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June 9, 2020

VIA ELECTRONIC FILING

TPUC.DocketRoom@tn.gov

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

RE: *Petition of Tennessee-American Water Company in Support of the Calculation of the 2020 Capital Recovery Riders Reconciliation, Docket No. 20-00028*

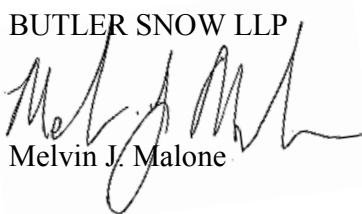
Dear Chairman Morrison:

Attached for filing please find *Tennessee American Water Company's Responses to Second Discovery Requests of the Consumer Advocate* in the above-captioned matter. Please note that Response Nos. 2-9 and 2-10 of the Discovery Requests are being submitted **UNDER SEAL as CONFIDENTIAL and PROPRIETARY**. Both a public version and a nonpublic, **CONFIDENTIAL** version of Response Nos. 2-9 and 2-10 are attached.

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

Very truly yours,

BUTLER SNOW LLP


Melvin J. Malone

clw

Attachments

cc: Elaine Chambers, TAWC

Daniel P. Whitaker III, Assistant Attorney General, Financial Division, Consumer Advocate Unit

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

**PETITION OF TENNESSEE-
AMERICAN WATER COMPANY
REGARDING CHANGES TO THE
QUALIFIED INFRASTRUCTURE
INVESTMENT PROGRAM RIDER,
THE ECONOMIC DEVELOPMENT
INVESTMENT RIDER, AND THE
SAFETY AND ENVIRONMENTAL
COMPLIANCE RIDER AND IN
SUPPORT OF THE CALCULATION
OF THE 2020 CAPITAL RECOVERY
RIDERS RECONCILIATION**

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DOCKET NO. 20-00028

**TENNESSEE-AMERICAN WATER COMPANY’S RESPONSES
TO SECOND DISCOVERY REQUESTS OF THE CONSUMER ADVOCATE**

Tennessee-American Water Company (“TAWC”), by and through counsel, hereby submits its Responses to the Second 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. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-1 Regarding the Company's response to Consumer Advocate Request No. 1-1, provide a comprehensive explanation defining the charges to Account 1080400 Accumulated Depreciation - Original Cost, including the distinction between recordings to this account and those to Account 1080100 Accumulated Depreciation - Utility Plant in Service.

Response:

- 2-1 1080100 Accumulated Depreciation – Utility Plant in Service is the general ledger account where the reserve is accrued from depreciation expense. As reflected in the response to Consumer Advocate Request No. 1-1, the account displays a credit balance which is mainly offset by the debits recorded through income statement for depreciation expense from multiplying the approved depreciation rates (life rate plus salvage rate) times the original cost of the utility plant in service.

1080400 Accumulated Depreciation - Original Cost – is the general ledger account in which retirements from Utility Plant in Service are recorded. As reflected in the response to Consumer Advocate Request No. 1-1, the account displays a debit balance which is mainly offset by the credits recorded from Utility Plant in Service when the original cost of assets are no longer used and useful.

Conceptually, when an asset has reached the end of its service life and is removed from service, the amount accrued through account 1080100 Accumulated Depreciation – Utility Plant in Service for depreciation and the amount received in 10802000 Accumulated Depreciation - Salvage/Scrap for salvage should be completely offset by the original cost retired from Utility Plant in Service which is debited in account 1080400 Accumulated Depreciation - Original Cost.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-2 Regarding the Company's response to Consumer Advocate Request No. 1-1, provide a comprehensive discussion differentiating the charges recorded to account 18680000 Reg Asset - Cost of Removal and 18680100 Regulatory Asset - Cost of Removal RWIP.

