

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

<b>IN RE:</b>	)	
	)	
<b>PETITION OF TENNESSEE WATER SERVICE INC., ALONG WITH CORIX INFRASTRUCTURE (US) INC., FOR APPROVAL OF AUTHORITY TO TRANSFER CONTROL</b>	) ) ) ) ) )	<b>DOCKET NO. 22-00114</b>

---

**CONSUMER ADVOCATE'S FIRST SET OF DISCOVERY REQUESTS  
TO TENNESSEE WATER SERVICES, INC., ALONG WITH CORIX  
INFRASTRUCTURE (US), INC.**

---

This First Set of Discovery Requests is hereby served upon Tennessee Water Service, Inc., ("TWS"), along with Corix Infrastructure (US), Inc. ("Corix"), collectively referred to as "Companies," pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Regs. 1220-01-02-.11. The Consumer Advocate 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, Consumer Advocate Division, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Victoria B. Glover on or before Monday, February 13, 2023, at 2:00 p.m. CST.

**PRELIMINARY MATTERS AND DEFINITIONS**

1.     **Continuing Request.** These discovery requests are to be considered continuing in nature and are to be supplemented from time to time as information is received by the Companies and any of their affiliates which would make a prior response inaccurate, incomplete, or incorrect.

2. **Clear References.** To the extent that the data or information requested is incorporated or contained in a document, identify the document including page/line number if applicable.

3. **Format of Responses.** Provide all responses in the format in which they were created or maintained, for example, Microsoft Word or Microsoft Excel format with all cells and formulas intact and in working order. If a document (including without limitation a financial or other spreadsheet or work paper) is not created or maintained in Microsoft Excel format, convert the document to Microsoft Excel format or provide the document in a format that enables or permits functionality like or similar to Microsoft Excel (including without limitation the functionality of working cells and formulas), or provide the software program(s) that will enable the Consumer Advocate to audit and analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.

4. **Objections.** If any objections to this discovery are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege or immunity asserted. If you claim a document is privileged, identify the document, and state the basis for the privilege or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

5. **Singular/Plural.** The singular shall include the plural, and vice-versa, where appropriate.

6. **Definitions.** As used in this Request:

(a) "You," "Your," "Companies," "TWS," or "Corix" shall mean Tennessee Water Services, Inc., and Corix Infrastructure (US) Inc., and all employees, agents, attorneys, representatives, or any other person acting or purporting to act on their behalf.

(b) "Affiliate" shall mean any entity who, directly or indirectly, is in control of, is controlled by, or is under common control with the Companies. For greater clarification, "control" is the ownership of 20% or more of the shares of stock entitled to vote for the election of directors in the case of a corporation, or 20% or more of the equity interest in the case of any other type of entity, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, or status as an owner of a sole proprietorship, or any other arrangement whereby a person has the power to choose, direct, or manage the board of directors or equivalent governing body, officers, managers, employees, proxies, or agents of another person. In addition, the term "Affiliate" shall mean any entity that directly or indirectly provides management or operational services to the Companies or any affiliate (as defined in the preceding sentence) of the Companies, or to which the Companies provides management or operational services. Further, the payment of money to the Companies or receipt by the Companies of money from an entity with which the Companies has any relationship, other than such payment or receipt, shall include the payor or recipient of such money as an "Affiliate".

(c) "Communication" shall mean any transmission of information by oral, graphic, written, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, meetings, and personal conversations, or otherwise.

(d) "Document" shall have the broadest possible meaning under applicable law. "Document" shall mean any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), work paper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If any such document was, but no longer is, in your possession, custody or control, state what disposition was made of the document and when it was made?

(e) "Person" shall mean any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

(f) "Identify" with respect to:

- i. Any natural person, means to state the full name, telephone number, email address and the current or last known business address of the person (if no business address or email address is available provide any address known to you) and that person's relationship, whether business, commercial, professional, or personal with you;
  - ii. Any legal person, business entity or association, means to state the full name, the name of your contact person with the entity, all trade name(s), doing business as name(s), telephone number(s), email address(es), and current or last known business address of such person or entity (if no business address is available provide any address known to you);
  - iii. Any document, means to state the type of document (e.g., letter), the title, identify the author, the subject matter, the date the document bears and the date it was written; and
  - iv. Any oral communication, means to state the date when and the place where it was made, identify the person who made it, identify the person or persons who were present or who heard it, and the substance of it.
- (g) "And" and "or" shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.
- (h) "Including" shall be construed to mean including but not limited to.

### **FIRST SET OF DISCOVERY REQUESTS**

**1-1. Explanation.** Refer to the Company's 2021 Financial Statement report submitted to the Tennessee Public Utility Commission ("TPUC" or the "Commission").<sup>1</sup> Specifically refer to the Comparative Balance Sheet. Explain the underlying nature of the transactions giving rise to the \$1,615,314 credit recorded as "Other Assets A/R Associated Companies" reflected as a 1/1/22 balance.

