

**TENNESSEE WATER SERVICE, INC.  
DOCKET NO. 24-00028  
FIRST DISCOVERY REQUEST OF THE CONSUMER ADVOCATE**

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

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

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

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Tennessee Water Service, Inc. (“TWS” or the “Company”), by and through counsel, hereby submits its Responses to the First Set of Discovery Requests propounded by the Consumer Advocate Division of the Office of the Tennessee Attorney General (“Consumer Advocate”).

**GENERAL OBJECTIONS**

1. TWS objects to all requests that seek information protected by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or restriction on disclosure.
2. TWS objects to the definitions and instructions accompanying the requests to the extent the definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations, or orders of the Tennessee Public Utility Commission (“TPUC” or “Commission”).

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3. The specific responses set forth below are based on information now available to TWS, and TWS reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information produced.

4. TWS objects to each request to the extent that it is unreasonably cumulative or duplicative, speculative, unduly burdensome, irrelevant or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

5. TWS objects to each request to the extent it seeks information outside TWS' custody or control.

6. TWS' decision, now or in the future, to provide information or documents notwithstanding the objectionable nature of any of the definitions or instructions, or the requests themselves, should not be construed as: (a) a stipulation that the material is relevant or admissible, (b) a waiver of TWS' General Objections or the objections asserted in response to specific discovery requests, or (c) an agreement that requests for similar information will be treated in a similar manner.

7. TWS objects to those requests that seek the identification of "any" or "all" documents or witnesses (or similar language) related to a particular subject matter on the grounds that they are overbroad and unduly burdensome and exceed the scope of permissible discovery.

8. TWS objects to those requests that constitute a "fishing expedition," seeking information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence and is not limited to this matter.

9. TWS does not waive any previously submitted objections to the Consumer Advocate's discovery requests.

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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

**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:** Please see Excel file ‘CA 1-1 Deferred Operating Loss’ submitted with this response. This document is the same format as provided in the 2019 Rate Case and also provided for Discovery Request 1-20 in Docket No. 22-00046.

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**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:** Please see Excel file 'CA 1-2 TWS Accruals' for general ledger accrual data. Please see copies of accrual Pivot data below for a list of accounts and annual accrual totals. Accounts with a zero annual total have monthly accruals that reversed in the same year. These accruals are based on invoice dates for invoices that are paid the following month before AP closes. For example, an invoice received on May 1, 2023, with an April 2023 invoice date will be paid by AP in May and accrued back into April. A description of the other accruals is shown below and also included in the lead tab of the same Excel file.

Sum of AMOUNT		Years (Date)	Quarters (Date)	Months (Date)	Date	
		2020	2021	2022	2023	Grand Total
OBJ_ACCT	ACCOUNT DESCRIPTION					
511001	Purchased Services-Water	4,100	1,572	1,671	1,725	9,068
512001	Shop Supplies and Tools			-		-
512022	Other Contracted Workers	-				-
513900	Other Materials and Supplies	-		-		-
514001	Chlorine		-	-		-
514900	Other Chemicals		-			-
515002	Test - Water/Sewer	-	-	-		-
517001	Utility-Electric Power	237	572	(74)	0	735
521010	Salaries and Wages			0		0
521020	Salaries and Wages - Accrued	258	80	(338)		-
521040	Overtime		56	(56)		-
521070	EIP Bonus				1,435	1,435
531001	401K Profit Sharing		-			-
531002	401K Match		-			-
541200	Contractor Outside Services	-				-
583400	Office Shipping Charges/Postage/Courier	-		-		-
591000	Accommodation/Hotel/Lodging			-		-
595000	Travel - Meals and Entertainment - 50% Tax Deductible		-	-		-
612100	Regulatory Fees	800	(800)			-
628400	Customer Service Printing	(0)	167	109	(101)	174
629500	Credit Card Expense Clearing			-		-
629900	Other Misc Expense		-	-		-
641100	FICA		29	(29)		-
642200	State Unemployment Tax		-			-
643200	Gross Receipts Taxes			12	(12)	0
643300	Personal Property Taxes			(5,852)		(5,852)
643400	Real Estate Taxes	6,777				6,777
643600	Utility/Commission Taxes			70	79	149
643700	Other General Taxes	0	(0)	-	-	(0)
Grand Total		12,172	1,676	(4,487)	3,126	12,486

