom. Such extension will be made without cost to the applicant(s) for service, except for such connection charge, if any, as may be applicable to such customer.
- (b) When an extension greater than forty-five (45) feet in length for each Bona Fide Prospective Customer is required or requested, such extension will be made, in dedicated public streets or highways where the ground surface has been conformed to the established grade or sub-grade of the street, under the terms of an Extension Deposit Agreement as hereinafter set forth:

Issued in compliance with the Order of the _____
TRA Commission dated _____
10/31, 19 96, No. 96-000789

(C) Change

ISSUED: October 31, 1996

EFFECTIVE DATE: June 13, 1996

ISSUED BY: R. J. Gallo
1101 Broad Street
Chattanooga, Tennessee 37401

TENNESSEE-AMERICAN WATER COMPANY

TRA No. 19

Second Revised Sheet No. 42

Cancelling First Revised Sheet No. 42

- (E) (I) The applicant (hereinafter the Depositor) shall deposit with the Company an amount equal to (i) the estimated number of feet or pipe to be installed multiplied by the estimated Unit Cost Per Foot of Main, plus the estimated cost of other facilities (excluding fire hydrants, hydrant laterals, service lines and meters), which the Company shall have determined are necessary to render adequate service, less (ii) a credit equal to the amount produced by multiplying the results of such computation by the number of Bona Fide Prospective Customers whose Premises abut said extension and will be directly connected thereto.
- (E) (II) Upon completion of the extension and compilation of actual costs, should the actual completed Unit Cost Per Foot of Main and/or the actual number of feet of pipe installed be more, or less, than the original estimate, the Depositor shall immediately deposit with the Company, or receive from the Company, an amount equal to the difference between the estimated footage multiplied by the estimated Unit Cost Per Foot of Main and the actual footage multiplied by the completed Unit Cost Per Foot of Main.
- (E) (III) Deposits made pursuant to this rule shall be subject to refunds within the period of ten (10) years from the actual date of deposit as follows:
- (E) (i) For each additional bona fide Customer for whom a Service Line has been made to the extension in question, the Company shall refund to the Depositor an amount equal to the completed Unit Cost Per Foot of Main used in calculating the final deposit multiplied by forty-five (45); and
- (E) (ii) If any Branch Mains are connected to the Prior Main within a period of five (5) years from the date said Prior Main was installed, the Company shall refund to the Depositor, or to the Depositor and all other parties who may have participated in the cost of the main in question, his or their proportionate share of the supplemental deposit required for such a Branch Main connection as provided in Rule 23.6 (b) IV hereof.

(E) Eliminate Text

ISSUED: September 16, 1997

EFFECTIVE DATE: January 1, 1997

ISSUED BY: R. J. Gallo
1101 Broad Street
Chattanooga, Tennessee 37401

Issued in compliance with the Order
of the TRA
Commission dated 9-7-370, 19__
Docket No. 9-7-370

TENNESSEE-AMERICAN WATER COMPANY

TRA No. 19

First Revised Sheet No. 43

Cancelling Original Sheet No. 43

- (IV) When a Distribution Main is installed under an Extension Deposit Agreement and such main passes through undeveloped property where future Branch Mains may be connected thereto, the persons for whom such Branch Mains are installed within a period of five (5) years from the date the Prior Main was installed shall be required to share proratably in the cost of such Prior Main from its beginning point to the point of connection of the Branch Main. This shall be accomplished by requiring each person for whom such a Branch Main is to be installed to make a supplemental deposit with the Company in an amount equal to his proportionate share of the then un-refunded balance of the deposit which was established to secure the installation of such Prior Main to the point of connection of the Branch Main. Such supplemental deposit shall be paid over by the Company, promptly after receipt thereof, to the original Depositor and to all others who have made deposits on that portion of the Prior Main. The allocation thereof to such parties shall be in proportion to their respective percentage participations in the un-refunded balance of the deposit relating to the installation of the Prior Main to the point of connection of the Branch Main. No such supplemental deposit shall be required if a lateral main is being installed and connected to the Prior Main by the Company at its own expense, or by the Company at the request of an applicant for a main extension which does not require a deposit from such applicant.

- 23.7 (a) The Company will extend existing Distribution Mains in dedicated public streets or highways where the ground surface has been conformed to the established grade or sub-grade of the street, without cost to the applicant(s) if the estimated cost of the extension is not greater than forty (40) percent of the company's estimate of revenue to be received the first three (3) years from Bona Fide Prospective Customer(s).

