

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

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

CONSUMER ADVOCATE’S SECOND SET OF DISCOVERY REQUESTS
TO TENNESSEE-AMERICAN WATER COMPANY

This Second Set of Discovery Requests is hereby served upon Tennessee-American Water Company (“TAWC” or the “Company”), 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 Tennessee 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 2:00 p.m. (central), July 30, 2024.

PRELIMINARY MATTERS AND DEFINITIONS

These Additional Discovery Requests incorporate by reference the same Preliminary Matters and Definitions as set forth in the *Consumer Advocate’s First Set of Discovery Requests to Tennessee-American Water* sent to the Company on June 7, 2024, and 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 response to Consumer Advocate DR No. 1-88, subpart (a). Provide a breakout of Service Company costs assigned or allocated in the same format as provided in the table in subpart (a), by year for 2020 – 2022. Provide a separate table for each of the requested three years.

RESPONSE:

- 2-2.** Refer to the response to Consumer Advocate DR No. 1-8. Provide the actual data for April – June in the format contained in File <TAWC 2024 Rate Case – Purchased Power Exhibit.xlsx>, Tab “Workpaper” (Schedule EXP-2.3). If June data is not yet available, provide it separately when it becomes available.

RESPONSE:

- 2-3.** Refer to File <TAWC 2024 Rate Case—Waste Disposal Exhibit.xlsx>, Tab “Exhibit” (Petitioner’s Exhibit EXP-4-Waste Disposal-DD). Provide the monthly expenses for each of the four vendors listed for the period January—June (if available), 2024.

RESPONSE:

- 2-4.** Refer to the Company’s Response to Consumer Advocate DR No. 1-11 and provide the following information:
- a. Provide the latest property tax statements received from taxing authorities that support the Company’s 2023 property tax expense;
 - b. Indicate whether the data used to assess property tax by the various taxing authorities includes values associated with Construction Work in Progress. Provide this information separately for each taxing authority;
 - c. Provide support for the use of the \$90,000 in assessed valuation as contained in the File <TAWC 2024 Rate Case – Property Tax Exhibit.xlsx>, Tab “Property Tax Worksheet” (Schedule EXP-22A.2);

- d. Refer to the Company's Response to Consumer Advocate DR No. 1-82, Attachment <TAW_R_CADDR1_082.pdf>. Clarify whether the reappraisal ratio of 1.000 referenced in the e-mail will apply to the December 31, 2024, TAWC plant balances, or instead, will the appraisal ratio first be applied to 12/31/25 plant balances? Provide support for your response; and
- e. Provide support for the 67.31% Equalized Assessment Percentage applicable to 2023 as reflected within the File <TAWC 2024 Rate Case – Property Tax Exhibit.xlsx>, Tab "Property Tax Worksheet" (Schedule EXP-22A.2).

RESPONSE:

- 2-5.** Refer to the Company's Response to Consumer Advocate DR No. 1-20 and the File <TAWC 2024 Rate Case – Labor Exhibit CONFIDENTIAL.xlsx>, Tabs "Union" (Schedule EXP—5.3), "NU Hourly" (Schedule EXP—5.4), and "NU Slry" (Schedule EXP-5.5). Update the information provided on these three tabs based upon the headcount information provided by employee type in the Company's Response to Consumer Advocate DR No. 1-20, for April 2024. For example, the actual active Union employee count in the Company's Response to Consumer Advocate DR No. 1-20 was 66, while the active count on the Schedule EXP—5.3 was 64. Update the Union file to indicate which two vacant positions have been filled and at what compensation level. Likewise identify the position in the Non-Union tab that was active as of December 31, 2024, but which is now vacant. The response should reflect the corresponding changes to update the split between vacant and active positions within all three tabs within the File <TAWC 2024 Rate Case – Labor Exhibit CONFIDENTIAL.xlsx>, based on the April 2024 employee count.

RESPONSE:

- 2-6.** Refer to the Direct Testimony of Harold Walker III, File <TN-AW 2024 Lead-Lag Workpapers.xlsx>, Tab "8 Labor" (Schedule HW-8). With respect to this tab respond to the following:

- a. There is a reference stating “Pay date is five days following the end of the payroll period.” Clarify whether this statement refers to calendar days or business days; and
- b. Provide a listing of individual pay periods for 2023.

