



August 18, 2020

VIA ELECTRONIC FILING

Hon. Kenneth C. Hill, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

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 Hill:

The attachment to DR 1-15 originally submitted on April 13, 2020, has been revised to correct errors in Construction Work in Progress as of December 31, 2018 and December 31, 2019. This error impacted responses to DR 1-4, 1-10, and 1-12. Therefore, enclosed for filing on behalf of Tennessee-American Water Company ("TAWC") in the above-captioned matter are supplemental responses to DR 1-4, 1-10, 1-12, and 1-15. Please note that the attachments to DR 1-4, 1-10, and 1-15 are **CONFIDENTIAL** and are being submitted under seal as **CONFIDENTIAL** and **PROPRIETARY**. Additionally, the response to DR 1-12 is **CONFIDENTIAL** and is being submitted under seal as **CONFIDENTIAL** and **PROPRIETARY**.

As required, one (1) hard copy will be mailed to your office. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Sincerely,

BUTLER SNOW LLP

A handwritten signature in black ink, appearing to read "Melvin Malone".

Melvin Malone

MJM:mcb

cc: Elaine K. Chambers, TAWC
William Horton, Thunder Air, Inc.
Daniel Whitaker, Consumer Advocate Unit

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BUTLER SNOW LLP

**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 SUPPLEMENTAL RESPONSE
TO SUPPLEMENTAL FIRST DISCOVERY REQUESTS OF
THE CONSUMER ADVOCATE**

Tennessee-American Water Company (“TAWC”), by and through counsel, hereby submits its Second Supplemental Response to the Supplemental 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
SUPPLEMENTAL 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.**

Supplemental 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 at the request of the Consumer Advocate's Office, which is being submitted **UNDER SEAL as CONFIDENTIAL and PROPRIETARY.**

The Balance Sheet was produced per the request of the Consumer Advocate. The Balance Sheet was not part of the original purchase analysis and did not exist when DR 4 was submitted by the Consumer Advocate's Office. Therefore, the Balance Sheet was not relied upon when making the decision to purchase Jasper Highlands. To be cooperative, we produced a balance sheet after the fact. After producing this Balance Sheet, we updated the P/L. Nothing significant changed between the original and updated P/L. In addition to syncing up the Balance Sheet and the P/L, one formula in cell H15 was corrected in the P&L tab. Please see the updated attachment, which is being submitted **UNDER SEAL as CONFIDENTIAL and PROPRIETARY.**

Second Supplemental Response:

This Second Supplemental Response represents TAWC's compliance with the Hearing Officer's June 15, 2020, ruling on the Consumer Advocate's Motion to Compel. In its April 13, 2020, supplemental response to the Consumer Advocate's DR 1-4, TAWC submitted five years of annual pro forma budgeted financial statements of operations for the water system being acquired by TAWC. These budgeted financial statements were provided in the original form maintained by the Company along with source data. Consistent with the Hearing Officer's ruling, attached as

CONFIDENTIAL and PROPRIETARY is TAWC's 2018 Income Statement, which represents the additional source data relied upon by the Company in compiling the budgeted financial statements. The attached TAWC 2018 Income Statement is **CONFIDENTIAL and PROPRIETARY** and is being submitted **UNDER SEAL** as **CONFIDENTIAL INFORMATION**.

In its March 13, 2020, original response to the Consumer Advocate's DR 1-4, TAWC submitted budgeted financial statements, along with source data notes. These source data notes include, among other things, the tariff rates used by TAWC in compiling both the budgeted financial statements submitted in the Company's original response to DR 1-4 and the budgeted financial statements in its supplemental response to DR 1-4. More specifically, as shown in the original response to DR 1-4, TAWC used Thunder Air, Inc.'s fixed per customer rate of \$67.50 for the projections submitted in both the original and supplemental responses to DR 1-4. Thunder Air, Inc.'s rates are set forth in Collective Exhibit C to the Joint Petition, and the proposed rates of TAWC are set forth in the Joint Petition as Exhibit D. Finally, in compiling both the budgeted financial statements submitted in the Company's original response to DR 1-4 and the budgeted financial statements in its supplemental response to DR 1-4, the Company relied upon annual projections provided by Thunder Air, Inc. Thunder Air, Inc.'s annual projections were provided by Thunder Air, Inc. in its response to Consumer Advocate DR 2-1. It is TAWC's understanding that Thunder Air, Inc. assumed its annual customer projections evenly spread over each 12-month period.

Third Supplemental Response:

Please see the supplemental response to DR 1-15, filed on August 18, 2020. As a result of such supplemental response, please see TAWC's revised financial statements impacted by the supplemental response to DR 1-15, which revised financial statements are **CONFIDENTIAL and PROPRIETARY** and are being submitted **UNDER SEAL** as **CONFIDENTIAL INFORMATION**.