- (b) When an extension with an estimated cost greater than forty (40) percent of the Company's estimate of three (3) years' revenue from Bona Fide Prospective Customer(s) is required or requested, such extension will be made, in dedicated public streets or highways where the ground surface has been conformed to the established grade or sub-grade of the street, under the terms of an Extension Deposit Agreement as hereinafter set forth:

Issued in compliance with the Order of the _____
TRA Commission dated _____
10/31, 1996 No. 96-000758

(C) Change

ISSUED: October 31, 1996

EFFECTIVE DATE: June 13, 1996

ISSUED BY: R. J. Gallo
1101 Broad Street
Chattanooga, Tennessee 37401

TENNESSEE-AMERICAN WATER COMPANY

TRA No. 19

Second Revised Sheet No. 44

Cancelling First Revised Sheet No. 44

- (E) (I) The Applicant (hereinafter the Depositor) shall deposit with the Company an amount equal to (i) the estimated cost of the extension, less (ii) a credit equal to forty (40) percent of the Company's estimate of three (3) years' revenue to be received from Bona Fide Prospective Customer(s) whose Premises abut said extension and will be directly connected thereto.
- (E) (II) Upon completion of the extension and compilation of actual costs of the extension, the Depositor(s) shall immediately deposit with the Company, or receive from the Company, if the cost is less than estimated, an amount equal to the difference between the estimated cost and the actual completed cost of the extension.
- (III) Deposits made pursuant to this rule shall be subject to refunds within the period of ten (10) years from the actual date of the deposit as follows:
- (i) Upon completion of the first year's service to Bona Fide Prospective Customer(s) for whom credit was given in establishing the deposit, the Company will refund to the Depositor an amount equal to forty (40) percent of the difference between the first three (3) years' revenue originally estimated by it and the actual revenue received, provided the actual revenue is greater than the estimated revenue. If the actual revenue is less than the estimated revenue, the difference will be used as an off-set against revenues which would otherwise become the basis for refund pursuant to (ii) below.

(E) Eliminate Text

ISSUED: September 16, 1997

EFFECTIVE DATE: January 1, 1997

ISSUED BY: R. J. Gallo
1101 Broad Street
Chattanooga, Tennessee 37401

Issued in compliance with the Order
of the TRA
Commission dated 9-17-97, 19__
Docket No. 97-370

(11) During the period of ten (10) years from the actual date of deposit, the Company shall at the end of each year refund to the Depositor an amount equal to forty (40) percent of the actual annual revenue received for water Service from Customers whose Service Line is directly connected to the main covered by the Extension Deposit Agreement. Such refunds shall be paid annually within forty-five (45) days of each contract year covering refunds owing from Water Service revenues received during the preceding contract year; provided, however, that the first three (3) years' revenue from Bona Fide Prospective Customer(s) for whom credit was given in establishing the deposit shall be excluded from refunds to be paid under this provision (11).

(111) If any Branch Mains are connected to the Prior Main within a period of five (5) years from the date said Prior Mains was installed, the Company shall refund to the Depositor, or to the Depositor and all other parties who may have participated in the cost of the main in questions, his or their proportionate share of the supplemental deposit required for such a Branch Main connection as provided in Rule 23.7(b) IV hereof.

IV. When a Distribution Main is installed under an Extension Deposit Agreement and such main passes through undeveloped property where future Branch Mains may be connected thereto, the persons for whom such Branch Mains are installed within a period of five (5) years from the date the Prior Main was installed, shall be required to share proratably in the cost of such Prior Main from its beginning point to the point of connection of the Branch Main. This shall be accomplished by requiring each person for whom such a Branch Main is to be installed to make a supplemental deposit with the Company in an amount equal to his proportionate share of the then unrefunded balance of the deposit which was established to secure the installation of such Prior Main to the point of connection of the Branch Main. Such supplemental deposit shall be paid over by the Company, promptly

Issued: March 18, 1988
Issued By: E. W. Limbach, President
1101 Broad Street
Chattanooga, Tennessee

Effective: MAR 18 1988

Issued in compliance with the Order
of the TPSC
Commission dated 10-21, 1987
Docket No. U-87-7525

after receipt thereof, to the original Depositor and to all others who have made deposits on that portion of the Prior Main. The allocation thereof to such parties shall be in proportion to their respective percentage participations in the unrefunded balance of the deposit relating to the installation of the Prior Main to the point of connection of the Branch Main. No such supplemental deposit shall be required if a lateral main is being installed and connected to the Prior Main by the Company at its own expense, or by the Company at the request of an applicant for a main extension which does not require a deposit from such applicant.