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Account Code	Description	2020	2021	2022	2023	Grand Total	Method
511001	Purchased Services-Water	4,100	1,572	1,671	1,725	9,068	Prior Invoice \$ amount * Days Invoices = Per Diem Rate. Daily Rate * Days Remaining in Month Since Last Invoice Date = Monthly Accrual
517001	Utility-Electric Power	237	572	(74)	0	735	Prior Invoice \$ amount * Days Invoices = Per Diem Rate. Daily Rate * Days Remaining in Month Since Last Invoice Date = Monthly Accrual
521070	EIP Bonus				1,435	1,435	Monthly accrual based on expected annual amount
628400	Customer Service Printing	(0)	167	109	(101)	174	TWS portion of Infosend bill, based on invoice date and payment date
643300	Personal Property Taxes			(5,852)		(5,852)	Accrual for known property tax payments based on invoice date
643400	Real Estate Taxes	6,777				6,777	Accrual for known real estate tax payments based on invoice date
643600	Utility/Commission Taxes			70	79	149	Accrual for known TPUC payments based on invoice date
<b>Grand Total</b>		<b>12,172</b>	<b>1,676</b>	<b>(4,487)</b>	<b>3,126</b>	<b>12,486</b>	

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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

**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:**

**a) TWS uses two different meter types for Tennessee operations, both are direct read and are either positive displacement meters produced by Badger or turbine meters produced by Sensus.**

**b) A third-party contractor reads the meters manually by visiting each meter and transferring the read data to a spreadsheet that is then uploaded to our billing system by an administrative assistant.**

**c) Please see the following list of read dates for each month in 2023**

TWS Read Dates for 2023
1/30/2023
2/28/2023
3/27/2023
4/25/2023
5/26/2023
6/24/2023
7/22/2023
8/24/2023
9/22/2023
10/21/2023
11/25/2023
12/26/2023

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**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:** The Company repaired several leaks in 2021 and 2022. The Company replaced a section of a pump line that resulted in a material drop in non-revenue water. As the non-revenue water calculation 1) inherently compares two data sets with different measurement dates (for example, billed consumption is based on meter read dates throughout the month and water pumped and purchased is based on interconnect/well house reads at month end), and 2) as the calculation captures a rolling 12-months of these data sets, there are assumed timing differences between the data sets.

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**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:** a) The Company had 312 active meters/service types in December 2020 and 313 active meters/service types in January 2021. The Company does not know the source for the year-end and beginning customer counts on the 2020 and 2021 Annual Reports and cannot reconcile this information.

b) The Company had 358 active meters in December 2021 and 357 active meters/service types in January 2022. The Company does not know the source for the year-end and beginning customer counts on the 2021 and 2022 Annual Reports and cannot reconcile this information.

c) The Company generally considers each active service type as a unique customer/connection. However, a single household can have multiple service types. For example, a customer may have an active water meter, a second irrigation or fire protection meter, or some combination of those services. In this example, a single household can be considered as three unique service types or customers which receive bills for each service type. The Company is often asked how many customers, premises, connections, households, meters, and bill counts it serves at any point in time, and each answer may differ slightly depending on the wording of the question. For rate adjustment proceedings, the Company typically uses customer billing reports to construct a Test Year billing analysis that includes all billing factors within the Test Year. Billing reports tie to the revenues collected during the Test Year and most accurately capture the unique billing factors and service types of a customer group over a 12-month period.



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

**RESPONSE:** The quantity and cost of water purchased for resale from the City of Gatlinburg in September 2021 spans two invoice periods, submitted as ‘Sept 21 a...’and ‘Sept 21 b...’ with this response. The quantity and cost of water purchased for resale from the City of Gatlinburg in April 2022 spans two invoice periods, submitted as ‘April 22 a...’and ‘April 22 b...’ with this response. The quantity and cost of water purchased for resale from the City of Gatlinburg in May 2023 spans two invoice periods, submitted as ‘May 23 a...’and ‘May 23 b...’ with this response.

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**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:** The Company interprets the phrase “cost of Water Pumped from Wells” to mean the cost of pumping water from underground before treatment. Please inform us if your intended definition differs from this interpretation. Assuming such a definition, monthly pumped totals from the Company’s wells are measured by a meter. The same contractor who reads customer meters also reads the monthly well meters and emails the totals to a Company administrator who then inputs the data into a water pumped tracking spreadsheet. The monthly pumped totals are also submitted to TDEC. Please see ‘CA 1-7 TWS Pumped Data’ submitted with this response. The cost to pump water from the well will primarily include electricity costs but the electric bill for the well sites can also include costs to treat the water and pump the treated water into the distribution system.

