

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

IN RE:)	
)	
TENNESSEE WATER SERVICE, INC.)	
PETITION TO ADOPT ANNUAL)	DOCKET NO. 23-00046
REVIEW MECHANISM AND TARIFF)	
PURSUANT TO TENN. CODE ANN. § 65-)	
5-103(d)(6))	
)	

**CONSUMER ADVOCATE’S FIRST SET OF DISCOVERY
REQUESTS TO TENNESSEE WATER SERVICE, INC**

This First Set of Discovery Requests is hereby served upon Tennessee Water Service, Inc. (“TWS” or the “Company”), pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 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 Mason C. Rush on or before Wednesday, July 14, 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 Company and any of its 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,” “Company,” or “TWS” shall mean Tennessee Water Service, Inc. and all employees, agents, attorneys, representatives, or any other person acting or purporting to act on its 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 Company. 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 Company or any affiliate (as defined in the preceding sentence) of the Company, or to which the Company provides management or operational services. Further, the payment of money to the Company or receipt by the Company of money from an entity with which the Company 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. Admit or deny that the Company filed its petition¹ for its most recent base rate case (TPUC Docket No. 19-00028) a little over a year after the Commission's decision² in the Company's emergency rate case (TPUC Docket No. 17-00108). If denied, provide an explanation of the denial.

RESPONSE:

¹ *Application of Tennessee Water Service Inc. for Adjustment of Rates and Charges, Approval of a Qualified Infrastructure Investment to Certain Terms and Conditions for the Provision of Water Service*, TPUC Docket No. 19-00028 (February 28, 2019).

² *Final Order*, TPUC Docket No. 17-00108 (February 21, 2018).

1-2. Admit or deny that at the time of the Company's most recent base rate case (TPUC Docket No. 19-00028), Chalet Village, which is served by the Company, was still rebuilding from the destruction of the Great Smoky Mountains Wildfire that occurred in November 2016. If denied, provide an explanation of the denial.

RESPONSE:

1-3. Admit or deny that in the Company's petition in TPUC Docket No. 17-00108, the Company stated it had 580 customers prior to the 2016 Great Smoky Mountains Wildfire and only 57 connections after the Wildfire.³ If denied, provide an explanation of the denial.

RESPONSE:

1-4. Admit or deny that in the Company's petition⁴ in TPUC Docket No. 19-00028, the Company stated that it currently had 218 customers. If denied, provide an explanation of the denial.

RESPONSE:

1-5. Admit or deny that the Company's most recent base rate case (TPUC Docket No. 19-00028) was determined in an environment that was highly unusual, as describe in

³ *Petition of Tennessee Water Service, Inc. for Approval of an Interim Emergency Wildfire Restoration Surcharge, Interim Emergency Water Service Availability Surcharge, Interim Emergency Make-Whole Surcharge, and Interim Emergency Operation Cost Pass Through Mechanism*, p. 2, ¶ 3, TPUC Docket No. 17-00108 (September 25, 2017).

⁴ *Application of Tennessee Water Service Inc. for Adjustment of Rates and Charges, Approval of a Qualified Infrastructure Investment to Certain Terms and Conditions for the Provision of Water Service*, p. 1, ¶ 1, TPUC Docket No. 19-00028 (February 28, 2019).

Consumer Advocate DR Nos. 1-1 – 1-4 above. If denied, provide an explanation of the denial.

RESPONSE:

1-6. Admit or deny that the highly unusual environment of the last base rate case (TPUC Docket No. 19-00028) resulted in the Commission decision that may have been resolved differently in a more normal operating environment.

RESPONSE:

1-7. Identify any Commission decisions in which the revenue requirement was determined in a manner similar to the methodology adopted in TPUC Docket No. 19-00028.

RESPONSE:

1-8. How does the Company intend to account for both the internal and external costs associated with making the annual ARM filing?

RESPONSE:

1-9. Provide a monthly income statement of TWS for the period January 2023 through the most recent data available. This information should include data by account number and name of account.

RESPONSE:

1-10. Provide a Trial Balance for TWS as of May 31, 2023.

RESPONSE:

1-11. Refer to the Company’s Petition, Appendix A, Direct Testimony of Tiffany Van Horn at 4:16. The statement is made that “Our dedicated field team is onsite [...]”. Explain what specifically is meant by this phrase. Does TWS have either an employee or contractor physically on site during normal business hours? Additionally, provide the job titles of the dedicated field team and identify the number of field visits made in 2022.