### **RESPONSE:**

---

<sup>1</sup> TPUC Response to the Consumer Advocate's Records Request, TPUC Docket No. 22-00114 (Jan. 11, 2023).

- 1-2. Explanation. Refer to the Company's 2021 Financial Statement report and the Comparative Balance Sheet.<sup>2</sup> Explain the underlying nature of the transactions giving rise to the elimination of the \$1,615,314 1/1/22 credit recorded as "Other Assets A/R Associated Companies" during 2022 such that the balance is zero as of 12/31/22. Include in this response a discussion of where the offsetting credits to the debit entries were recorded in 2022.

**RESPONSE:**

- 1-3. Explanation. Refer to the Company's 2021 Financial Statement report and the Comparative Balance Sheet.<sup>3</sup> Provide a comprehensive explanation of the underlying transactions recorded to Account 233, "Other Liabilities AP with Associated Companies" in 2022. This liability account balance increased by approximately \$1.55 million. Include in the response a discussion of where the offsetting debits were recorded. If the increase in the liability balance is in part a reclassification of the large debit recorded within the "Other Assets A/R Associated Companies," justify such an entry.

**RESPONSE:**

- 1-4. Identification. Refer to Mr. Lubertoizzi's Testimony, footnote 1.<sup>4</sup> With respect to Corix Infrastructure's (CII) related electric, natural gas, propane distribution, geothermal energy, and municipal service operations, identify the names and locations served related to CII's electric, natural gas, and propane distribution operations. With respect to the electric and natural gas operations, identify the number of customers served at retail, if any.

---

<sup>2</sup>

*Id.*

<sup>3</sup>

*Id.*

<sup>4</sup>

Direct Testimony of Steven M. Lubertoizzi at 2, n.1, TPUC Docket No. 22-00114 (Nov. 9, 2022).

**RESPONSE:**

1-5. Identification. Refer to Mr. Lubertoizzi's Testimony, footnote 1.<sup>5</sup> With respect to Corix Infrastructure's (CII) related electric, natural gas, propane distribution, geothermal energy, and municipal service operations, does any affiliate of TWS provide common management or administrative services for both TWS and any electric, natural gas or propane distribution division or operation? If so, identify the common business functions provided for TWS and its non-water affiliates.

**RESPONSE:**

1-6. Source & Support. Refer to the Company's *Petition*, p. 12, ¶ 22.<sup>6</sup> Provide the necessary financial information to demonstrate that the proposed transaction will result in increased financial strength compared with the status quo. This response should include the current Corix balance sheet contrasted with the expected post-merger balance sheet of the entity providing the underlying financing for TWS. In this response, the Consumer Advocate seeks to obtain financial information supporting the contention in the application that the new entity will have increased financial strength and stability contrasted with that of Corix in its current state.

**RESPONSE:**

1-7. Identification. Refer to Mr. Lubertoizzi Testimony, p. 12, lines 207 – 209.<sup>7</sup> Identify all regulatory agencies having jurisdiction over the proposed transaction.

---

<sup>5</sup> *Id.*

<sup>6</sup> *Petition of Tennessee Water Service, Inc. and Corix Infrastructure (US) Inc., for Approval of Authority to Transfer Control Pursuant to Tenn. Code Ann. § 65-4-113*, at 12; ¶ 22, TPUC Docket No. 22-00114 (Nov. 9, 2022).

<sup>7</sup> Direct Testimony of Steven M. Lubertoizzi at 12:207-209, TPUC Docket No. 22-00114 (Nov. 9, 2022).

**RESPONSE:**

- 1-8. Clarification and Identification. Refer to Mr. Lubertiozzi's Testimony, pp. 17-18, lines 307-341.<sup>8</sup> Do the Companies object to the adoption of mechanisms designed to measure compliance with these commitments in a future proceeding? If not, identify the means, by which, compliance with each of these commitments may be confirmed in a future regulatory proceeding.

**RESPONSE:**

- 1-9. Explanation. Refer to the *Petition*, p. 17, ¶¶ 24-25, which discusses the integration efforts.<sup>9</sup> Will the time frame in which integration costs are incurred differ from when integration costs and benefits will be achieved? If not, how will the new entity ensure the timing of such costs and benefits will be synchronized?

**RESPONSE:**

- 1-10. Explanation. Refer to the *Petition*, p. 17, ¶¶ 24-25.<sup>10</sup> If the answer to DR#1-9 above is confirmed, will the new entity, for ratemaking purposes, match any such costs and benefits? If so, how does the new entity propose to achieve such matching for ratemaking purposes considering the statement in paragraph 25 that such costs and benefits will be netted in future rate proceedings?

**RESPONSE:**

---

<sup>8</sup> *Id.* at 17-18:207-341.  
<sup>9</sup> *Petition* at 17, ¶¶ 24-25.  
<sup>10</sup> *Id.*

1-11. Explanation. Refer to the *Petition*, p. 17, ¶¶ 24-25.<sup>11</sup> Given the statement that integration costs and benefits will be netted for ratemaking purposes, is it implied that the new entity will not seek an increase in rates until such time as net integration benefits are achieved?