								Aug-21	Aug-22	Feb-23
REG	ST	CO	Fusion CO	Dept	SUB	Subdivision Name	Source	Per140	Per152	Per158
South	TN	220	2105	321005	424	Chalet Village N.	Pump	911,980	925,150	829,240
Total								911,980	925,150	829,240

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

**RESPONSE:** The Company pulls SQL data from the billing system data base to report water sold totals. The SQL data reports total gallons served to customers which includes both the 1,000 gallon allotment included in the base fee and the volumes sold above 1,000 gallons which are charged a volumetric rate. Please see Confidential Excel file 'CA 1-8 CONFIDENTIAL TWS ARM – Attrition Period Revenues'. The SQL data contains sensitive customer account information. The 2021 and 2022 data can be viewed by clicking into the Pivot tabs in the file for the respective time periods. 2023 data can be sorted on the 2023 tab.

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**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: Please see Excel file 'CA 1-9 ADIT RF'.**

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

**RESPONSE:**

**Please see confidential Excel file 'CA 1-10 Journal Entry Template Franchise Tax CONFIDENTIAL'. Tennessee Water Service is company code 2105.**

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

**RESPONSE:** Support for each Attrition Period Adjustment can be found in the Excel file ‘ARM Filing Template TWS 2024’ on tab ‘Fusion TB Drop’ in Excel columns Q through AF. Attrition Period Adjustments were first calculated by taking a 3-year average of the actual expense divided by the year’s average ERCs for each expense category, to calculate a per unit Cost/ERC. The Cost/ERC was then multiplied by the projected ERC count at the end of the Attrition Period to match the revenue and customer growth estimates during that period. The Company then applied an inflation factor based on the BLS annual inflation rate in 2023 for Water and Sewer Maintenance costs, which was reported at 4.7% ([https://www.bls.gov/news.release/archives/cpi\\_01112024.htm](https://www.bls.gov/news.release/archives/cpi_01112024.htm)). The Company then annualized the inflation rate through the end of the Attrition Period through August 2025 by compounding the 4.7% annual inflation rate for the 20 months between 12/31/23 and 8/31/25. The exception to this Attrition Period Adjustment method was the calculation of the amortization of the Regulatory Liability which was amortized consistent with Schedule A-5 and offset by other miscellaneous expense debits that were forecasted in the same manner described above for the other expense accounts.

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**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:** a-c) the source for the amount column N on the Fusion tab of Excel file ‘ERC Counts 2020-23’, which was provided as support to this filing, is the Report 30 from the Company’s billing system. This report contains the active customers/meters at month end. ERCs are based on customer meter size. Please see confidential Excel file “CA 1-12 ERC Support CONFIDENTIAL” which was used to also answer question 1-5. The Excel file contains multiple tabs. The first four tabs are copies of monthly billing report which drive the ERC calculations. Each of the monthly ERC reports are approximately 40-50MB in size and are run individually per month. The Company is willing to provide a sample of monthly reports if additional support beyond the Excel file submitted with this response is needed.

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**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:** The \$607,910 revenue amount can be found in the Excel file ‘Confidential TWS ARM – Attrition Period Revenues’ on the front Summary tab under the Present Rate Design. The Company applied TWS’s present rates to the Attrition Period forecasted customer count of 479.69 to project Attrition Period revenue of \$607,910.



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

**RESPONSE: Yes, the proposed rates on Schedule B-1 are designed to recover approximately \$607,332 of attrition period service revenues shown on Column [G] of Exhibit 1 Schedule B.**

**WATER SERVICE**

**METERED SERVICE**

Base Facility Charge per month  
0 – 2,000 gallons usage per month

Effective September 1, 2024:	\$49.96
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All usage over 2,000 Gallons per month

2,001 to 6,000 Gallons:	\$16.93 per 1,000 gallons
6,001 to 12,000 Gallons:	\$19.98 per 1,000 gallons
Usage over 12,000 Gallons:	\$22.88 per 1,000 gallons

**PRIVATE FIRE SERVICE**

**FIXED SERVICE CHARGE**

Standby Charge per month

Effective September 1, 2024:

Multi-Use Connection

\$35.77

Fire-Only Connection

\$71.53

All usage will be billed:

Effective September 1, 2024:	\$19.98 per 1,000 gallons
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**1-15. CONFIDENTIAL DR**

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**1-16. CONFIDENTIAL DR**

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**1-17. CONFIDENTIAL DR**

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

**RESPONSE:** Please see Excel file 'CA 1-18 ADIT Support 2023'.

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**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: See response to 1-19 a) below:**