RESPONSE:

2-7. Refer to the File <TAWC 2024 Rate Case – Other General Taxes.xlsx>, Tab “Gross Receipts” (Petitioner’s Exhibit EXP-22-General Taxes and Fees-DD). Respond to the following:

- a. In theory, is the Gross Receipts tax reflected for a given year intended to be based upon the level of the Gross Revenue generated in that same period?
- b. Provide the underlying basis and support for the 2023 Gross Receipts Tax recording of \$985,923 identified as “Amount Per Books”. Explain how this balance was determined.

RESPONSE:

2-8. Refer to the Company’s Response to Consumer Advocate DR No. 1-13, File <TAW_R_CADDR1_013_062524_Attachment 3.pdf>. Provide the underlying calculations and support to determine the Excise Tax Credit of \$694,933.

RESPONSE:

2-9. Refer to the 2023 Gross Receipts Tax Return submitted to the Tennessee Department of Revenue, provided as File <Minimum Filing Guidelines (1-86).pdf>, pp. 2675-2676, “2024 TAWC MFG Q047_Attachment 03.” Reconcile the \$57,287,904 identified as the Gross Receipts with the Company’s 2023 revenue. If the Gross Receipts value is unrelated to 2023 revenue, provide an explanation and reconciliation with the appropriate annual revenue value.

RESPONSE:

- 2-10.** Refer to the File <Minimum Filing Guidelines (1-86).pdf>, p. 2681, “2024 TAWC MFG Q047_Attachment 06”, Schedule D – Schedule of Credits. Within this section, the Company has taken a \$118,112 credit referred to as the “Industrial Machinery and Research and Development Tax Credit”. Regarding this credit provide the following:
- a. Explain how this credit has affected the Company’s claim for State Income Tax Expense or Franchise Tax for the test period in this proceeding;
 - b. Explain how this credit has affected the Company’s claim for State Income Tax Expense or Franchise Tax for the attrition period in this proceeding; and
 - c. Estimate the level of Industrial Machinery and Research and Development Equipment that will qualify for the credit in 2024 and 2025, consistent with the Company’s overall forecasted plant and equipment additions contained in this filing.

RESPONSE:

- 2-11.** Refer to the File <TAWC 2024 Rate Case – Deferred Tax.xlsx>, Tab “Book-Tax Diff”. Identify and provide the supporting calculations for the effective federal and Tennessee income tax rates for developing the incremental 2024 and 2025 ADIT adjustments.

RESPONSE:

- 2-12.** Refer to the Company’s Response to Consumer Advocate DR No. 1-60. Identify the account distribution where these costs are recorded on TAWCs’ income statement in 2023. The account distributions should be provided separately for each position.

RESPONSE:

- 2-13.** Provide a copy of the following TAWC job descriptions as referenced in the File <TAWC 2024 Rate Case – Labor Exhibit-Confidential.xlsx>:
- a. President;
 - b. Manager External Affairs; and
 - c. For each position, provide the labor charges by account(s) as recorded in 2023.

RESPONSE:

2-14. The Company's Response to Consumer Advocate DR No. 1-62 related to Employment Agreement costs, refers back to response Question 7 in the Minimum Filing Guidelines. Is the Company indicating in this response that \$187,101 should be removed from the operating and maintenance costs of the attrition period? If not, identify the month and year in which these costs were incurred and provide a comprehensive explanation supporting the nature of the costs.

RESPONSE:

2-15. Refer to the response to Question 7 of the Minimum Filing Guidelines and the non-responsive answer to Consumer Advocate DR No. 1-63, related to Separation/Severance Agreement costs.

- a. In response to Consumer Advocate DR No. 1-63, is the Company acknowledging all of the identified TAWC Separation/Severance costs were incurred in 2023?
- b. If part (a) is no, identify the month and year the Separation/Severance Agreements were incurred. If these costs were incurred in 2023 and any portion of such costs will remain in the proposed revenue requirement, provide the following:
 - i. Provide a copy of any written agreement associated with the costs;
 - ii. Justify the inclusion of costs in the proposed revenue requirement; and
 - iii. Identify the titles of employees subject to the Separation/Severance benefits.

RESPONSE:

2-16. Refer to Question 9 of the Minimum Filing Guidelines. Reconcile this response with the corresponding data provided in Question 7 of the Minimum Filing Guidelines.

RESPONSE:

2-17. Refer to the Company's Response to Consumer Advocate DR No. 1-67. Identify the number of customers added by AWWSC as a result of acquisitions by year for 2020 – 2023.

RESPONSE:

2-18. Provide the overall percentage of AWWSC O&M costs allocated to TAWC by year for the period 2020 – 2023. This response should identify the overall ratio of TAWC allocated costs (numerator) to the total pool of AWWSC costs subject to allocation (denominator).