Response:

- 2-2 The difference between accounts 18680000/25700000 Reg Asset - Cost of Removal and 18680100/25710000 Regulatory Asset - Cost of Removal RWIP is similar to the difference between 101/106 Utility Plant in Service ("UPIS") and 107 Construction Work in Progress ("CWIP"). Construction expenditures are recorded to CWIP prior to the asset becoming used and useful. When the asset becomes used and useful, the construction expenditures are transferred from CWIP to UPIS which begins its service life. For replacement projects, when an asset already exists, removal expenditures are recorded to 18680100/25710000 Regulatory Asset - Cost of Removal RWIP, which stands for Retirement Work in Progress ("RWIP"), to discontinue the use of the existing asset. When replacement asset is transferred to UPIS and the existing asset is removed from service, the removal expenditures are then transferred to 18680000/25700000 Reg Asset - Cost of Removal. 18680100/25710000 Regulatory Asset - Cost of Removal RWIP correlates to 107 Construction Work in Progress ("CWIP"). 18680000/25700000 Reg Asset - Cost of Removal correlates to 101/106 Utility Plant in Service ("UPIS"). 18680000/25700000 Reg Asset - Cost of Removal also includes a portion of the accrued reserve recorded from depreciation expense for the cost of removal rate contained in the approved depreciation rates.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-3 Regarding the Company's response to Consumer Advocate Request No. 1-1, indicate whether the Allowance for Funds Used During Construction (AFUDC) rate is applied to the balances within accounts (a) 1868000 Reg Asset Cost of Removal and (b) 18680100 Regulatory Asset - Cost of Removal. If so, provide the justification for the application of the AFUDC charge and provide an example of such calculation for the month of February 2019.

Response:

- 2-3 The Company's response to Consumer Advocate Request No. 1-1 did not contain any discussion regarding Allowance for Funds Used During Construction (AFUDC). In responding to this request, the Company will graciously assume that the discovery request referenced above pertained to Consumer Advocate Request No. 1-3. Allowance for Funds Used During Construction (AFUDC) is not recorded on balances that have been recorded to retirement work in progress ("RWIP") through 18680100/25710000 Regulatory Asset - Cost of Removal RWIP and then subsequently transferred to account 18680000/25700000 Reg Asset Cost of Removal.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

2-4 Provide a comprehensive discussion of the nature of the \$4 million increase in Retirement Work in Progress (RWIP) in December 2019 versus December 2018.

Response:

2-4 Please refer to the file provided in the petition filing for Docket #20-00028 titled, "TAW_2019_CapRider_Cost_Detail". The increase in cost of removal is detailed in this file by work order and types of charges. For example, work order I26-020045-02 Remove Filter Bldg 3 Citico incurred about \$1M of the increase for 2019 to remove this asset from service. A majority of the removal costs incurred were in the QIIP infrastructure replacement rider.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-5 Provide the electronic files for the month of September 2019 that TAWC provides monthly to the Commission.

Response:

- 2-5 TAWC objects to this request on the grounds that the information sought is obtainable from some other source that is more convenient, less burdensome or less expensive. Subject to and without waiving this objection, TAWC responds as follows: Please refer to the email sent to the Consumer Advocate on Wednesday 11/20/2019 at 2:47 PM EST or 1:47 PM CST titled, "TAWC Monthly Report - September 2019" from Elaine K Chambers. The Consumer Advocate has been copied and included on these monthly reports being provided to the TPUC.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-6 Certain balances in Accounts 1868000 and 18681000 are shown as zero within the Trial Balance tabs of TAWC's monthly TN Statements provided to the Commission and Consumer Advocate (see e.g., August). Confirm that this is the result of closing RWIP projects on a periodic basis. If not, provide a comprehensive explanation indicating why the balances in these two accounts are reflected as zero within certain months, including July 2019.

Response:

- 2-6 Per the Company's response to Consumer Advocate Request No. 1-1, there are multiple accounts for cost of removal and cost of removal – RWIP. The Company keeps asset accounts 18680000/18680100 and liability accounts 25700000/25710000 for these balances due to reporting purposes. Conceptually, if the Company maintains a net debit balance for cost of removal and cost removal – RWIP then the balances should be recorded to the asset side of the balance sheet. If the Company maintains a net credit balance for cost of removal and cost of removal – RWIP then the balances should be recorded to the liability side of the balance sheet. Nevertheless, the balance for cost of removal should be the combination of accounts 18680000 and 25700000. The balance for cost of removal – RWIP should be the combination of accounts 18680100 and 25710000.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

2-7 It appears that there were no RWIP balances included in Rate Base in the last TAWC rate case. Please confirm whether this is accurate or provide appropriate evidence indicating such balances were in fact included in Rate Base.

