

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:)	
)	
PETITION OF TENNESSEE-AMERICAN)	
WATER COMPANY REGARDING)	
CHANGES TO THE QUALIFIED)	
INFRASTRUCTURE INVESTMENT)	Docket No. 22-00021
PROGRAM RIDER, THE ECONOMIC)	
DEVELOPMENT INVESTMENT RIDER,)	
AND THE SAFETY AND)	
ENVIRONMENTAL COMPLIANCE RIDER)	
AND IN SUPPORT OF THE CALCULATION)	
OF THE 2022 CAPITAL RECOVERY)	
RIDERS RECONCILIATION)	

**CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
TO TENNESSEE-AMERICAN WATER COMPANY**

To: Tennessee American Water Company
Melvin J. Malone
Butler Snow LLP
The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201
melvin.malone@butlersnow.com

Tricia Sinopole
Director of Rates and Regulation – Tennessee and Kentucky
Kentucky American Water Company
2223 Duke Street
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Tricia.Sinopole@amwater.com

This Second Set of Discovery Requests is hereby served upon Tennessee American Water Company ("TAWC" or the "Company"), pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Advocate Unit in the Financial Division of the Office of the Attorney General ("Consumer Advocate") requests

that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Financial Division, Consumer Advocate Unit, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Karen H. Stachowski on or before Wednesday, May 18, 2022, at 2:00 p.m. CST.

PRELIMINARY MATTERS AND DEFINITIONS

These Additional Discovery Requests incorporate by reference the same Preliminary Matters and Definitions as set forth in the *Consumer Advocate's First Set of Discovery Requests to Tennessee American Water* sent to the Company on April 13, 2022, are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

SECOND SET OF DISCOVERY REQUESTS

2-1. Refer to the Consumer Advocate's Collective Attachment 2-1.¹ These documents reflect the Company's initial claim for Working Capital as contained in the Exhibits sponsored by Ms. Linda Bridwell in TPUC Docket No. 12-00049, and two Exhibits referencing Working Capital as contained in schedules attached to the Stipulation and Agreement in this same docket. In these documents, Materials and Supplies are included within the definition of Working Capital. However, in the Company's Earnings Test Exhibit, Materials and Supplies are reflected as a separate line item, in addition to the Working Capital total from the 2012 rate case. Provide all available evidence in the Company's possession supporting the Company's conclusion that its Materials and Supplies balance is not included in the

¹ *Direct Testimony of Linda C. Bridwell*, Exhibit RB-8-Working Capital-LCB, Schedule RB-8.1 and 8.2, TPUC Docket No. 12-00049 (June 6, 2012) and *Order Approving Settlement Agreement*, Exhibit A, Schedules 3-4, TPUC Docket No. 12-00049 (November 30, 2012).

claimed \$3,409,884 Working Capital balance as contained in the Company's Earnings Test calculation.

RESPONSE:

- 2-2. Confirm that the Company's Operating Income has not been adjusted to remove Production costs associated with unaccounted for water in excess of 15% within its earnings test. If confirmed, provide all rationale for not making an adjustment to exclude such costs in excess of the 15% level within the earnings test calculation. If not confirmed, provide an explanation identifying where such costs have been removed from the Company's calculation.

RESPONSE:

- 2-3. Refer to the Company's Response to Consumer Advocate DR No. 1-17. Respond to the following:
- a. Is the Plant in Service amount of \$1,125,743, reflected in subpart (a) net of Accumulated Depreciation?
 - b. If not, has Accumulated Depreciation associated with corporate plant been included in the company's Accumulated Depreciation balance?
 - c. If the response in subpart (b) is yes, provide the amount of corporate Accumulated Depreciation reflected in the Company's balance of Accumulated Depreciation within the Earnings Test exhibit.
 - d. If the response in subpart (b) is no, what is the rationale for excluding Accumulated Depreciation associated with corporate plant within the Earnings Test calculation?
 - e. In the view of the Company, what is a reasonable estimate of the corporate Accumulated Depreciation balance associated with corporate allocated Plant in Service assigned to the Company and included within the earnings test calculation? Provide the rationale for this estimate.
 - f. Referring to the response to subpart (b), what is the rationale for excluding any portion of corporate ADIT associated with TAWC allocated corporate plant within the Earnings Test calculation?

- g. In the view of the Company, what is a reasonable estimate of the corporate ADIT associated with corporate allocated Plant in Service assigned to the Company and included within the earnings test calculation? Provide the rationale for this estimate.

RESPONSE:


- 2-4. Refer to the Company's Response to Consumer Advocate DR No. 1-7. Provide the 2021 monthly book/tax timing differences for each individual component comprising the Company's ADIT balance as reflected in the Company's Earnings Test Exhibit.

RESPONSE:

- 2-5. Refer to the Company's Response to Consumer Advocate DR No. 1-7. Provide the 2021 monthly book/tax timing differences for each individual component comprising the Company's ADIT balance as reflected in the Company's Earnings Test Exhibit.