RESPONSE:

2-19. Provide an unredacted attachment to the Company's Confidential Response to Consumer Advocate DR No. 1-75.

RESPONSE:

2-20. Refer to the File <TAWC 2024 Rate Case – Labor Exhibit Confidential.xlsx> and the Company's Response to Consumer Advocate DR No. 1-81. Confirm that the labor data contained in response 1-81 includes the same labor types, Union, Non-Union Hourly, and Non-Union Salaried, as is reflected in the Confidential Labor file.

RESPONSE:

2-21. Refer to the Company's Response to Consumer Advocate DR No. 1-119 and respond to the following questions:

- a. Provide the accounting entries on the books of (i) TAWC, and (ii) any TAWC affiliate related to each legal suit referenced in this response; and
- b. Confirm that these costs were not charged to TAWC directly. If this is not confirmed, explain the meaning of the third paragraph in greater detail.

RESPONSE:

2-22. Discuss the impact the water main break had on the (i) General Liability, and (ii) Excess Liability costs of the Company, either directly incurred or indirectly allocated.

RESPONSE:

2-23. Refer to the File <TAW 2024 Rate Case – IOTG Exhibit.xlsx>, Tab “Workpaper” (Schedule EXP-12.2), and respond to the following:

- Provide the costs by Policy Name as reflected in Excel column E for the period 2020 – 2023;
- Provide the source and supporting documentation for the projected annual policy cost increase percentage presented in columns I and K;
- Provide an explanation for applying an annual projection of policy increase percentages to those policies that don’t terminate until the 1st or 2nd quarter of 2024; and
- Provide a complete discussion explaining the nature of the Forecasted General Liability Adjustment and Insurance Workers’ Compensation cap credits.

RESPONSE:

2-24. Refer to table below which is a combination of the Company’s responses to Question 8 of the Minimum Filing Guidelines, File <TAWC 2024 Rate Case - Labor Exhibit Confidential.xlsx>, and in response to Consumer Advocate DR No. 1-180, Attachments 1-6. Provide the following:

Account	Account Name	2019 Total	2020 Total	2021 Total	2022 Total	2023 Total	Co Proposed Test Period Adj.	Co Proposed Adj. Test Period	Co Proposed Attrition Period Adjustment	Co Proposed Attrition Period
501 100 00	Labor Non-scheduled Overtime - Natural Account	457,198	386,964	494,225	347,245	561,836	-	561,836	(87,372)	474,464
501 199 00	Labor Non-scheduled Overtime- Capitalized Credits	(444,676)	(386,915)	(494,225)	(347,079)	(561,836)	-	(561,836)	271,184	(290,651)

- Why has the Company proposed to only capitalize \$290,651 of the proposed Non-Scheduled Overtime for the proposed attrition period given that in years prior the Company had capitalized 97% - 100% of these costs in prior periods; and
- Provide the assumptions used to arrive at the proposed attrition period account balances for these accounts.

RESPONSE:

2-25. Refer to table below which is a combination of the Company’s responses to Question 8 of the Minimum Filing Guidelines, File <TAWC 2024 Rate Case – Contracted Services Exhibit.xlsx>, and in response to Consumer Advocate DR No. 1-180, Attachments 1-6.

Provide the following:

Account #	Account Name	2019 Total	2020 Total	2021 Total	2022 Total	2023 Total	Co Proposed Test Period Adj.	Co Proposed Adj. Test Period	Co Proposed Attrition Period Adjustment	Co Proposed Attrition Period
65150026	Contract Svc-Other Maint - Admin & General	22,402	36,452	23,775	249,645	235,232	(65,681)	169,551	14,012	183,563

- For each contract provide a comprehensive explanation of services provided;
- Provide a copy of invoices supporting 2023 test period costs of \$235,232; and
- What has driven the large increase in these expenses from the historical prior periods?

RESPONSE:

2-26. Refer to the File <TAWC 2024 Rate Case – Miscellaneous Expense Exhibit>, Tab “Summary by Account” (Schedule EXP-18.1). Provide a detailed description of the activity(ies) of the Company for charges incurred in Account 52515001 Community Relations -Specialty.

RESPONSE:

2-27. Refer to the File <TAWC 2024 Rate Case – Shared Services Exhibit.xlsx>, Tabs “Summary by account” (Schedule EXP-8.1) and “Exhibit” (Petitioner’s Exhibit EXP-8-Support Services-JW). Per account, reconcile the base year adjustments as shown in Schedule EXP-8.1, Column G, with the amounts shown in Petitioner’s Exhibit EXP-8-Support Services-JW ,Column G.