Response:

2-7 Per the stipulation and settlement exhibits approved in Docket # 12-00049, the Company believes that cost of removal-RWIP has indeed been included in rate base. Please refer to Exhibit Schedule 3 as part of attachment A of the stipulation and settlement. On line 6 of the Exhibit Schedule 3, the difference between the settlement amount for accumulated depreciation and Company amount for accumulated depreciation is zero. The CAPD Exhibit, Schedule 2, as referenced at the bottom of Exhibit Schedule 3, assumes the Company amount presented in Company Exhibit RB-1-Summary-LCB of \$81,011,226. The \$81,011,226 is comprised of the 13-month average of accumulated depreciation of \$79,478,458 and the 13-month average accumulated cost of removal of \$1,532,768. The 13-month average accumulated cost of removal is displayed below. The reserve for accumulated cost of removal is declining due to removal spending exceeding the reserve accrual.

<u>Month</u>	<u>Amount</u>
Nov-12	(\$1,623,788.75)
Dec-12	(1,608,203.19)
Jan-13	(1,592,720.62)
Feb-13	(1,577,294.47)
Mar-13	(1,561,939.38)
Apr-13	(1,546,699.96)
May-13	(1,531,684.13)
Jun-13	(1,516,853.86)
Jul-13	(1,502,181.97)
Aug-13	(1,487,519.22)
Sep-13	(1,473,030.47)
Oct-13	(1,458,955.76)
Nov-13	(1,445,117.84)
<hr/>	
13-Month Average	<u><u>(\$1,532,768.43)</u></u>

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-8 The balance of RWIP included in Rate Base for purposes of computing the Earnings Test includes balances for the month of December for accounts 18680000 and 18680100 of \$8,549,379 and \$931,384 respectively. For each project associated with costs within each of these two accounts at December 2019, summarize the project, identify the RWIP balance associated with the project, and indicate whether the retirement project was directly or indirectly related to the September 2019 Main break.

Response:

- 2-8 To the extent this request seeks summaries for prior projects, TAWC objects to this request on the grounds that it is overly broad, unduly burdensome and seeks information obtainable from some other source that is more convenient, less burdensome or less expensive. Subject to and without waiting these objections, TAWC responds as follows: TAWC's balance of RWIP by project, as of 12/31/19, is provided in the attachment to this discovery response titled, "TAW_R_CPADDR2_NUM008_060920". This agrees to the balance provided for accounts 18680100/25710000. The balance for accounts 18680000/2570000, recited above, is more complex due to the nature of how the cost of removal depreciation reserve is maintained. Per response to the Consumer Advocate Request No. 2-2 in this docket, the cost of removal reserve includes depreciation expense accrued offset by removal costs incurred since inception. The cost of removal accrued through the depreciation rates is only done at a utility plant account level and would not be detailed by project. The cost of removal expenditures incurred by project will be from the beginning of time, which is overly burdensome to provide. The balance reflects many years of projects that have been included in many past Commission proceedings prior to 2019. The Company's response to Consumer Advocate Request No 2-4 in this docket reflects the removal expenditures by project, included in the capital riders for 2019.

Tennessee American Water Company
Docket No. 20-00028
Response to CPAD Data Request 2-008
RWIP Balance By Project

