

BUTLER | SNOW

April 6, 2021

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: *Petition of Tennessee-American Water Company for Approval of the Establishment of a Regulatory Asset; Docket No. 20-00126*

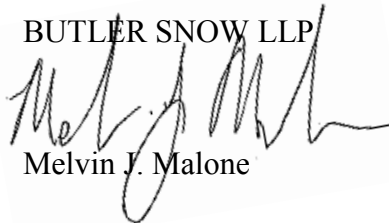
Dear Chairman Hill:

Attached for filing please find *Tennessee-American Water Company's Responses to Third Discovery Requests of the Consumer Advocate* in the above-captioned matter.

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.

Very truly yours,

BUTLER SNOW LLP



Melvin J. Malone

clw

Attachments

cc: Elaine K. Chambers, TAWC
Karen H. Stachowski, Consumer Advocate Unit

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

IN RE:)	
)	
PETITION OF TENNESSEE-AMERICAN)	
WATER COMPANY FOR APPROVAL)	DOCKET NO. 20-00126
OF THE ESTABLISHMENT OF A)	
REGULATORY ASSET)	
)	

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

Tennessee-American Water Company (“TAWC”), by and through counsel, hereby submits its Responses to the Third 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. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

Responsible Witness:

Question:

3-1 In the Company's Response to CA DR No. 2-3 (relating to Petitioner's Exhibit 1), does the Company plan to add any other items to their net \$514,465 deferral request as of October 31, 2020, or does this amount represent the final deferral request as of October 31, 2020? The Consumer Advocate is not asking about months subsequent to October. The Consumer Advocate is only inquiring about the net requested deferral total as of October 31, 2020.

Response:

No, the Company does not intend to add additional items to the net \$514,465 as of October 31, 2020.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

Responsible Witness:

Question:

3-2 In TAW_R_CAPDDR1_008_Attachment and TAW_R_CAPDDR2_004_Attachment, <Incremental Operating Expense> worksheet, what specific expenditures are the Work From Home (WFH) stipends designed to cover?

Response:

WFH Stipend is defined as employees working remotely (“work from home”) under American Water’s current business directive.

Under Illinois law, (820 ILCS 115/9.5), " An employer shall reimburse an employee for all necessary expenditures or losses incurred by the employee within the employee's scope of employment and directly related to services performed for the employer”.

Service company employees regularly assigned a reporting location in Illinois, receive a temporary \$50 monthly stipend to cover reasonable expenses related to working remotely. These Service Company employees located in Illinois, support TAW in the following areas: call handling, billing, collections, field resource coordination, and water quality. The WFH Stipend TAW_R_CAPDDR2_004_Attachment represents TAW’s allocated portion of this expense.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

Responsible Witness:

Question:

3-3 In TAW_R_CAPDDR1_008_Attachment and TAW_R_CAPDDR2_004_Attachment <Incremental Operating Expense> worksheet, what specific expenditures are represented by and included in the “facility preparedness” line item?

Response:

Facility Preparedness includes expenses associated in preparing and maintaining sanitary and social distance space including room dividing materials, sneeze guards or other plexiglass material, cleaning fees or other expenses related to keeping our facilities safe.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

Responsible Witness:

Question:

3-4 How much (stated in dollars) of the requested uncollectible expenses as shown in TAW_R_CAPDDR1_008_Attachment and TAW_R_CAPDDR2_004_Attachment <Uncollectible Expense> worksheet, relates to the acquired Whitwell and Jasper Highlands systems? Since both systems were acquired after the TPUC Docket No. 12-00049 uncollectible amount was set, the amounts related to these systems are relevant in assessing amounts eligible for deferral. In addition, provide documentation supporting the uncollectible expense for these two systems.

Response:

3-4 Please refer to the response to TAW_R_CAPPDR3_005 regarding the Authorized Uncollectible Expense noted within the referenced attachments.

For Actual Uncollectible Expense noted within the referenced attachments, Jasper Highlands is not included as the customers did not receive bills from TAWC until February 2021.

Please refer to the attachment file TAW_R_CAPDDR3_004_Attachment CONFIDENTIAL for the calculated Actual Uncollectible Expense associated with the City of Whitwell.

PUBLIC VERSION

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

TAW_R_CAPDDR3_004_Attachment

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

Responsible Witness:

Question:

3-5 Regarding the use of uncollectible expense from the last case to establish a benchmark of incremental uncollectible expense due to the COVID-19 pandemic, does the Company also believe it would be appropriate to add to the TPUC Docket No. 12-00049 amount the uncollectible expense associated with (i) the acquired Whitwell system; (ii) the acquired Jasper Highlands system; and (iii) uncollectible expense associated with the Company's Capital Riders in determining the incremental uncollectible expense associated with Covid-19 pandemic? If the Company does not agree with this methodology, provide a comprehensive explanation supporting this conclusion.

Response:

No, the Company does not believe an additional amount should be included for the acquisitions of the City of Whitwell, or Jasper Highlands. There is no uncollectible amount included in base rates for Whitwell and Jasper Highlands until it is set by the Commission. The Company would also point out that it sold two systems Walden Ridge and Lone Oak since TPUC Docket No. 12-00049 which are included in base rates.