PUBLIC VERSION

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

Exhibit to Supplemental DR 1-4

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
SUPPLEMENTAL 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**.

Supplemental Response:

Please see the supplemental response to DR 1-15, filed on August 18, 2020. As a result of such supplemental response, please see revised attachment, which is **CONFIDENTIAL and PROPRIETARY** and is being submitted **UNDER SEAL** as **CONFIDENTIAL INFORMATION**.

PUBLIC VERSION

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

Supplemental Attachment to DR 1-10

PUBLIC VERSION

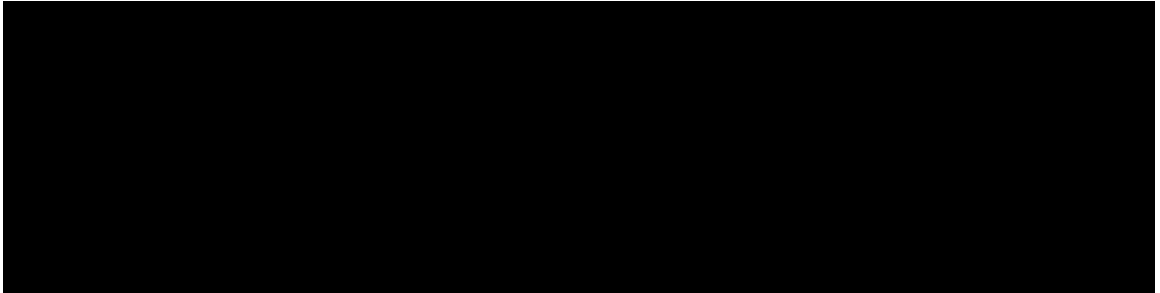
**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00011
SUPPLEMENTAL FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine K. Chambers, TAWC

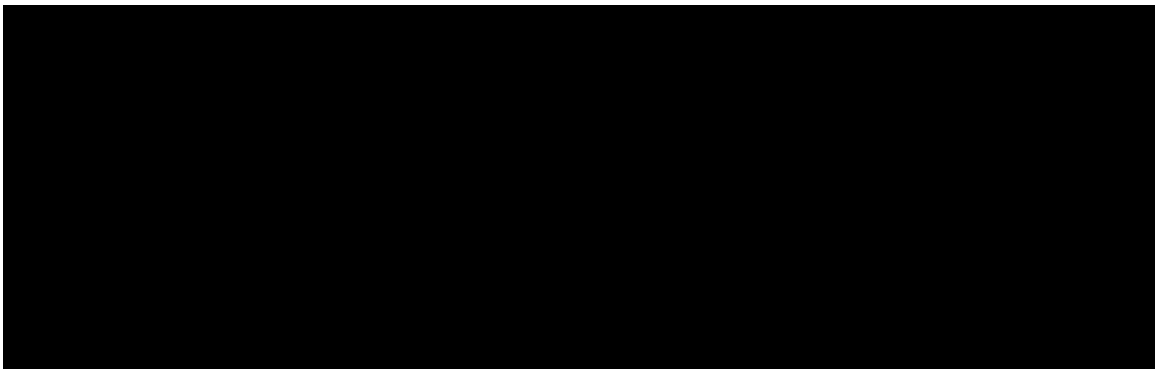
Question:

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:



Supplemental Response:



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

Responsible Witness: Grady Stout, TAWC

Question:

1-15. Refer to CA 3-8 in Docket No. 18-00099 regarding a side-by-side comparison of net plant per customer between TAWC and Thunder Air for 2017. Provide this same analysis for 2018 and 2019.

Response:

TAWC objects to this request on the grounds that the request overly broad, unduly burdensome and seeks information that is irrelevant 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: See attachment, which is being submitted **UNDER SEAL as CONFIDENTIAL and PROPRIETARY**.

Supplemental Response:

Attached is **CONFIDENTIAL SUPPLEMENTAL ATTACHMENT TO DR 1-15**, which is being submitted **UNDER SEAL as CONFIDENTIAL INFORMATION**. The attachment to DR 1-15 originally submitted on April 13, 2020, has been revised to correct errors in Construction Work in Progress as of December 31, 2018 and December 31, 2019. The original submission inadvertently included costs related to underground pipe installation in phase 4 of Jasper Highlands. The phase 4 assets are not included in the assets being purchased by TAWC.

PUBLIC VERSION

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

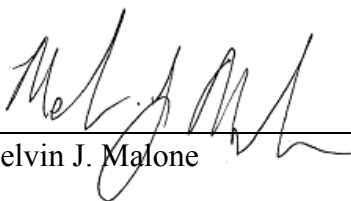
Supplemental Attachment to DR 1-15

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 18th day of August, 2020.



Melvin J. Malone