Work Order #	Work Order Description	Rider Eligibility	September Main Break	RWIP Balance 12/31/19
D26-0201-P-0536	Holding Line G 1Q2018	None	No	(\$2,403.86)
D26-0201-P-0558	Hamilton Place 12" Main Relocation	None	No	162.30
I26-050050-01	New Field Ops Center - Whitwell	None	No	25,947.59
R26-02B1.16-P-0005	Center Street Main Replacement	QIIP	No	42.01
R26-02B1.18-P-0003	Carroll Ln Main Repl	QIIP	No	11.71
R26-02B1.18-P-0004	Citico Creek 16" Main Repl	QIIP	No	20,825.70
R26-02B1.18-P-0005	E 17th & 18th Main Repl	QIIP	No	35.71
R26-02B1.18-P-0006	10th btw 37th&39th	QIIP	No	4.89
R26-02B1.18-P-0007	Addison Rd Main Replacement	QIIP	No	2.68
R26-02B1.18-P-0009	Frost & Lockwood Main Repl	QIIP	No	2.75
R26-02B1.18-P-0010	Flynn St Main Repl	QIIP	No	1.63
R26-02B1.18-P-0012	Lynda Drive and Circle 6" Main Repl	QIIP	No	424.58
R26-02B1.19-P-0002	Vero Beach Street- 1220' of 6" main	QIIP	No	5.01
R26-02B1.19-P-0003	Hollywood Drive- 1350' of 6", one F	QIIP	No	5.84
R26-02B1.19-P-0004	Palm Beach Avenue- 1350' of 4" and	QIIP	No	53.00
R26-02B1.19-P-0006	Paulmar Drive Main Replacement	QIIP	No	6,210.44
R26-02B1.19-P-0007	S. Highland Park Main Replacement	QIIP	No	68.83
R26-02B1.19-P-0008	Oak Street Main Replacement	QIIP	No	1.49
R26-02B1.19-P-0009	Springvale Road Main Replacement	QIIP	No	3,157.53
R26-02B1.19-P-0010	Franklin Street Main Replacement	QIIP	No	443.08
R26-02C1.17-P-0001	Blanket - Mains - Unscheduled	QIIP	No	33.36
R26-02C1.19-P-0001	Mains Replaced	QIIP	No	113,716.17
R26-02C1.19-P-0002	36" Citico Repair - Local	QIIP	Yes	11,371.08
R26-02C1.19-P-0004	36" Citico Repair - Non-TAW/Non-Svc	QIIP	Yes	904.26
R26-02D1.14-P-0003	WISDOM ST 10" OFFSET FOR STORM DRAI	QIIP	No	871.99
R26-02D1.18-P-0006	Main Street Lowering at 27	QIIP	No	1,788.31
R26-02D1.19-P-0003	Appling Street Main Relocation	QIIP	No	341.78
R26-02D1.19-P-0004	Howard High School Main Relocation	QIIP	No	221.19
R26-02D1.19-P-0005	TDOT I-24 Relocation at Sydney Stre	QIIP	No	425.27
R26-02D1.19-P-0006	Carnell Court Main Relocation	QIIP	No	56.70
R26-02F1.15-P-0002	Winterview Pressure Reducing Valve	QIIP	No	340.35
R26-02F1.19-P-0001	Hydrants and Valves Replaced	QIIP	No	3,407.88
R26-02F1.19-P-0002	538 Cherokee Blvd	QIIP	No	(1.59)
R26-02F1.19-P-0003	1701 Broad Street Hydrant Relocate	QIIP	No	(6.84)
R26-02H1.19-P-0001	Services and Laterals Replaced	QIIP	No	29,968.17
R26-02H1.19-P-0002	1033 Scenic Hwy LKMTN GA	QIIP	No	289.76
R26-02J1.18-P-0001	Meters Replaced	QIIP	No	384,457.44
R26-02J1.19-P-0001	Meters Replaced	QIIP	No	63,530.32
R26-02K1.19-P-4009	RET Computer Equipment	None	No	514.77
R26-02M1.18-P-8003	CITICO Cameras	SEC	No	(6.38)
R26-02O1.19-P-0002	Retirement of 50808 Malibu	None	No	(2,760.00)
R26-02O1.19-P-0003	Retirement of 71115 Equinox	None	No	(3,680.00)
R26-02O1.19-P-0004	Retirement of 50806 Malibu	None	No	(3,160.00)
R26-02Q1.14-P-0029	Citico Yard Piping Modifications	SEC	No	347.87
R26-02Q1.19-P-0012	Replace 100' 4" Sewer Line at Citic	SEC	No	28.99
R26-02Q1.19-P-0015	Replace Eyewash Stations at Filter	SEC	No	(1.24)
R26-02Q1.19-P-0016	HVAC Replacement at Panorama Booste	SEC	No	90.38
R26-02Q1.19-P-0018	Replace Low Service Citico Air Sump	SEC	No	38.95
R26-02Q1.19-P-0019	Replace Low Svc Electric Sump Pump	SEC	No	(0.46)
R26-02Q1.19-P-0025	Replace Autoclave Lab Equipment @ C	SEC	No	405.26
R26-02Q1.19-P-0026	Replace Eyewash Station at Citico	SEC	No	2,235.11
R26-02Q1.19-P-0027	Repl Effluent Valve Actuator #6 Ald	SEC	No	12.40
R26-02Q2.17-P-0002	Minnekahda Booster Station Replacem	SEC	No	2,836.24
R26-02Q2.17-P-0003	Crestview Booster Station Replaceme	SEC	No	178.14
R26-02R1.18-P-0003	Aldrich Unit #6	QIIP	No	248,050.34
R26-02R1.19-P-0002	Aldrich Unit 5 Rehab	QIIP	No	2,530.96
R26-02R1.19-P-0003	Red Bank Tank Rehab	QIIP	No	2,480.00
R26-02R1.19-P-0004	Ryall Springs Tank Rehab	QIIP	No	3,240.00
R26-02R1.19-P-0005	Missionary Ridge #2 Tank Rehab	QIIP	No	3,600.00
R26-02S1.18-P-0002	Citico WTP Intake Study	None	No	2,965.20
R26-03F1.19-P-0001	Blanket - Hydrants, Valves, and Manholes - Re	QIIP	No	0.30
R26-03H1.18-P-0001	Blanket - Services and Laterals - Replaced	QIIP	No	632.94
R26-03H1.19-P-0001	Blanket - Services and Laterals - Replaced	QIIP	No	952.83
R26-03Q1.19-P-0002	Well #2 Piping	SEC	No	31.29
R26-03Q1.19-P-0003	Repl. Eyewash Station @Suck Creek	SEC	No	74.10
R26-05B1.17-P-0004	SR 28 / Higdon Road Main Replacemen	QIIP	No	3,641.39
R26-05C1.19-P-0001	WBS Level 1 Planning	QIIP	No	1,857.51
R26-05F1.19-P-0001	Blanket - Hydrants, Valves, and Manholes - Re	QIIP	No	29.14
R26-05H1.18-P-0001	Blanket - Services and Laterals - Replaced	QIIP	No	823.00
R26-05H1.19-P-0001	Blanket - Services and Laterals - Replaced	QIIP	No	3,068.00
R26-05J1.19-P-0001	Blanket - Meters - Replaced	QIIP	No	25.15
R26-05Q1.19-P-0012	Install Eyewash Station @Whitwell	SEC	No	1,850.00
Salvage	Unidentified Salvage	None	No	(8,368.00)
				<u>\$931,282.69</u>

