

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

IN RE:)	
)	
PETITION OF TENNESSEE-AMERICAN)	
WATER COMPANY TO MODIFY TARIFF,)	
CHANGE AND INCREASE CHARGES, FEES,)	DOCKET NO. 24-00032
AND RATES, AND FOR APPROVAL OF A)	
GENERAL RATE INCREASE)	

**CITY OF CHATTANOOGA'S SECOND DISCOVERY REQUESTS TO PETITIONER
TENNESSEE AMERICAN WATER COMPANY**

Intervenor, the City of Chattanooga ("Chattanooga"), by and through counsel, submits the following Second Discovery Requests (the "Requests") to Petitioner, Tennessee American Water Company ("TAWC"). The responses to the Requests shall be delivered to counsel for Chattanooga in accordance with the Procedural Schedule entered by Order dated June 13, 2024.

INSTRUCTIONS AND DEFINITIONS

A. These Requests are to be deemed as continuing, and you are requested to provide, by way of supplemental responses, such additional information as may be hereafter obtained by you or any person on your behalf, which augment, supplement, or otherwise modify responses to these Requests.

B. The singular form of any defined term includes the plural form, and vice versa.

C. The word "***Document***" shall include and mean, without limitation, the original and each draft and copy of any kind of written, printed, typed, recorded, or graphic matter, however produced or reproduced, of any kind or description, whether sent or received or neither. The term shall further include, without limitation, originals, all copies, all images, all backup or archived copies, and all drafts of: papers, books, writings, memoranda, letters, electronic files, computer files, emails, text messages, correspondence, notes, book entries, accounts, statements

of accounts, checks, cancelled checks, minutes of meetings, contracts, intra-office communications, intra-departmental communications, recordings or notes of telephone conversations, recordings or notes of other conversations, or meetings, affidavits, schedules, calculations, computer files, and all other written or electronic records. The term "**Document**" includes the term "**Communication**".

D. The term "**Communication**" means any oral or written statement conveyed by one person or entity to another person or entity by whatever means, including electronic **Communications**, emails, and computer files.

E. If any **Document** called for by any request herein is withheld pursuant to any purported privilege or immunity:

- (a) State the basis for such claim of privilege or immunity (e.g., attorney-client privilege, work product doctrine);
- (b) Identify the **Document** being withheld by stating the name or title of the **Document**; the type of **Document**; its date, author, addressee, and person(s) copied; a general description of its subject matter; its present location(s) and custodian(s); and each person who, to your knowledge, has seen it; and
- (c) State the number and/or portion of the request to which each such **Document** would be responsive.

F. "**TAWC**" means the Petitioner, Tennessee-American Water Company.

G. **"Subsidiaries or Affiliates"** means American Water Works Co., Inc. ("**AWK**") and all of the subsidiaries or affiliates of TAWC or AWK.

H. **"Riders"** means the four (4) alternative regulatory mechanisms approved by the Commission in Docket No. 13-000130, including a Qualified Infrastructure Investment Program Rider ("**QIIP**"), an Economic Development Rider ("**EDI**"), a Safety and Environmental Compliant Rider ("**SEC**"), and a Production Costs and Other Pass-throughs Rider ("**PCOP**"). Each is defined individually as a "Rider".

I. **"Capital Recovery Riders"** means the QIIP, EDI, and SEC Riders.

J. **"Explain"** means to provide a detailed explanation of the specified subject matter and to provide all Documents reflecting, recording, referring to, reporting, or relating to the subject matter or the response.

K. **"Rate Areas"** means the seven (7) rate areas described in TAWC's Tariff in effect on May 1, 2024, including (a) the Chattanooga Area, (b) the Lakeview Area, (c) the Lookout Mountain Area, (d) the Suck Creek Area, (e) the Whitwell Inside City Area, (f) the Whitwell Outside City Area, and (g) the Jasper Highlands Area.

L. **"Recurring Project"** or "**RP**" means a capital project that TAWC undertakes on a frequent and regular basis that requires less long-term financial and capital planning than an Investment Project or "**IP**", and that can be performed with TAWC's current workforce or existing contractors.

M. **"Investment Project"** or "**IP**" means a project that requires an investment of \$250,000 or greater and that needs significant planning.

N. **"Downstream Area Served"** means the Rate Areas, all or a portion of which, during normal system operation, receive water flowing through or from a TAWC system asset, such as a pipe, main, valve, pump, tank, or treatment plant. For example, the Downstream Area Served by the Citico pumping station is all of the Rate Areas, and the Downstream Area Served by a main carrying water to the Jasper Highlands water distribution system is the Jasper Highlands Rate Area.

O. **"Capital Plans"** means all comprehensive planning studies; asset management plans; planning studies completed as part of TAWC's Capital Investment Program Management ("CPM") process; strategic capital expenditure plans ("SCEPs"); and implementation plans completed for, by, or about TAWC and covering any period of time after November 1, 2012.

