

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

IN RE:)	
)	
TENNESSEE WATER SERVICE, INC.)	
PETITION FOR APPROVAL OF ITS)	DOCKET NO. 24-00028
2024 ANNUAL RATE REVIEW FILING)	
PURSUANT TO TENN. CODE ANN. § 65-)	
5-103(d)(6) AND REQUEST FOR RATE)	
STRUCTURE MODIFICATION)	

**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 Shilina B. Brown on or before June 3, 2024, 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.** Provide a copy of all workpapers supporting the calculation underlying the October 1, 2018 – December 31, 2019, Operating Loss deferral of \$122,568.

RESPONSE:

- 1-2.** Provide a list of accrued expenses recorded on the books of TWS as of December 31, 2019, along with a brief description of the nature of the accrual. This response should include any accrued allocated costs.

RESPONSE:

- 1-3.** Provide the following regarding the Company's meter reading process:

- a. Provide a general discussion regarding the types of meters deployed in the TWS service area;
- b. Indicate whether the meter reading process is done manually, through a drive-by process or another method; and
- c. Identify the dates usage was measured for the consumption months of January – December 2023.

RESPONSE:

- 1-4.** Please see the table below containing information sourced from the Company’s annual reports submitted to the Tennessee Public Utility Commission (“TPUC” or the “Commission”). Provide a comprehensive discussion explaining how the Company achieved a decrease in water loss from 41% in 2020 to 19.59% in 2021 and 1.91% in 2022.

TWS Calculation of Non-Revenue Water				
Year	Total Water Pumped and Purchased	Water Sold	Non-Revenue Water	Non-Revenue Water Percentage
2020	19,082	13,532	5,550	41.01%
2021	22,154	18,525	3,629	19.59%
2022	21,936	21,524	412	1.91%
2023	25,015	22,738	2,277	10.01%

RESPONSE:

- 1-5.** Refer to the Company’s annual reports submitted for the periods 2020 – 2022, specifically to pdf page 13 of each and respond to the following:
- a. In the 2020 annual report, the Company reports 276 customers at year-end while reporting 261 customers at the beginning of the year 2021. Reconcile this information;
 - b. In the 2021 annual report, the Company reports 329 customers at year-end while reporting 340 customers at the beginning of the year 2022. Reconcile this information; and

- c. Provide a comprehensive explanation of how the Company identifies the number of customers it serves.

RESPONSE:

- 1-6.** Provide documentation of the quantity and cost of Water Purchased for Resale in September 2021, April 2022, and May 2023.

REPSONSE:

- 1-7.** Provide source documentation for the quantity and cost of Water Pumped from Wells in August 2021, August 2022, and February 2023. Further, describe how such volumes are determined.

RESPONSE:

- 1-8.** Provide source documentation for Water volumes sold to Consumers in June 2021, July 2022, and February 2023.

RESPONSE:

- 1-9.** Provide the book tax timing differences supporting the Company's Accumulated Deferred Income tax liability for the years 2019 – 2023. Identify any ADIT associated with CIAC contributions.

RESPONSE:

- 1-10.** Provide the underlying documentation for the test period recording of Franchise Taxes.

RESPONSE:

1-11. Refer to <Exhibit 1 – All Schedules>, Schedule B, “Income Statement” tab. Provide support for each Attrition Period Adjustment.

RESPONSE:

1-12. Refer to the Equivalent Residential Customer (“ERC”) Counts 2020 – 2022 file and provide the following information:

- a. Identify the source of the ‘Amounts’ contained in Excel column N;
- b. Provide a comprehensive explanation detailing how the ERC equivalents are determined; and
- c. Provide analytical support for the 2020 - 2023 ERCs.

RESPONSE:

1-13. Refer to Attrition Period Revenues of \$607,910 as reflected on Schedule B. This cell refers back to the Link TB tab, which references Schedule B-1. However, this value is not present on Schedule B—1. Reconcile the attrition period revenues with those found on Schedule B-1.

RESPONSE:

1-14. Confirm that the rates reflected on Schedule B-1 are those proposed in this proceeding.