- 23.8 The aggregate refunds made by the Company under any Extension Deposit Agreement shall not exceed the total deposit made under such Agreement.
- 23.9 No interest will be paid by the Company on any main extension deposits or on any unrefunded balances.
- 23.10 All mains, Branch Mains and related facilities installed in accordance with this Rule 23 shall be and remain the sole property of the Company.
- 23.11 The Company shall have the right to further extend its mains from and beyond any main extension made under this Rule 23. The Depositor(s) shall not be entitled to any refund from Customers connected to further extensions from the original main extension except for the Branch Main provisions of Rules 23.6 and 23.7.
- 23.12 Before Distribution Mains will be installed in accordance with this Rule 23, the following conditions must specifically be met by the requesting party:
- (a) The road surface shall be brought to the established subgrade, properly compacted; and
 - (b) The Applicant or Depositor shall furnish the Company with a right-of-way agreement suitable to the Company if such main extension or any part is to be installed in other than dedicated public streets or highways.

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1101 Broad Street
Chattanooga, Tennessee

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Commission dated 3/17, 1988
Docket No. U-87-7534

23.13 Any main extension agreement made pursuant to this Rule 23 and the right to refund thereunder shall not be assigned by any Depositor without the prior written consent of the Company.

23.14 Special contracts, subject to the approval of the Tennessee Public Service Commission, may be entered into by the Company and the party or parties requesting main extensions in those instances where:

- (a) The prospects are that the patronage and demand will not be of such permanency as to warrant the capital expenditure involved, or
- (b) There are industrial installations requiring extensive utility investment and the demand for Water Service is expected to be slight, irregular or of unknown quantity, or
- (c) Where extensive plant additions are required before Customers can be attached and/or served, or
- (d) Other abnormal or extraordinary circumstances are present.

24. PUBLIC FIRE HYDRANTS

24.1 Public fire protection service shall be provided to any Governmental Unit requesting same within the Company's service

area in accordance with the Company's tariff and the terms and conditions set forth in an agreement between the Company and the requesting party. Public fire hydrants shall only be installed on Company-owned mains six inches (6") or larger in internal diameter.

24.2 Except in the City of Ridgeside, all public fire hydrants shall be furnished, installed and maintained by the Company.

24.3 The use of fire hydrants shall be restricted to the taking of water for the extinguishing of fires and at such times, is under the control of authorized representatives of the Fire Department. Water shall not be taken from any fire hydrant for construction purposes, sprinkling streets, flushing trenches, sewers, or gutters or for any other use, unless specifically authorized in writing by the Company.

Issued: March 18, 1988

Effective: MAR 23 1988

Issued By: E. W. Limbach, President
1101 Broad Street
Chattanooga, Tennessee

Issued in compliance with the Order
of the TPSC
Commission dated 3/17 1988
Ticket No. U-87-7534

PUBLIC VERSION

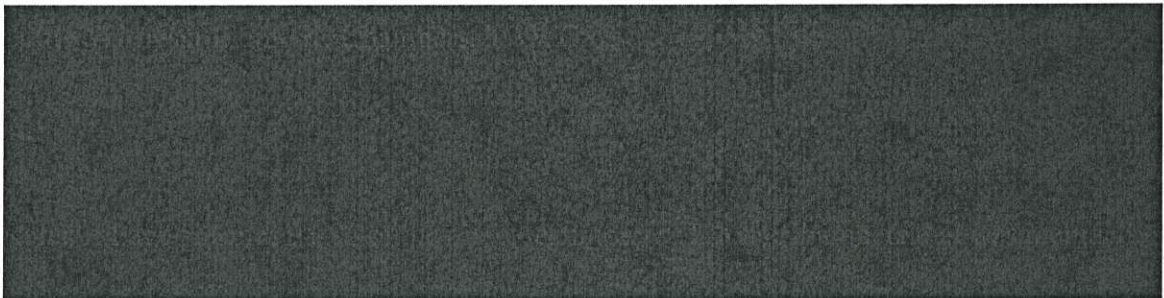
**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC

Question:

1-12. Refer to Page 5, Lines 94-95 of the direct testimony of Elaine Chambers that was included with the *Joint Petition*, describing the existing book value of the water system of \$4.5 million. Provide a copy of the financial statements showing the \$4.5 book value of the water system. In addition, reconcile this statement with Page 12, Lines 249-250 of the direct testimony of Grady Stout that describes a book value of over \$5.2 million.

Response:



**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Grady Stout, TAWC

Question:

1-14. Refer to Page 9, Lines 201-203 of the direct testimony of Grady Stout that was included

with the *Joint Petition*, describing the purchase price and stating the following:

After several discussions and meetings representing arms-length negotiations, we arrived at a purchase price of \$2,398,200.00. The purchase price is supported by the current water rates and is less than the depreciated book value of the System.