P. **"Petition"** means the Petition, including all Exhibits and supporting documentation, filed by TAWC in this Docket.

Q. **"Identify"** means: (i) when used with reference to an individual person, to state his/her full name, employer, job title, present or last known residence address and telephone number, and present or last known business address and telephone number: and (ii) when used with reference to a Document, means to state the type of the Document, its date, author, addressee, any other recipient(s), general subject matter, present location, and custodian. If any Document to be identified was, but no longer is, in your possession, state the disposition that was made of it and the reasons, facts, or circumstances associated with its disposition.

R. **"Service Areas"** mean the service areas for TAWC's billing system, which are Chattanooga, Suck Creek, Sequatchie Valley, and Jasper Highlands. Ref. Brooks DT.

DISCOVERY REQUESTS

1. Please provide a copy of the AWWA Principles of Water Rates, Fees and Charges utilized by TAWC.

RESPONSE:

2. Regarding the four Service Areas, please provide the following additional information:

- a. Is plant in service tracked / accounted for by Service Area?
- b. Is rate base tracked / accounted for by Service Area?
- c. Are operating expenses tracked / accounted for by Service Area?
- d. Is Long-term debt tracked / accounted for by Service Area?
- e. Are property taxes tracked / accounted for by Service Area?
- f. Are income taxes tracked / accounted for by Service Area?

RESPONSE:

3. Regarding the seven Rate Areas, please provide the following additional information:

- a. Is plant in service tracked / accounted for by Rate Area? If not, how are these costs allocated or assigned to each Rate Area?
- b. Is rate base tracked / accounted for by Rate Area? If not, how are these costs allocated or assigned to each Rate Area?
- c. Are operating expenses tracked / accounted for by Rate Area? If not, how are these costs allocated or assigned to each Rate Area?
- d. Is Long-term debt tracked / accounted for by Rate Area? If not, how are these costs allocated or assigned to each Rate Area?
- e. Are property taxes tracked / accounted for by Rate Area? If not, how are these costs allocated or assigned to each Rate Area?

- f. Are income taxes tracked / accounted for by Rate Area? If not, how are these costs allocated or assigned to each Rate Area?

RESPONSE:

4. Were the current rates in each Rate Area cost-based rates when they were established? If not, please explain.

RESPONSE:

5. Please provide the rates by Rate Area that would need to be established in this case if the Commission were to grant TAWC's present revenue requirement but reject TAWC's request to consolidate the Rate Areas.

RESPONSE:

6. For each Rate Area, please provide the following information:
- a. Rate Base for 2023
 - b. Operating revenues for 2023
 - c. Operating expenses for 2023
 - d. Depreciation expense for 2023
 - e. Property taxes if not included in operating expenses for 2023
 - f. Billing Determinants for 2023

RESPONSE:

7. Please provide all analyses performed by TAWC regarding the rate increases by Rate Area that would result from this rate case if consolidation of the Rate Area is not permitted.

RESPONSE:

8. For each Rate Area please provide the following information:
- a. The number of customers on the system at the end of the year for the last 5 years.
 - b. Net plant in service at the end of the year for the last 5 years.
 - c. The length of installed pipe in the system (by foot or mile) by size of pipe at the end of the year for the last 5 years.

RESPONSE:

9. If the information requested in the question above is not available by Rate Area, please provide the information by Service Area.

RESPONSE:

10. Please provide the payroll by pay period for the test year through June 2024, showing for each pay period the number of employees of TAWC, the total base pay, the total overtime pay, the total premium pay, the total performance pay, and the total long-term incentive pay. Please provide this information separately for each payroll group with a separate payroll calculation included in the revenue requirement for TAWC direct employees and for employees of Subsidiaries or Affiliates charged to TAWC in whole or in part. If the requested information is not available in the level of detail requested, please provide the information that is available and explain what is not available. Please provide the response to this request in Excel compatible format with all formulas fully functional and intact.

RESPONSE:

11. Please explain TAWC's policy regarding general pay increases for employees, including whether the increases are granted annually and on a specific date, whether all

employees are eligible to receive regular pay increases, and whether the pay increases are granted uniformly to all employees.

RESPONSE:

12. Payroll Expenses and Related: Please provide documentation supporting general pay increases granted during the test year including the bargaining contracts and the written authorization from the highest level of management for the non-bargaining increases.

RESPONSE:

13. Payroll Expenses and Related: Please provide documentation supporting general pay increases granted during the post-test year period including the bargaining contracts and the written authorization from the highest level of management for the non-bargaining increases.

RESPONSE:

14. Payroll Expenses and Related: Please provide a narrative description of any and all programs that TAWC and/or Subsidiaries or Affiliates have instituted or plan to institute which resulted or may result in a decrease to TAWC's number of employees since the beginning of the test year.