For the Company's Capital Riders noted in item (iii), TAWC agrees that, because this Rider is fully reconciled, the component of the authorized collections attributed to uncollectible expense should be included in the baseline used for the deferral calculation. There is also a gross up component for uncollectibles calculated as part of the TN PCOP that should be considered.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

Responsible Witness:

Question:

3-6 Concerning the Company's Response to CA DR No. 2-7, provide a copy of the email (or other communication), including attachments, sent to all supervisors instructing them how to properly track COVID-19 pandemic related items by using tracking number 60008021. Provide any guidance, policy, or other directives provided to supervisors and staff regarding the identification and tracking of COVID-19 pandemic costs.

Response:

Please see TAW_R_CAPDDR3_006_Attachment which contains an email that provides direction for use of the tracking number 60008021. In addition please see TAW_R_CAPDDR3_007 which outlines the month end close process.

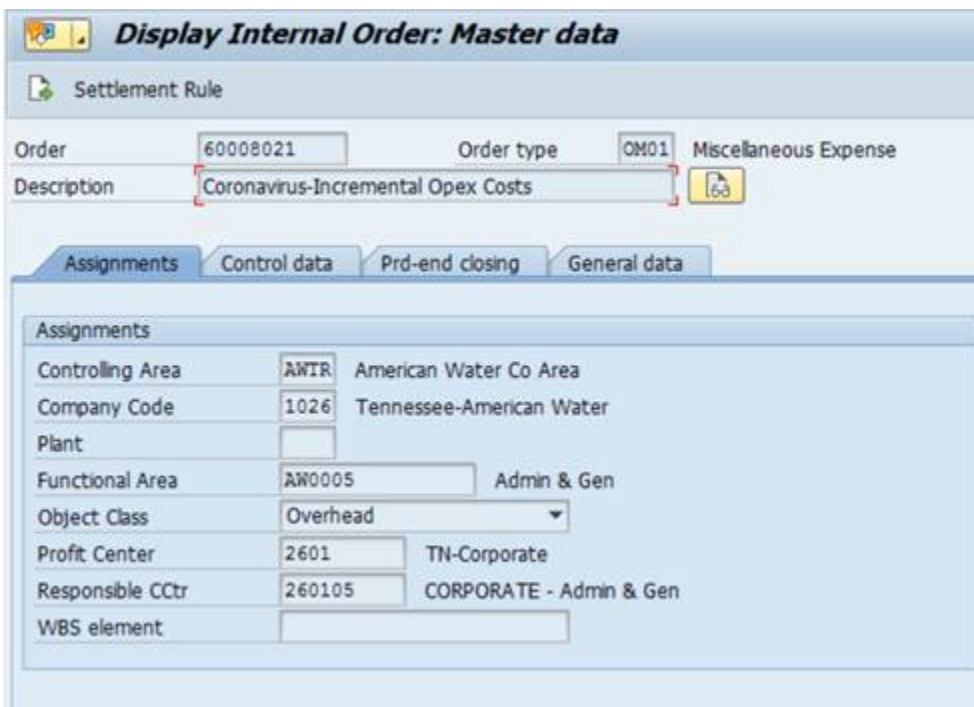
From: Sonal C Modi
Sent: Thursday, March 26, 2020 12:54 PM
To: Grady Stout; Leah T Morrison; Kimberly J Moore; Neil F Bratcher; Kitty A Vaughn; Kathryn A Robinson; Charles Cofer; Drew Watson; Jerry L Mcnair
Cc: Brian T Queen; Darlene L Williams
Subject: Internal Order for Incremental costs due to Coronavirus

All,

In order to track the incremental costs associated with the coronavirus we have created an Internal order. Here is the screenshot of the IO.

Please use this IO for processing any invoices, P-cards or any Purchase Orders created for any supplies/service ordered due to the virus situation. Please feel free to distribute this to your team as needed.

IO: 60008021



The screenshot shows the SAP 'Display Internal Order: Master data' interface. At the top, the 'Settlement Rule' is indicated. Below this, the 'Order' field contains '60008021', the 'Order type' is 'OM01', and the 'Description' is 'Coronavirus-Incremental Opex Costs'. The 'Miscellaneous Expense' checkbox is checked. The 'Assignments' tab is selected, showing a table of organizational data. The table includes fields for Controlling Area (AWTR), Company Code (1026), Plant, Functional Area (AW0005), Object Class (Overhead), Profit Center (2601), Responsible Cctr (260105), and WBS element.

Assignments		
Controlling Area	AWTR	American Water Co Area
Company Code	1026	Tennessee-American Water
Plant		
Functional Area	AW0005	Admin & Gen
Object Class	Overhead	
Profit Center	2601	TN-Corporate
Responsible Cctr	260105	CORPORATE - Admin & Gen
WBS element		

Sonal Modi

Financial Analyst III | American Water
109 Wiehl St., Chattanooga, TN 37403
O: 423-771-4720 | C: (423) 505 7316 | Internal: 7-520-4720

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

Responsible Witness:

Question:

3-7 Concerning the Company's Response to CA DR No. 2-7, provide a detailed listing of the month-end closing tasks employed to ensure proper usage and control of the COVID-19 pandemic related tracking number 60008021.