RESPONSE:

2-28. Refer to the File <TAWC 2024 Rate Case – Shared Services Exhibit.XLSX> tabs “Summary by account” (Schedule EXP-8.1), “Exhibit” (Petitioner’s Exhibit EXP-8-

Support Services-JW), and “Workpaper” (Exhibit-8.2). Reconcile the attrition year adjustments as shown in Schedule EXP-8.1, Column K; with the amounts shown in Exhibit-8.2, Column P; and the amounts shown in Petitioner’s Exhibit EXP-8-Support Services-JW, Column I.

- a. Within Exhibit-8.2 the Adjusted Base Total Expense is identified as \$8,047,803. Reconcile this amount with the Base Year Total Expense value of \$8,075,310;
- b. For each reconciling item identified above, explain why the adjustment is necessary; and
- c. Reconcile the adjustments identified above with the \$377,359 in Test Year Adjustments identified in Schedule EXP-8.1.

RESPONSE:

2-29. Refer to the File <TAWC 2024 Rate Case – Customer Accounting Exhibit.xlsx>, Tab “Workpaper 2” (Schedule EXP-13.3), Cells C12:C18 through N12 through P12, the number of e-check transactions, and provide the same information for years ending 2018-2020.

RESPONSE:

2-30. Refer to the File <TAWC 2024 Rate Case – Customer Accounting Exhibit.xlsx>, Tab “Workpaper 2” (Schedule EXP-13.3), Cells C12:C18 through G12:G18, the credit card vendor and corresponding transaction counts and provide the same information for years ending 2018-2020.

RESPONSE:

2-31. Refer to the File <TAWC 2024 Rate Case - Transportation Exhibit.xlsx>, Tab “Transportation Workpaper” (Schedule EXP-17.2), Cells D6:D16, the 2023 Vehicle Type

Counts by Vehicle Type, and cells E6:E16, total year ending expense. Provide the same information for the years ending 2018-2022.

RESPONSE:

2-32. Refer to the File <TAWC 2024 Rate Case -Chemicals Exhibit.xlsx>, Tab “Workpaper” (Schedule EXP-3.2). Provide the Usage and Amount for the years ending 2019 and 2020 for each of the plants and materials shown on this workpaper.

RESPONSE:

2-33. Refer to the File <TAWC 2024 Rate Case -Chemicals Exhibit.xlsx>, Tab “Workpaper” (Schedule EXP-3.2). Did the Company’s proposed lead service line replacement lead to any changes in the Company’s projected cost for Phosphates/anticorrosion chemicals?

RESPONSE:

2-34. Refer to the File <TAWC 2024 Rate Case – Chemicals Exhibit.xlsx>, Tab “Chem Prices” (Schedule EXP-3.3). Provide the source and support for the values presented columns S and T.

RESPONSE:

2-35. Homeowner Warranty Services. Provide the following information related to homeowner warranty services provided by either TAWC or any of TAWC’s affiliates to customers in the TAWC service area:

- a. Provide the monthly number of customers subscribing to homeowner warranty services by month from January 2018 through December 31, 2023;
- b. Provide the monthly revenues from homeowner warranty services recorded by month and by subaccount by either TAWC or TAWC affiliates from January 2018 to December 2023 for customers in the TAWC service area;

- c. Provide the monthly expenses from homeowner warranty services recorded by month and by subaccount by either TAWC or TAWC affiliates from January 2018 to December 2023 for customers in the TAWC service area;
- d. Identify all customer information TAWC provides to its affiliates;
- e. Provide a comprehensive explanation identifying how TAWC's affiliate(s) solicit customers to subscribe to the affiliates Homeowners Warranty Service; and
- f. Explain how warranty repairs are performed and by whom. Specifically, are homeowner warranty repairs performed by TAWC employees or labor from other entities?

RESPONSE:

2-36. Meter Reclassifications. Refer to the File <TAWC - Exhibit REV-2.xlsx>, Tab "Exhibit REV-2", included with the Company's filing. Specifically, refer to the test period and attrition period number of bills by meter size for Whitwell Inside City, Whitwell Outside city and Jasper Highlands. It appears that the Company has reclassified a number of bills from 5/8" meters to other various sizes. For example, Cell D850 of this spreadsheet shows 637 test period bills, all for 5/8" meters for Commercial customers within the Whitwell-Inside City territory. However, Cells I850 to I858 show these bills spread across various meter sizes for the attrition period. Identify and provide the source and support for all adjustments to reclassify customers to different meter sizes between the test period and attrition period for all territories.