RESPONSE:

15. Payroll Expenses and Related: Please quantify the savings which have been achieved or that are expected to be achieved from programs to reduce the number of employees of TAWC and/or of Subsidiaries or Affiliates who are charged to TAWC in whole or part. Please provide the response to this request in Excel-compatible format with fully functional formulas.

RESPONSE:

16. Please provide the number of active employees estimated or forecasted by month for 2023 through 2025 for (1) TAWC direct employees and (2) administrative employees of Subsidiaries or Affiliates who are charged to TAWC in whole or part.

RESPONSE:

17. Please provide the number of active employees by month for the period from January 2021 through June 2024 for (1) TAWC direct employees and (2) administrative employees of Subsidiaries or Affiliates who are charged to TAWC in whole or part.

RESPONSE:

18. Please provide the number of vacant positions by month for the period from January 2021 through June 2024 for (1) TAWC direct employees and (2) administrative employees of Subsidiaries or Affiliates who are charged to TAWC in whole or part.

RESPONSE:

19. Please provide copies of the incentive compensation plans for (1) TAWC direct employees and (2) administrative employees of Subsidiaries or Affiliates who are charged to TAWC in whole or part.

RESPONSE:

20. Please provide the amount of short-term incentive compensation expense included in operating expense for ratemaking purposes in this case for (1) TAWC direct employees and

(2) administrative employees of Subsidiaries or Affiliates who are charged to TAWC in whole or part.

RESPONSE:

21. Please provide the amount of long-term incentive compensation expense included in operating expense for ratemaking purposes in this case for (1) TAWC direct employees and (2) administrative employees of Subsidiaries or Affiliates who are charged to TAWC in whole or part.

RESPONSE:

22. Please provide the goals / metrics for the short-term incentive compensation plan in effect in the test year for (1) TAWC direct employees (2) administrative employees of Subsidiaries or Affiliates who are charged to TAWC in whole or part and (3) executive employees of TAWC or of Subsidiaries or Affiliates who are charged to TAWC in whole or part.

RESPONSE:

23. Please provide the goals / metrics for the long-term incentive compensation plan in effect for the test year for (1) TAWC direct employees (2) administrative employees of Subsidiaries or Affiliates who are charged to TAWC in whole or part and (3) executive employees of TAWC or of Subsidiaries or Affiliates who are charged to TAWC in whole or part.

RESPONSE:

24. Please provide the amount of short-term incentive compensation expense included in TAWC's operating expense for ratemaking purposes in this case for Board of Directors members that was not included in responses to other incentive compensation questions.

RESPONSE:

25. Please provide the amount of long-term incentive compensation expense included in TAWC's operating expense for ratemaking purposes in this case for Board of Directors members that was not included in responses to other incentive compensation questions.

RESPONSE:

26. For short-term incentives, please provide the following information:

- a. the target level in the test year.
- b. the amount expensed and the amount capitalized in the test year.
- c. the target level in the attrition year.
- d. the amount expensed and the amount capitalized in the attrition year.
- e. the amount included in expense for ratemaking purposes.

RESPONSE:

27. For long-term incentives, please provide the following information:

- a. the target level in the test year.
- b. the amount expensed and the amount capitalized in the test year.
- c. the target level in the attrition year.
- d. the amount expensed and the amount capitalized in the attrition year.
- e. the amount included in expense for ratemaking purposes.

RESPONSE:

28. Please provide the amount of costs included in operating expense for ratemaking purposes for the following items:

- a. Board of Directors compensation
- b. Directors and Officers insurance
- c. Investor relations
- d. Dues and memberships
- e. Advertising
- f. Marketing
- g. Contributions
- h. Supplemental employee retirement plan costs
- i. Severance pay

RESPONSE:

29. Please provide a copy of the allocation manual for allocating Subsidiary or Affiliate costs among TAWC and other affiliates.

RESPONSE:

30. Please provide the complete allocation of Subsidiary or Affiliate costs to TAWC and each other affiliate for each year 2018 through 2023.

RESPONSE:

31. Please provide a list of unregulated Subsidiaries or Affiliates.

RESPONSE:

32. For each of the Subsidiaries or Affiliates, please provide a description of the extent to which each company is subject to rate regulation and the jurisdiction in which it is regulated.

RESPONSE:

33. Please provide copies of all Excel spreadsheets, produced in response to Chattanooga's First Discovery Requests or in response to these Second Discovery Requests, in an unlocked format that permits data to be sorted and otherwise accessed.

RESPONSE:

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Second Discovery Requests to Petitioner Tennessee American Water Company was served via U.S. Mail, with a courtesy copy by electronic mail provided upon:

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This the 15th day of July, 2024.

CHAMBLISS, BAHNER & STOPHEL, P.C.

By:  _____

Frederick L. Hitchcock

Respectfully Submitted,

CITY OF CHATTANOOGA

By: 

w/permission

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