Provide the following information related to these statements:

- a. The dates of each meeting and the specific attendees;
- b. A copy of all data supporting the purchase price of \$2,398,200 that was considered by the Parties;
- c. The source and support for the statement that the purchase price is supported by the current water rates in Excel format with all formulas intact; and
- d. A comprehensive description of the reasons for the difference in the purchase price currently proposed by the Companies compared to the purchase price originally proposed in Docket No. 18-00099.

Response:

TAWC objects to this request on the grounds that the request is irrelevant, unduly burdensome, overly broad and constitutes a fishing expedition seeking information that is not relevant and is not limited to this matter. Further, TAWC objects to subsection (b) of this request, which seeks "all" such documents, on the grounds that is overbroad and unduly burdensome and exceeds the scope of permissible discovery. TAWC further objects to subsection (d) of this request as this request seeks information obtainable from some other source that is more convenient, less burdensome and less expensive. Subject to and without waiving these objections, TAWC responds as follows:

- a. TAWC did not keep records of meeting dates and attendees.

- b. See DR 1-4 answer from this Docket No. 20-00011 and **CONFIDENTIAL Exhibit GS-4**.
- c. See DR 1-4 answer.
- d. The *Joint Petition* in TPUC Docket No. 20-00011 is a new, separate and different petition than was submitted in Docket No. 18-00099. The explanation of the Purchase Price in this Docket is set forth in the *Joint Petition* and supporting documentation. The explanation of the Purchase Price proposed in TPUC Docket No. 18-00099 is set forth within Docket No. 18-00099.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC

Question:

1-16. Provide a copy of all workpapers of the Parties in support of the acquisition that have not already been placed in the record.

Response:

TAWC objects to this request on the grounds that it is unreasonably cumulative, duplicative and irrelevant. Further, TAWC objects to this request, which seeks "all" such documents, on the grounds that it is overbroad and unduly burdensome and exceeds the scope of permissible discovery. Subject to and without waiving this objection, TAWC responds as follows: TAWC believes that all responsive workpapers of the Parties in support of the acquisition have been placed into the record.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Dane Bradshaw, Thunder Air Inc.

Question:

1-17. Provide a copy of the general ledger for the water system being transferred from Thunder Air to TAWC from inception through December 31, 2019.

Response:

Please see attached, which is submitted **UNDER SEAL as CONFIDENTIAL and PROPRIETARY.**

PUBLIC VERSION
ATTACHMENT TO 1-17

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Dane Bradshaw, Thunder Air Inc.

Question:

1-19. Provide the total usage (gallons) billed to Thunder Air customers, total metered usage (gallons) of Thunder Air customers, total purchased water (gallons) from South Pittsburg, and the lost and unaccounted-for water usage (gallons) by month from January 2017 through December 2019.

Response:

Please see attached. The "Lost and Unaccounted for Water Usage" column reflects Thunder Air's need to flush the lines in phases two and three to keep chlorine levels high. Hotter months require the lines to be flushed more frequently. Additionally, this column reflects the need to fill and empty new lines several times when a new line is activated.

PUBLIC VERSION
ATTACHMENT TO 1-19

STATE OF Kentucky)

COUNTY OF Fayette)

BEFORE ME, the undersigned, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Elaine Chambers, being by me first duly sworn deposed and said that:

She is appearing as a witness on behalf of Tennessee-American Water Company before the Tennessee Public Utility Commission, and duly sworn, verifies that the data requests and discovery responses are accurate to the best of her knowledge.

Elaine K. Chambers
Elaine Chambers

Sworn to and subscribed before me
this 10th day of March, 2020.

Sharon Miller
Notary Public

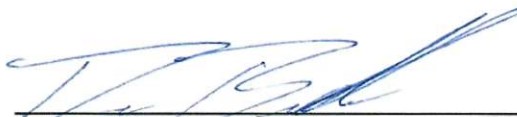
My Commission expires: 7/25/2020

STATE OF Tennessee)

COUNTY OF Marion)

BEFORE ME, the undersigned, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Dane Bradshaw, being by me first duly sworn deposed and said that:

He is appearing as a witness on behalf of Thunder Air, Inc. d/b/a Jasper Highlands Development, Inc. before the Tennessee Public Utility Commission, and duly sworn, verifies that the data requests and discovery responses are accurate to the best of his knowledge.


Dane Bradshaw

Sworn to and subscribed before me
this 12th day of March, 2020.



My Commission expires: 02/06/23

CERTIFICATE OF SERVICE

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

Daniel P. Whitaker III
Assistant Attorney General
Economic and Regulatory Section
Financial Division, Consumer Advocate Unit
Office of the Tennessee Attorney General
War Memorial Building, 2nd Floor
301 6th Avenue North
Nashville, TN 37243
Daniel.Whitaker@ag.tn.gov

This the 13th day of March, 2020.



Melvin J. Malone