RESPONSE:

1-12. Identify all contracts entered into with third-party contractors related to either the (a) physical operation or maintenance of the TWS system, or (b) billing and/or customer service related to the TWS system. Provide a copy of such contracts.

RESPONSE:

1-13. Refer to File <TWS ARM - NRW Rate.xlsx> (included in the Company’s filing as “Schedule B-3” of “Exhibit 2”) and respond to the following:

- a. Regarding Note 1; will the result of this calculation permit TWS to impute an expense greater than its actual expense in this scenario since its NRW loss is less than the proposed 20% threshold? If not, describe in greater detail how the ratios in lines 9, 10 and 11 will be used in the Attrition Period.
- b. Confirm that ERC’s refer to Equivalent Residential Customers. If so, how are the customer counts determined? If not, define the acronym ERC.

RESPONSE:

1-14. Refer to “Exhibit 1” included in the Company’s filing and respond to the following questions:

- a. The statement is made that if the Company earned less than its authorized return, the Company shall defer expenses (see “Annual Review Mechanism ‘ARM’ Process” on page 1). Confirm that instead, the Company intends to

defer the revenue deficiency as a regulatory asset to preserve for future recovery. If this is not the intent of the regulatory asset, clarify.

- b. Refer to “Methodologies” Section C, “Water Revenues” on page 2. For purposes of setting the Attrition Period revenues, how does the Company plan to project the average monthly customer counts in the Attrition Period?
- c. Refer to “Methodologies” Section F, “Expenses” on page 2. Describe the benefits and rationale for the use of a three-year average methodology, increased for inflation to determine attrition period balances versus simply using a historic base period costs, annualized for any known and measurable changes occurring within the historic base period.
- d. Refer to “Methodologies” Section K, “Taxes Other than Income” on page 4. Describe the benefits and rationale for the use of a three-year average methodology, increased for inflation to determine attrition period balances versus simply using a historic base period costs, annualized for any known and measurable changes occurring within the historic base period.
- e. Identify the source of the “CPI Index – Water and Sewerage Maintenance”. Provide these annual values for 2020 through 2022.

RESPONSE:

- 1-15.** Provide a listing of the estimated \$35,000 in ARM filing expenditures and indicate whether such estimates assume a litigated proceeding.

RESPONSE:

- 1-16.** Confirm that the Company is proposing to use the statutory excise tax rate in effect in Tennessee rather than a composite weighted average rate across the parent company’s service territory.

RESPONSE:

- 1-17.** Identify the affiliates of TWS, the states in which Corix subsidiaries operate, and the approximate number of customers served by each.

RESPONSE:

1-18. Provide a copy of the Corix Cost Allocation Manual, or “CAM”.

RESPONSE:

1-19. Identify the total O&M costs allocated by month to TWS for the period January 2021 through May 2023.

RESPONSE:

1-20. Is the Company seeking authorization in this docket to lock in the balance of Deferred losses for the period October 2018 through December 2019 in the amount of \$122,568?

Provide support for the claimed operating losses during this period.

RESPONSE:

1-21. Provide a copy of “Exhibit 2” schedules in excel format with cell references intact.

RESPONSE:

1-22. What is the basis for the amortization rate applied to the regulatory liability?

RESPONSE:

1-23. Refer to “Exhibit 2” included in the Company’s filing. Specifically, refer to “Schedule A”.

Provide support for the Historic Period Adjustments to the following:

- a. Contributions in Aid of Construction, including the authorization for the Amortization Rate used;
- b. Accumulated Deferred Income Taxes;
- c. Non-Current Asset; and
- d. Excess Deferred Taxes.

RESPONSE:

1-24. Refer to “Exhibit 2” included in the Company’s filing. Specifically, refer to “Schedule B”.

Provide the analytical support for all Attrition Period Adjustments.

RESPONSE:

RESPECTFULLY SUBMITTED,



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TPUC Docket No. 23-00046

CA’s 1st DR to TWS

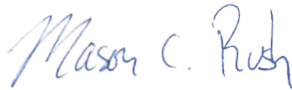
CERTIFICATE OF SERVICE

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:

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This the 7th day of July, 2023.



MASON C. RUSH
Assistant Attorney General