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-9 Information publicly available within the Tennessee Ethics Commission website indicate that Daphne Kirksey was a registered lobbyist for the Company in 2019. The confidential response to Consumer Advocate Request No. 1-2 indicates that [REDACTED]

Response:

- 2-9 Pursuant to the Protective Order in this proceeding, TAWC is submitting this response **UNDER SEAL** marked **CONFIDENTIAL INFORMATION**. [REDACTED]

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

2-10 If the Company confirms that [REDACTED] please provide an estimate of the appropriate labor and benefit costs associated with Ms. Kirksey's lobbying efforts, including but not limited to internal meetings to discuss strategy, working with external lobbyists, and advising superiors of the status of the lobbying efforts. Include a description of how such estimate was developed.

Response:

2-10 Pursuant to the Protective Order in this proceeding, TAWC is submitting this response **UNDER SEAL** and marked as **CONFIDENTIAL INFORMATION**. [REDACTED]

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-11 Information publicly available within the Tennessee Ethics Commission website indicates that Valoria Armstrong was the supervisor of Ms. Kirksey in 2019. Confirm that none of the employee costs (labor and benefits) of Ms. Armstrong are identified as lobbying costs within the Earnings Report submitted in this docket. If this is confirmed, provide a reasonable cost estimation of lobbying costs (inclusive of labor and benefit charges) associated with Ms. Armstrong's oversight of Ms. Kirksey's lobbying efforts. Provide the underlying assumptions developed within this calculation inclusive of the estimated time Ms. Armstrong spent in the development of legislation and oversight of lobbying efforts.