**GENERAL LIABILITY (INCLUDING EXCESS LIABILITY)**

**Limit:** Refer to summary below

**Self-Insured Retention:** \$50,000 Per Occurrence

**Renewal Date:** Refer to summary below

**Coverage:** Refer to summary below

**Underwriters (including captive insurers)** Refer to summary below

**Commercial General Liability**

AIG Canada / Granite State Insurance Company

October 1, 2023 to October 1, 2024

USD 2,000,000 Per Occurrence

USD 6,000,000 General Aggregate

**Umbrella Liability**

AIG Canada / Granite State Insurance Company

Excess of Scheduled Underlying Policies

October 1, 2023 to October 1, 2024

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USD 8,000,000 Per Occurrence

USD 8,000,000 General Aggregate

**Umbrella 1<sup>st</sup> Excess**

Allied World Specialty Insurance Company

Excess of Scheduled Underlying Policies

October 1, 2023 to October 1, 2024

USD 10,000,000 Per Occurrence

USD 10,000,000 General Aggregate

**Umbrella 2<sup>nd</sup> Excess**

Lloyds of London / Markel – Evanston Insurance Company

October 1, 2023 to October 1, 2024

Excess of Scheduled Underlying Policies

USD 10,000,000 Per Occurrence

USD 10,000,000 General Aggregate

**Umbrella 3<sup>rd</sup> Excess**

Stuart Specialty Risk Underwriting Ltd.

October 1, 2023 to October 1, 2024

Excess of Scheduled Underlying Policies

USD 20,000,000 Per Occurrence

USD 20,000,000 General Aggregate

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**See response to 1-19 b) below: Philip J. Drennan, Regional Vice President of Finance**

Policy Term: October 1, 2023 to October 1, 2024



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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

**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: Please see below.**

**Response to 1-20 a)**

**PROPERTY INSURANCE**

**Total Limit:** Property All Risks: \$50M Policy Limit of Loss and Annual Aggregate

Equipment Breakdown: \$100M Policy Limit of Loss and Annual Aggregate

**Deductibles: Main Policy Deductible** \$250,000; **Time Element:** 48 hours

**Flood:** \$250,000 except properties in 100 year zone are 5% of TIV, minimum \$250,000

**Earth Movement:** 5% of TIV at covered location, min 250k

**Named Storm:** 5% of TIV, Min 250K

Equipment Breakdown \$50,000 Per Occurrence

**Physical Damage:** Refer to Total Limits above

**Contingent Business Interruption:** \$100,000 applicable to Property Insurance

**Renewal Date:** October 1, 2023 to October 1, 2024

**Coverage:** All Risks including Flood, Earthquake and Named Storm / Equipment Breakdown

**Underwriters (including captive insurers):** AIG Insurance and Zurich Insurance (Except Equipment Breakdown insurance with AXA XL / XL Insurance

**Response to 1-20 b)**

Policy Term: October 1, 2023 to October 1, 2024

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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

**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: Please see below.**

**Response to 1-21 a) and b)**

**Premises Environmental and Remediation Liability**

\$5M Limit

\$50,000 Deductible

Underwriter: Colony (Argo Group)

**(Cyber) Information Security and Privacy Insurance with Breach Response Services**

\$5M Limit

\$100,000 Deductible

Underwriter: Beazley

**US Workers Compensation**

Statutory US Workers Compensation Limits

\$1M Limit US Employers Liability

Deductible: NIL (Guaranteed Cost)

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Underwriter: Zurich

**US Automobile Insurance**

\$2M Limit

Deductible: NIL (Guaranteed Cost)

Underwriter: Zurich

**Executive Risk Insurance Program**

**Directors & Officers Liability**

Total Limit: \$30M (\$20M ABC/\$10M DIC)

Retention: Indemnifiable Loss (Insured Persons): \$150,000; Entity Claims: \$150,000

Underwriters: Chubb, AIG, Sampo

**Employment Practices Liability**

Total Limit: \$10M

Retention: Mass/Class Actions: \$200,000

Underwriter: Chubb

**Fiduciary Liability**

Total Limit: \$5M

Retention: \$10,000 each Claim

Underwriter: Chubb

**Crime**

Total Limit: \$5M

Deductible: \$100,000 each Claim

Underwriter: Chubb

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**Response to 1-21 c)**

Premises Environmental and Remediation Liability Policy Term: April 30, 2024 to April 30, 2025

(Cyber) Information Security and Privacy Insurance with Breach Response Services Policy Term: April 1, 2024 to April 1, 2025

US Workers Compensation and US Automobile Policy Term: October 1, 2023 to October 1, 2024

Executive Risk Insurance Program Policy Term: April 1, 2024 to April 1, 2025

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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

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

**RESPONSE:** Please see Excel file ‘CA 1-22 Direct vs Allocated Operating Expenses 21-23’.

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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

**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:** The costs charged to account 541200 dropped in 2023 because the Company began using account 512022 Other Contracted Workers to book contracted operator costs. Account 512022 is grouped in the general maintenance expense category compared to the Outside Service category for Account 541200. There are no costs allocated to account 541200. Please see PDF file named “CA 1-23 Invoices for Account 541200” for all invoices booked between March 2022 and November 2022.

