

**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 SECOND SET OF DISCOVERY REQUESTS
TO TENNESSEE WATER SERVICES, INC**

This Second Set of Discovery Requests is hereby served upon Tennessee Water Service, Inc., ("TWS"), 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 Mason C. Rush on or before Friday, August 4, 2023, at 2:00 p.m. CST.

PRELIMINARY MATTERS AND DEFINITIONS

This Second Set of Discovery Requests incorporates by reference the same Preliminary Matters and Definitions as set forth in the Consumer Advocate's First Set of Discovery Request to TWS filed July 7, 2023, 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 Company's Response to Consumer Advocate DR No. 1-15. Provide a reconciliation of the estimated \$35,000 in ARM filing expenditures for this proceeding. This response should identify the source of each cost component comprising the estimate. If any such costs include outside attorney costs, include the estimated hours and billing rate comprising that portion of the estimate.

RESPONSE:

- 2-2.** Identify the ARM filing expenditures incurred through July 31, 2023, by individual. This response should identify whether the individual is an employee or external contractor.

RESPONSE:

- 2-3.** Assume future ARM filings result in annual regulatory related costs of \$35,000. Provide a comprehensive explanation discussing how an ARM mechanism with this level of annual costs distributed across a minimal customer base is in the public interest.

RESPONSE:

- 2-4.** State whether the Company is willing to place a cap on its regulatory costs associated with an ARM filing for purposes of determining the annual revenue requirement.

RESPONSE:

- 2-5.** Refer to the Company's Response to Consumer Advocate DR No. 1-19. Specifically refer to File <CA 1-19 - Allocated O&M Costs.xlsx> provided by the Company. Confirm that the dates listed horizontally across the top of the spreadsheet begin with January 2021 and end with May 2023.

RESPONSE:

- 2-6. Refer to the Company's Responses to Consumer Advocate DR No. 1-19 and TPUC Staff Data Request No. 1-4. Specifically refer to File <CA 1-19 - Allocated O&M Costs.xlsx> provided by the Company. Where within the File <CA 1-19 - Allocated O&M Costs> can the direct charges to NARUC Account 601 identified in the Company's Response TPUC Staff Data Request 1-4 be found (\$24,163 for 2021 and \$1,777 for 2022)? The total charges to Account 601 reflected in File <CA 1-19 - Allocated O&M Costs.xlsx> is \$4,484 for 2021 and \$3,466 for 2022.

RESPONSE:

- 2-7. Refer to the Company's Responses to Consumer Advocate DR No. 1-19 and TPUC Staff Data Request No. 1-4. The Response to TPUC Staff Data Request No. 1-4 refers to the current practice of posting all corporate and shared service costs to Corporate Allocations and Regional Allocation accounts. Provide the following:
- a. A comprehensive explanation for what is meant by the statement that all corporate and shared service costs are posted to Corporate Allocations and Regional Allocation accounts. Are all such costs recorded exclusively to Account 675?
 - b. A thorough description of the services provided by corporate shared/services versus those services provided at the regional or state level.

RESPONSE:

- 2-8. Refer to the Company's Response to Consumer Advocate DR No. 1-8 indicating that internal costs associated with this Docket would be accounted for in the same manner as they would be posted in the normal course. Define how internal costs associated with this

filing, and hypothetically future ARM filings, would be quantified. State whether the Company utilizes timesheet reporting to track such costs.

RESPONSE:

- 2-9.** A review of the responses to Consumer Advocate DR Nos. 1-9 and 1-19 indicates there are significant fluctuations in the month-to-month recordings to Accounts 601 “Salaries & Wages” and 675 “Miscellaneous Expenses”. Provide a thorough explanation for the significant variations in expenses recorded to these accounts on a monthly basis.

RESPONSE:

- 2-10.** The Company’s proposed tariff included as “Appendix C” to the filing contains the following description for determining Water Revenues:

For the Attrition Period Rate Reset, the Company shall set its billing determinants based on projecting the average monthly customer counts in the Attrition Period and using the average per customer monthly consumption in the prior three calendar years.

Explain how the Company intends to project average monthly customer counts in the Attrition Period.

RESPONSE:

- 2-11.** Provide a comprehensive discussion of the status of the integration process between the Company and Corix Infrastructure, Inc. This response should include the expected timeline when the two units will be fully integrated and reach a normalized headcount level going forward.

RESPONSE:

2-12. Refer to the Company's Response to Consumer Advocate DR No. 1-17. Provide an organization chart with the job titles of regulatory employees supporting the entities listed in this response.

RESPONSE:

2-13. Refer to the "Linked TB" Tab within the File <ARM Filing Template TWS 2022.xlsx> and provide the supporting calculations for the following "Income Statement Adjustments" found in Column "K":

- a. Purchased Services - Water (Row 1028);
- b. Other Contract Worker expense (Row 1059);
- c. Utility - Electric Power (Row 1094); and
- d. Contractor Outside Services (Row 1165).

RESPONSE:

RESPECTFULLY SUBMITTED,

MASON RUSH w/ Permission
MASON C. RUSH (BPR No. 039471)

Assistant Attorney General

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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 provided by electronic mail, upon:

Ryan A. Freeman, Esq.
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Dante DeStefano
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This the 28th day of July, 2023.

Mason Rush w/ permission
MASON C. RUSH
Assistant Attorney General