Response:

- 2-11 Per the company's response to Consumer Advocate Request No. 1-2, none of the President's labor and benefits is considered to be lobbying, which is consistent with the prior rate case treatment.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

2-12 Provide a comprehensive discussion of how lobbying costs are identified for purposes of financial reporting to the Commission.

Response:

2-12 For identifying external lobbying costs, external contractors retained for lobbying are recorded to dedicated accounts identified as lobbying. Any other external costs or fees related to lobbying should also be recorded to these accounts. Where required, these accounts are eliminated for any required filings for all jurisdictions.

Any internal positions hired for governmental affairs and registered as lobbyists are analyzed for lobbying activities. They represent our company and the best interests of our customers as a whole, ensuring alignment of our interests is in the best interest of all our stakeholders (customers, government officials, regulators, legislators, etc.). These positions also serve important functions unrelated to lobbying.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-13 The legal costs incurred in 2019 effectively reduce the excess earnings otherwise credited to ratepayers within the TAWC Capital Riders mechanism. With respect to legal costs associated with Butler Snow, respond to the following:
- a. Provide monthly invoices for the months of January - April 2019.
 - b. Provide monthly invoices for the months of September - December 2019.
 - c. Identify costs incurred by Butler Snow and charged to expense on the books of the Company associated with any work performed in the following areas:
 - i. Participating in meetings with TAWC to discuss legislative strategy;
 - ii. Participating in meetings with TAWC external lobbyists to discuss legislative strategy;
 - iii. Participating in meetings with Tennessee elected representatives;
 - iv. Any work performed outside of meetings regarding the development or review of legislative strategy, writing or editing draft legislation, or meetings involving the discussion of legislative activities with affiliates of TAWC; and
 - v. Work performed in any manner related to the September 2019 main break and applicable actions of third parties arising from this occurrence.

Response:

- 2-13 To the extent that the information requested is confidential and protected by the attorney-client privilege and work product doctrine, TAWC objects to these requests. More specifically, the information sought contains protected attorney-client information and reflects attorney work product, in the form of detailed time entries or descriptions of work and is not subject to disclosure under Tennessee law. TAWC is declining to produce the full invoices based upon the foregoing objections, but is providing the following information, subject to and without waiving these objections:
- a. Please refer to the total for all Butler Snow invoices recorded in 2019 as provided in the Company's response to Consumer Advocate Request No. 1-4.
 - b. Please see a above.....

- c. Butler Snow does not provide lobbying services for TAWC and is not registered as a lobbyist for TAWC. Butler Snow provides legal and regulatory services to TAWC.
 - i. None. Butler Snow does not provide legislative strategy services to TAWC.
 - ii. None. Butler Snow does not provide legislative strategy services to TAWC.
 - iii. None. Butler Snow has not participated in meetings with Tennessee elected representatives on TAWC's behalf.
 - iv. Butler Snow does not provide lobbying or legislative services to TAWC. Butler Snow has not provided lobbying or legislative services in any meetings with affiliates of TAWC.
 - v. Subject to and without waiving the foregoing objections, \$5,360 of the total amount for Butler Snow provided in the Company's response to Consumer Advocate Request No. 1-4 related to the September 2019 main break.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-14 Provide invoices for the following firms for 2019: Baker Donelson, Littler Mendelson, and K&L Gates. For each listed firm, provide the amount of costs associated with work performed in any manner related to the September 2019 main break.

Response:

- 2-14 To the extent that the information requested is confidential and protected by the attorney-client privilege and work product doctrine, TAWC objects to these requests. More specifically, the information sought contains protected attorney-client information and reflects attorney work product, in the form of detailed time entries or descriptions of work, and is not subject to disclosure under Tennessee law. Subject to and without waiving the foregoing objections, TAWC responds as follows: Please refer to the total for all legal invoices recorded in 2019 as provided in the Company's response to Consumer Advocate Request No. 1-4. Baker Donelson and Littler Mendelson did not have any amounts related to the September 2019 main break. K&L Gates had \$5,252, of the amounts listed in the Company's response to Consumer Advocate Request No. 1-4, which was associated with work performed related to the September 2019 main break.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

2-15 Regarding the Company's response to Consumer Advocate Request No. 1-6(c), provide the Account Distribution for the identified capital expenditures by month.