**RESPONSE:**

1-12. Reference & Support. Refer to the *Petition* p. 17, ¶ 26.<sup>12</sup> Provide a copy of the referenced affiliate interest agreement.

**RESPONSE:**

1-13. Explanation. Refer to the *Petition* p. 17, ¶ 26.<sup>13</sup> Explain whether the allocated corporate shared service costs assigned to TWS will be limited to those of legacy Corix management costs or will it be the sum of legacy Corix costs plus those of Southwest Water Company (“SWWC”), spread across the new entity’s customer base, until such time as the integration tasks are complete.

**RESPONSE:**

1-14. Explanation & Support. Refer to the *Petition* pp. 18-19, ¶ 27.<sup>14</sup> Provide an estimate of transaction costs by type of expenditure and explain how such costs will be accounted for to ensure they are not included in future ratemaking requests.

**RESPONSE:**

1-15. Source & Support. Refer to the *Petition*, Exhibit A, Transaction Agreement, pp. 19-20, § 4.5. Provide a copy of the Corix Regulated Utilities (US) audited financial statements,

---

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 17, ¶ 26.

<sup>13</sup> *Id.*

<sup>14</sup> *Petition*, Exhibit A, Transaction Agreement at 19-20, § 4.5.



including consolidated statements of operations, changes in stockholder's equity and cash flows, with related notes covering the fiscal year ended December 31, 2021.

**RESPONSE:**

- 1-16. Reference & Support. Refer to the *Petition*, Exhibit A, Transaction Agreement, pp. 20-21, § 4.6.<sup>15</sup> Provide a copy of the referenced Corix Disclosure Letter.

**RESPONSE:**

- 1-17. Reference & Support. Refer to the *Petition*, Exhibit A, Transaction Agreement, pp. 41-59, Article VI.<sup>16</sup> Provide a copy of the referenced SWWC Disclosure Letter.

**RESPONSE:**

- 1-18. Reference & Support. Refer to the *Petition*, Exhibit A, Transaction Agreement, pp. 43-44, § 6.5.<sup>17</sup> Provide a copy of the SWWC audited financial statements, including consolidated statements of operations, changes in stockholder's equity and cash flows with related notes covering the fiscal year ended December 31, 2021.

**RESPONSE:**

- 1-19. Explanation and Identification. Will employment-related payment or benefit costs be triggered as a result of this transaction, including retention bonuses, severance pay and other related costs? If not, identify the type and amount of such costs incurred and how the new entity intends to account for such costs.

**RESPONSE:**

---

<sup>15</sup> *Id.* at 20-21, § 4.6.

<sup>16</sup> *Id.* at 41-59, Article VI.

<sup>17</sup> *Id.* at 43-44, § 6.5.

1-20. Identification. Refer to the *Petition*, Exhibit A, Transaction Agreement.<sup>18</sup> Regarding the Excluded Assets referenced in the Transaction Agreement, identify the nature and scope of operations of each excluded asset such that a determination may be made regarding whether the asset is material to Corix's current operations.

**RESPONSE:**

RESPECTFULLY SUBMITTED,



**VICTORIA B. GLOVER** (BPR No. 037954)  
Assistant Attorney General  
**KAREN H. STACHOWSKI** (BPR No. 019607)  
Senior Assistant Attorney General  
Office of the Tennessee Attorney General  
Consumer Advocate Division  
P.O. Box 20207  
Nashville, Tennessee 37202-0207  
Phone: (615) 360-4219  
Fax: (615) 741-8151  
Email: [Victoria.Glover@ag.tn.gov](mailto:Victoria.Glover@ag.tn.gov)  
Email: [Karen.Stachowski@ag.tn.gov](mailto:Karen.Stachowski@ag.tn.gov)

**TPUC Docket No. 22-00114**

*Consumer Advocate's 1<sup>st</sup> Set of Discovery Request to Companies*

## **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 provided by electronic mail, upon:

Ryan Freeman  
Baker, Donelson, Bearman, Caldwell &  
Berkowitz, PC  
1900 Republic Centre  
633 Chestnut Street  
Chattanooga, TN 37450  
Phone: (423) 209-4181  
Email: [rffreeman@bakerdonelson.com](mailto:rffreeman@bakerdonelson.com)

Cameron Kapperman  
Baker, Donelson, Bearman, Caldwell &  
Berkowitz, PC  
1900 Republic Centre  
633 Chestnut Street  
Chattanooga, TN 37450  
Phone: (423) 752-4412  
Email: [ckapperman@bakerdonelson.com](mailto:ckapperman@bakerdonelson.com)

This the 30<sup>th</sup> day of January, 2023.



---

**VICTORIA B. GLOVER**  
Assistant Attorney General