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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

**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:**

Employee	Job Title	Year
Brandon A Stone	Area Manager	2023
Carl R Carpenter	Area Manager	2021

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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

**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: Amounts in account 629100 are NAWC membership dues directly assigned to TWS.**

ACCOUNTING_DATE ▾	OBJ_ACCT ▾	COMPANY_DESCRIPTION ▾	ACCOUNT_DESCRIPTION ▾	AMOUNT ▾	SUPPLIER_NAME ▾	INVOICE_NUMBER ▾	INVOICE_DATE ▾
3/24/2021	629100	Tennessee Water Service, Inc.	Memberships and Dues	2,749.03	NAWC	2021 MEMBERSHIP DUES	3/24/2021
3/7/2022	629100	Tennessee Water Service, Inc.	Memberships and Dues	2,917.54	NAWC	2022UI000001	3/7/2022
3/22/2023	629100	Tennessee Water Service, Inc.	Memberships and Dues	3,072.76	NAWC	2023UI00	3/16/2023



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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

**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: Regional Allocation costs in Account 692000 are Customer Service costs that are only allocated to the Lower 48 regulated water and wastewater utility businesses. Customer Service provides support for these businesses units only and the costs are therefore direct assigned through the Tier 2 allocation process. Corporate Allocation costs in 691000 are allocated through both the Tier 1 and Tier 2 allocation process as described in the CAM manual. Corporate overhead functions booked to Account 691000 provide services to the entire corporate structure and are allocated via Tier 1 and Tier 2 allocations accordingly.**

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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

**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:** Yes, as explained in response 1-11, the authorized credit amount is incorporated in the attrition period filing. The credit is booked to a miscellaneous expense account that contains debits for other expenses and partially offsets the authorized credit amortization. The calculation on row 500 of the TB Drop tab includes, for the years 2021 thru 2023, 1) amortization of \$5,730 as authorized, and 2) other misc. expense activity. The calculation in cell W500 excludes the \$5,730 straight-line amortization from the 3-year avg cost per ERC (focusing the calc on the remaining activity in the account over that time), then adds back the \$5,730 credit in cell AA500. This process avoids the straight-line amortization from adding noise to the cost/ERC calculation but includes the ongoing amortization in account 629900, which is reflected as part of the balance on row 27 of Exhibit 1 Schedule B for the Attrition Period.

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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

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

**RESPONSE: Costs booked to Account 629900 are Other Miscellaneous Expenses that do not fit into other expense categories listed on the Company's chart of accounts, as well as the amortization credits authorized in TPUC Docket No. 19-00028.**

**TENNESSEE WATER SERVICE, INC.**  
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**RESPONSIBLE WITNESS: Philip J. Drennan, Regional Vice President of Finance**

**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:** The calculation for the ERC forecasted total of 474.69 can be found on cell J5189 on the ‘2023 Use’ tab in the Excel file ‘CONFIDENTIAL TWS ARM – Attrition Period Revenues’. 2023 customer growth of 36.92 was extrapolated through August 2025 by multiplying 20 months divided by 12 months (1.67) to calculate forecasted growth (and resulting average ERCs) for the Attrition Period. This amount was added to 2023’s average ERC count of 413.17 to calculate 474.69 (results do not use rounded numbers in the Excel file).

**TENNESSEE WATER SERVICE, INC.**  
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RESPECTFULLY SUBMITTED,

  

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Ryan A. Freeman (BPR 033299)  
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**TENNESSEE WATER SERVICE, INC.**  
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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 or electronic mail upon:

Shilina B. Brown  
Vance L. Broemel  
**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: [Shilina.Brown@ag.tn.gov](mailto:Shilina.Brown@ag.tn.gov)  
Email: [Vance.Broemel@ag.tn.gov](mailto:Vance.Broemel@ag.tn.gov)

This the 4<sup>th</sup> day of June, 2024.



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Ryan Freeman