RESPONSE:

RESPECTFULLY SUBMITTED,


KAREN H. STACHOWSKI (BPR No. 019607)
Senior Assistant Attorney General
VANCE L. BROEMEL (BPR No. 011421)
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CERTIFICATE OF SERVICE

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

Melvin J. Malone
Butler Snow LLP
The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201
melvin.malone@butlersnow.com

Tricia Sinopole
Director of Rates and Regulation – Tennessee and Kentucky
Kentucky American Water Company
2223 Duke Street
Alexandria, VA 22314
Tricia.Sinopole@amwater.com

This the 5th day of May 2022.


KAREN H. STACHOWSKI
Senior Assistant Attorney General

Working Capital
Page 1 of 2

Tennessee Regulatory Authority
Company: Tennessee-American Water Company
Docket No. 12-XXXXX

Computation of Working Capital

Test Year for the 12 Months Ended December 31, 2011
Exhibit RB-8-Working Capital-LCB
Schedule RB-8.1

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<u>Item</u>	<u>Amount</u>
Prepaid Taxes	\$ 577,896
Materials & Supplies	372,181
Deferred Regulatory Expenses	1,163,167
Unamortized Debt Expense	914,147
Other Deferred Debits	280,883
Lead - Lag Study	507,885
Total	\$ 3,816,179
Less:	
Incidental Collections	\$ 116,182
Total	\$ 116,182
Working Capital Requirement	\$ 3,699,987

Working Capital
Test Yr Working Capital Summary

Working Capital
Page 2 of 2Tennessee Regulatory Authority
Company: Tennessee-American Water Company
Docket No. 12-0000X

Computation of Working Capital

Attrition Year: Twelve months ended November 30, 2013
Exhibit RB-8-Working Capital-LCB
Schedule RB-8.2

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47ItemAmount

Prepaid Taxes	\$ 577,896
Materials & Supplies	301,364
Deferred Regulatory Expenses	1,138,715
Unamortized Debt Expense	685,503
Other Deferred Debits	31,124
Lead - Lag Study	399,982
Total	\$ 3,304,384
Less:	
Incidental Collections	\$ 116,182
Total	\$ 116,182
Working Capital Requirement	\$ 3,188,182

Working Capital
Attrition Working Capital Summary

12-00049
Exhibit
Schedule 3

TENNESSEE-AMERICAN WATER COMPANY
Comparative Rate Base
For the 12 Months Ending November 30, 2013

<u>Line No.</u>		<u>SETTLEMENT A/</u>	<u>Company B/</u>	<u>Difference</u>
	Additions:			
1	Utility Plant In Service	\$ 250,455,533	\$ 250,455,533	\$ 0
2	Construction Work in Progress	3,581,671	3,581,671	0
3	Utility Plant Capital Lease	1,590,500	1,590,500	0
4	Working Capital	<u>3,408,884</u>	<u>3,188,192</u>	<u>221,692</u>
5	Total Additions	\$ <u>259,037,588</u>	\$ <u>259,815,896</u>	\$ <u>221,692</u>
	Deductions:			
6	Accumulated Depreciation	\$ 81,011,226	\$ 81,011,226	\$ 0
7	Accumulated Amortization of Capital Lease	1,576,226	1,576,226	0
8	Accumulated Deferred FIT	26,733,940	23,407,464	3,326,476
9	Customer Advances for Construction	5,173,724	4,473,724	700,000
10	Contributions in Aid of Construction	12,466,115	12,466,115	0
11	Unamortized Investment Tax Credit	20,965	20,965	0
12	Utility Plant Acquisition Adjustment	<u>39,920</u>	<u>39,920</u>	<u>0</u>
13	Total Deductions	\$ <u>127,022,116</u>	\$ <u>122,995,640</u>	\$ <u>4,026,476</u>
14	Rate Base	\$ <u>132,015,472</u>	\$ <u>136,820,256</u>	\$ <u>-3,804,784</u>

A/ CAPD Exhibit, Schedule 2.

B/ Company Exhibit RB-1-Summary-LCB.

12-00049
Exhibit
Schedule 4

TENNESSEE-AMERICAN WATER COMPANY
Comparative Working Capital
For the 12 Months Ending November 30, 2013

Line No.		SETTLEMENT A/	Company B/	Difference
1	Prepaid Expenses & Taxes	\$ 568,884	\$ 577,696	\$ -8,812
2	Materials & Supplies	379,905	301,364	78,541
3	Deferred Regulatory Expenses	1,138,715	1,138,715	0
4	Unamortized Debt Expense	885,499	885,503	-4
5	Other Deferred Debits	31,128	31,124	4
6	Incidental Collections	-224,767	-116,182	-108,575
7	Lead/Lag Study	235,267 C/	369,982	-134,715
8	Working Capital Requirement	\$ 3,014,631	\$ 3,188,192	\$ -173,561

A/ CAPD Rate Base Workpaper RB-13-1.00.
B/ Company Exhibit RB-8-Working Capital-LCB.
D/ CAPD Exhibit, Schedule 5.