

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

**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 |) | |

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

Tennessee Water Service, Inc. (“TWS” or the “Company”), by and through counsel, hereby submits its Responses to the Second 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

2-1. Refer to the File <CA 1-1 Deferred Operating Loss> and provide source documentation for the following account activity:

- a. Account 610, Purchased Water July 2019 - \$17,265;
- b. Accounts 630 – 636, Contractual Services December 2018, \$3,643;
- c. Account 675, Miscellaneous Expense, March 2019, (\$27,026); and
- d. Account 675, Miscellaneous Expense, May 2019, \$6,452.

RESPONSE:

Please see Excel file ‘CA 2-1 DOL Support’ submitted with this response.

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2-2. Refer to the File <CA 1-2 TWS Accruals>. Provide the information requested in Consumer Advocate DR No. 1-2 for 2019 in the same format as was provided for 2020 – 2023.

RESPONSE:

Please see Excel file ‘CA 2-2 TWS Accruals 2019’ submitted with this response. The Company used a different accounting software back in 2019 so the response format is slightly different.

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2-3. Refer to the response to Consumer Advocate DR No. 1-3. Provide the meter read dates for the two reads immediately prior to the January 30, 2023, reading.

RESPONSE:

| TWS Read Dates |
|-------------------|
| 11/30/2022 |
| 12/30/2022 |

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2-4. CONFIDENTIAL DR

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

2-5. Discuss the rationale for, on one hand, including a net operating loss as a component of Accumulated Deferred Income Taxes and, on the other hand, including deferred charges comprised of the pre-tax operating loss rather than the after-tax loss.

RESPONSE:

This treatment assures that TWS's customers receive the benefit of the actual deferred tax payments, no more and no less. Including only the ADIT liability from deferred charges and not also the offsetting NOL carryforward ADIT asset, would bring about a result as though the Company had realized the entire benefit of the expensing the deferred charge expenses in the years in which the deferred charge activity occurred. In reality, a portion of that benefit is required to be deferred, to be realized in future years. The reason that ADIT liabilities are included as a reduction to rate base is to compensate customers for the cash benefit, or cost-free capital, that the utility has received due to the temporary acceleration of certain expenses for tax purposes. If the NOL carryforward ADIT asset was not included as an addition to rate base, the initial cash savings benefit experienced by customers would not be aligned with the correct ADIT benefit period.

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2-6. CONFIDENTIAL DR

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RESPECTFULLY SUBMITTED,



Ryan A. Freeman (BPR 033299)
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Berkowitz, PC**
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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
Email: Vance.Broemel@ag.tn.gov

This the 17th day of June, 2024.



Ryan Freeman