RESPONSE:

1-15. CONFIDENTIAL DR:

RESPONSE:

1-16. CONFIDENTIAL DR:

RESPONSE:

1-17. CONFIDENTIAL DR:

RESPONSE:

1-18. Provide a schedule of book/tax timing differences that support the 2023 year-end balance of Accumulated Deferred Income Taxes.

RESPONSE:

1-19. Regarding the TWS General Liability Insurance costs recorded on its books in 2023, respond to the following:

- a. Provide an overview of the coverages in effect applicable to TWS as of December 31, 2023. This response should include, but not be limited to, a discussion of coverage limits and deductibles; and
- b. Identify the coverage date for the General Liability insurance coverage in effect during the historic test period. When will the insurance coverage be renewed?

RESPONSE:

1-20. Regarding the TWS Property Insurance costs recorded on its books in 2023, respond to the following:

- a. Provide an overview of the coverages in effect applicable to TWS as of December 31, 2023. This response should include, but not be limited to, a discussion of coverage limits and deductibles; and
- b. Identify the coverage date for the Property Insurance coverage in effect during the historic test period. When will the insurance coverage be renewed?

RESPONSE:

1-21. Regarding the TWS Other Insurance costs recorded on its books in 2023, respond to the following:

- a. Describe the nature of the Insurance charged to account 560500;

- b. Provide an overview of the coverages in effect applicable to TWS as of December 31, 2023. This response should include, but not be limited to, a discussion of coverage limits and deductibles; and
- c. Identify the coverage date for the Property Insurance coverage in effect during the historic test period. When will the Insurance coverage be renewed?

RESPONSE:

1-22. Provide the split of operating expenses between direct charged costs and allocated costs by year for the period 2021 – 2023.

RESPONSE:

1-23. Regarding charges to account 541200, Contractor Outside Services, provide the following:

- a. Provide a copy of all invoices for costs directly charged to TWS and recorded in Account 541200 for March 2022 and November 2022;
- b. For any costs charged to account 541200 as a result of costs allocated to TWS, provide a copy of the underlying corporate invoice for July 2022; and
- c. Provide a comprehensive explanation of why the costs charged to account 541200 declined so dramatically in 2023, relative to 2022.

RESPONSE:

1-24. Refer to costs charged to Account 591000. Identify the job title of those employee(s) incurring such charges in (i) 2021 and (ii) 2023.

RESPONSE:

1-25. Regarding Account 629100, identify each organization and their respective costs charged to TWS noting whether such cost is directly assigned or allocated. Provide this information by year for the period 2021 – 2023.

RESPONSE:

1-26. Explain the costs allocated to TWS for Account 692000, Regional Allocation. This response should provide all underlying documentation supporting the cost allocation(s)

used to record charges to TWS. The response should also differentiate between these costs and those recorded in account 691100, Corporate Allocation.

RESPONSE:

- 1-27.** Refer to the <ARM Filing Template TWS 2024> file, cell W500 of the “Fusion TB Drop” tab. Provide the rationale for excluding the amortization of Uninsured Property and excess ADIT in calculating the pro-forma attrition period expense. Confirm that the credit of \$5,730 authorized by the Commission in TPUC Docket No. 19-00028 is incorporated in the attrition period filing and if so, indicate the account containing the credit.

RESPONSE:

- 1-28.** Provide a comprehensive explanation describing the nature of transaction activity in Account No. 629900.

RESPONSE:

- 1-29.** Provide support for the ERC of 474.69 found in cell AA1 within the “Fusion TB Drop” tab within the <ARM Filing Template TWS 2024> file.

RESPONSE:

RESPECTFULLY SUBMITTED,



SHILINA B. BROWN (BPR No. 020689)

Assistant Attorney General

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Managing Attorney

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TPUC Docket No. 24-00028

CA's 1st DR to TWS – Public Version

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:

Ryan A. Freeman, Esq.
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Philip J. Drenna
VP, Finance
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This the 20th day of May, 2024.



SHILINA B. BROWN
Assistant Attorney General