Response:

2-15 The work order referenced in the Company's response to Consumer Advocate Request No. 1-6(c), R26-02C1.19-P-0002, was not in-service as of 12/31/19. The capital expenditures by month were recorded to construction work in progress, account 10700000 and 18680100 for the year ended 2019. Subsequently, in January 2020, these construction expenditures were recorded to account 331 T&D Mains.

	10700000	18680100	
Month	CWIP	RWIP	Total
September	\$138,759.07	\$7,283.45	\$146,042.52
October	29,059.97	1,483.70	30,543.67
November	50,330.61	2,591.23	52,921.84
December	3,800.03	12.70	3,812.73
Total	\$221,949.68	\$11,371.08	\$233,320.76

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-16 Regarding the response to Consumer Advocate request 1-10 (referenced in the spreadsheet provided in the Company's response to Consumer Advocate Request No. 1-9), specifically related to Account 5315500 Contract Services - Legal, provide the following information:
- a. Reconcile the information provided within the response 1-10 and 1-09 related to Contracted Service-Legal account (totaling \$416,387), with the amounts provided in the Company's response to Consumer Advocate Response No. 1-4, which totals \$445,355.
 - b. Provide a comprehensive explanation for the large increase in Contract Services - Legal costs in September following by the large credit in October and smaller credit in November.

Response:

- 2-16 Please refer to the responses for each subpart below:
- a. The Company's response to Consumer Advocate Response No. 1-4 includes all external legal costs recorded in 2019 for TAWC, \$1,825 for account 52556000, \$28,968 for account 53150000 and \$416,387 for account 53155000. Some costs were inadvertently recorded to accounts 52556000 and 53150000 as per columns A & B of the attachment previously provided in Consumer Advocate Response No. 1-4. All of these costs should have been recorded to 53155000 Contract Services - Legal.
 - b. The 53155000 Contract Services - Legal amount for September 2019 contains accruals for estimated legal costs attributed to the Company's books. These accruals initially included amounts that should be covered by the Company's Insurance Other Than Group ("IOTG") policies. The IOTG covered costs have been removed from the subsequent monthly accruals.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-17 Please refer to the Company's response to Consumer Advocate Request No. 1-5. With respect to certain account balances identified in this answer, please respond to the following:
- a. Land and Land Rights - General -Account 303600 \$938k - Provide a comprehensive explanation of the nature of this purchase/development and indicate whether each component of this balance (and associated cost) is currently being used in the provision of service by the Company.
 - b. Computer Software - Account 340300 \$1,330,386 - For any individual software component, provide an explanation of the nature of the software, its functionality and its cost. If the balance in this account includes any capitalized internal labor and associated benefit costs, please identify such amounts.
 - c. Computer Software - Other Account 340330 \$539,579 - For any individual software component, provide an explanation of the nature of the software, its functionality and its cost. If the balance in this account includes any capitalized internal labor and associated benefit costs, please identify such amounts.
 - d. Provide an explanation differentiating the types of assets in account 340300 contrasted with those in account 340330.

Response:

- 2-17 Please refer to the Company's response provided below:
- a. The Company purchased approximately 6 acres of land within the TAW service area. This land was purchased in June 2019 and is intended to be utilized to build company facilities and provide storage and staging for equipment and construction materials.
 - b. Please refer to the attachment file "TAW_R_CPADDR2_NUM0017_060920" for the breakdown of the Computer Software - Account 340300 – amount of \$1,330,386 with the labor related costs, a description of the nature of the software and it's functionality.
 - c. Please refer to the attachment file "TAW_R_CPADDR2_NUM0017_060920" for the breakdown of the Computer Software – Other Account 340330 – amount of

\$539,579 with the labor related costs, a description of the nature of the software and it's functionality.

- d. Account 340330 is Computer Software - Other which is similar to Account 340300 Computer Software. Certain jurisdictions assign multiple service lives and depreciation rates to multiple computer software applications. The account 340330 adds flexible if/when that occurs. Currently, TAWC does not have separate depreciation rates between the two accounts.