Response:

On a monthly basis the Divisional Finance Analyst, and Divisional CFO review the list of expense charges to the internal order. These expenses are also discussed on a monthly meeting with the Operational Leads for each functional area. Any charges deemed to be incorrect would be reclassified to the appropriate expense account.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

Responsible Witness:

Question:

3-8 Based on TAW_R_CAPDDR1_012_Attachment, provide the amount of the \$464,985 late fees, recognized during 2020, that was actually collected or received from customers.

Response:

Of the \$464,985 in late fees represented in TAW_R_CAPDDR_012_Attachment, \$160,846 were charged to customers. The remaining \$304,140 is contained in the Company's deferral, the detail of which can be seen in TAW_R_CAPDDR2_004_Attachment.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

Responsible Witness:

Question:

3-9 For parent (service) company, American Water, provide total monthly amounts for years 2017, 2018, and 2019 for accounts 52534000 (Employee Expenses) and 52534200 (Conferences & Registrations). These are the accounts used to estimate the conference and travel expense savings during 2020.

Response:

3-9 Please see TAW_R_CAPDDR3_009_Attachment that provides the 2017, 2018, and 2019 Service Company Expense for Tennessee for accounts 52534000 (Employee Expenses) and 52534200 (Conferences & Registrations).

Tennessee American Water

Docket No. 20-00126

TAW_R_CAPDDR3_009_Attachment

2017 Service Company OPEX

GL Account	GL Account Description	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
52534000	Employee Expenses	4,269	5,563	9,784	9,438	13,106	8,315	9,731	8,764	7,475	5,311	3,472	4,104	89,333
52534200	Conferences & Registration	24	555	2,867	271	481	528	205	606	167	61	367	193	6,325
	Total	4,293	6,118	12,651	9,710	13,587	8,843	9,936	9,370	7,642	5,371	3,840	4,297	95,658

2018 Service Company OPEX

GL Account	GL Account Description	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
52534000	Employee Expenses	4,364	6,436	5,428	12,823	6,329	7,187	8,041	10,716	6,466	7,030	7,422	8,620	90,862
52534200	Conferences & Registration	113	54	74	216	184	38	1,820	229	901	154	77	183	4,043
	Total	4,477	6,490	5,502	13,038	6,513	7,225	9,861	10,945	7,367	7,184	7,500	8,803	94,905

2019 Service Company OPEX

GL Account	GL Account Description	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
52534000	Employee Expenses	7,451	10,504	8,294	8,326	7,616	7,047	4,829	7,205	9,975	7,733	5,194	7,391	91,566
52534200	Conferences & Registration	48	89	92	237	325	333	18	80	541	61	437	219	2,479
	Total	7,499	10,593	8,386	8,563	7,941	7,380	4,847	7,285	10,516	7,795	5,631	7,610	94,045

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 20-00126
THIRD DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE UNIT**

Responsible Witness:

Question:

3-10 Concerning the Company's Responses to CA DR No. 1-15 and CA DR No. 2-23, provide the amounts of capitalized labor associated with meter change-outs for the following time periods:

- a. 2020
- b. 2019
- c. 2018
- d. 2017

Response:

3-10 Please refer to attachment file TAW_R_CAPDDR3_010_040621_Attachment. The amounts are based on TAWC capitalized labor included in project line J – meter replacements that is placed in-service for each year below:

- a. 2020 – Please refer to attachment TAW_R_CAPDDR3_010_040621_Attachment.
- b. 2019 – Please refer to attachment TAW_R_CAPDDR3_010_040621_Attachment.
- c. 2018 – Please refer to attachment TAW_R_CAPDDR3_010_040621_Attachment.
- d. 2017 – Please refer to attachment TAW_R_CAPDDR3_010_040621_Attachment.

**Tennessee American Water Company
Docket No. 20-00126
Response to CA Discovery Request 3-10**

[illegible]

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 Chambers

Sworn to and subscribed before me
this 6TH day of APRIL, 2021.



Notary Public

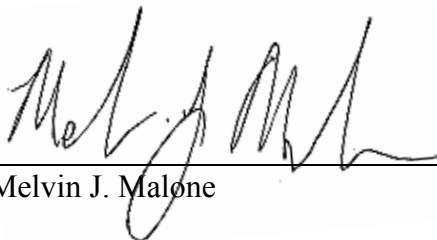
My Commission expires: JULY 31, 2021
Notary ID 584022

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:

Karen H. Stachowski
Assistant Attorney General
Office of the Tennessee Attorney General
Financial Division, Consumer Advocate Unit
P.O. Box 20207
Nashville, TN 37202-0207
karen.stachowski@ag.tn.gov

This the 6th day of April, 2021.



Melvin J. Malone