Tennessee American Water Company
Docket No. 20-00028
Response to CPAD Data Request 2-017 b & c
2019 Plant Additions - Computer Software 340300 & 340330

Utility Account	Description	Software	2019	2019	Functionality
			Total Plant Additions	Capitalized Labor & Related	
340300	Computer Software	App Platform	\$713,898.99	\$123,795.74	Integrated platform to support analytics, integration, application development, security, and access
		Billing Analytics App	13,357.61	0.00	Provide billing and collections team with automated analytics, metrics, and vizualiation
		BMC Remedy	153.92	139.49	Ticket management system for IT, Facilities, and other services
		Call Handling Analytics App	3,828.07	599.07	Provide Contact Center resources with automated metrics, analytics, and vizualization to support call center staffing
		Cisco Nuance, Unified Communications, & Related	(448.39)	317.71	Contact Center call routing and recording
		Coupa	137,216.51	11,436.73	Purchase Order and Contract Management
		Customer 1 View	(26,572.05)	(11,419.44)	Integrated customer information for Field Service Representative
		Facility Management	11,028.49	0.00	Provide facility information, facilities ticket submission, and physical security
		Health & Safety App	768.22	585.72	Employee application to report and manage safety incidents and near miss
		Investor Relations Web App	19,140.94	0.00	SEC reporting and communications
		JIRA	(6,234.55)	(224.75)	Project Management Software
		Mapcall	38,945.89	28,981.31	Work Management
		MeterOps App	7,005.23	(1,096.35)	Meter Operations and performance analytics
		mySource	109,123.34	40,588.27	Intranet and integrated portal for communication, application navigation, and document management
		myWater	51,886.28	5,273.23	Customer portal to support ADA and customer web-self service for bill payment and usage
		PowerPlant	128,550.98	5,365.43	Capital asset lifecycle management
		SailPoint	217.32	205.62	Employee software access provisioning
		SAP	3,770.49	3,308.45	Provide foundational backoffice support
		SAP GRC	6.75	0.00	SAP role management
		SAP SuccessFactors	73,617.96	7,380.33	Human Resources people and role management
		Spend Analytics App	16,338.61	3,214.46	Provide analytics and visualization for supply chain on AW purchases
		Water 360	20,947.76	2,313.87	This application is being removed from service in 2020 due to limited functionality or replaced by a new solution
		Usage Analytics Platform	12,939.63	4,168.51	This application is being removed from service in 2020 due to limited functionality or replaced by a new solution
		SWOT Analysis	898.40	0.00	This application is being removed from service in 2020 due to limited functionality or replaced by a new solution
			<u>\$1,330,386.40</u>	<u>\$224,933.40</u>	
340300	Computer Software				
340330	Comp Software Other	myTime	\$539,579.90	\$76,439.36	Employee Time Entry System

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

- 2-18 With respect to the Company's response to Consumer Advocate Request No. 1-6, confirm that the expenditures were recorded to a Retirement Work in Progress Account. If this is not confirmed, identify the specific account in which these costs were charged.

Response:

- 2-18 Please refer to the Company's response to Consumer Advocate Request No. 2-15 in this discovery set.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00028
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Elaine Chambers

Question:

2-19 With respect to the Company's response to Consumer Advocate Request No. 1-11, identify the portion of costs remaining in the Earnings test associated with TAWC direct costs split between (a) Annual Performance Plan and (b) Long-Term Performance Plan.

Response:

2-19 The portion of the costs remaining in the 2019 earnings test for TAWC's employees expense are provided below.

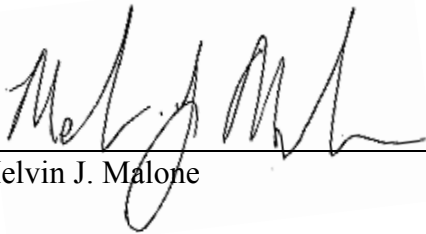
- (a) Annual Performance Plan \$249,326.
- (b) Long-Term Performance Plan \$-51.

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 Whitaker III, Esq.
Assistant Attorney General
Office of the Attorney General
Consumer Protection and Advocate Division
P.O. Box 20207
Nashville, TN 37202-0207
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This the 9th day of June, 2020.



Melvin J. Malone