RESPONSE:

2-37. Water Usage Adjustments. Refer to the File <TAWC - Exhibit REV-3.xlsx>, Tab "Commercial Revenue", included with the Company's filing. Specifically, refer to the Chattanooga Usage for April and September in Cells J35 to J42 and Cells O45 to O42 of this spreadsheet. The usage during these two months appears to have been significantly

adjusted. Provide a narrative discussion of the cause and amount for these adjustments and all other significant water usage adjustments occurring during the test period.

RESPONSE:

2-38. Usage Confirmation. Refer to the File <TAWC - Exhibit REV-3.xlsx>, Tab “SFR Revenue”, included with the Company’s filing. Specifically, refer to Cell R86 of this spreadsheet which shows zero (“0”) sales to Fort Oglethorpe for December 2023. Confirm the accuracy of this amount in the spreadsheet, along with a narrative explanation for the change in usage from prior months.

RESPONSE:

2-39. Usage Confirmation. Refer to the File <TAWC - Exhibit REV-2.xlsx>, Tab “Exhibit REV-2”, included with the Company’s filing. Specifically, refer to the attrition period usage for Special Contract customers in Cells J287 to J290 of this spreadsheet. Identify and provide the source and support for these usage amounts which appear as unreferenced hard-coded amounts.

RESPONSE:

2-40. Bill Confirmation. Refer to the File <TAW_R_CADDR1_132_Attachment.xlsx>, Tab “Fire Revenue”, included with the Company’s Response to Consumer Advocate DR No. 1-132. Specifically, refer to the ‘Private Fire PCOP Rider’ detail on Row 40 of this spreadsheet. Confirm the accuracy of this data as it appears to begin 5 months early in 2018 and end 5 months early in 2023.

RESPONSE:

2-41. Bill Confirmation. Refer to the File <TAWC - Exhibit REV-3.xlsx>, Tab “Other Operating Revenue”, included with the Company’s filing. Specifically, refer to the ‘New Service Activity’ detail on Row 10 of this spreadsheet. Confirm the accuracy of this data for 2023 which shows a zero (“0”) amount for all months.

RESPONSE:

2-42. Ledger Reconciliation. Refer to the File <TAW_R_CADDR1_129_062524_Attachment.xlsx>, Tab “Base & Cap Riders”, included with the Company’s Response to Consumer Advocate DR No. 1-132 that provides the 2023 General Ledger balances for the revenues in each customer classification. Next refer to all tabs within the File <TAW_R_CADDR1_124_062524_Attachment.xlsx> included with the Company’s Response to Consumer Advocate DR No. 1-124 that provides the monthly 2023 trial balance. As shown in the table below, we are unable to appropriately reconcile the 2023 balances for the revenue accounts between the General Ledger and the Trial balance:

Customer Class	CA1-129 Ledger Amounts	CA1-124 Trial Balance Amounts
Residential	\$30,093,893	\$57,169,421
Commercial	21,641,978	41,354,888
Industrial	5,806,965	11,146,972
Other Public Authority	4,439,292	8,492,401
Other Water Utility	1,629,290	3,059,297
Private Fire	3,655,958	7,006,180
Other Revenue	1,937,503	-4,750,974
Total	\$69,204,879	\$123,478,185

Provide a reconciliation of the revenue accounts between these two schedules along with an explanation of the differences.

RESPONSE:

2-43. Ledger Reconciliation. Refer to the File <TAWC 2024 Rate Case - Capital & Depreciation Workpaper.xlsx>, Tab “RB2 UPIS Balances” (Petitioner's Exhibit RB-2-UPIS-DD), that was included with the Company’s filing. Specifically, refer to Cell F9 of this spreadsheet which calculates the December 31, 2023, balance of Plant in Service to be \$472,080,671. Next refer to the File <2024 TAWC MFG Q010 Attachment.xlsx>, Tab “12.23”, that was provided in response to Question 10 of the Minimum Filing Guidelines. Specifically, refer to Cell D66 of this spreadsheet which calculates the December 31, 2023, balance of Plant in Service to be \$472,103,892. Provide a reconciliation of the difference between these two spreadsheets.

RESPONSE:

2-44. Depreciation Rates. Refer to the File <TAWC 2024 Rate Case - Capital & Depreciation Workpaper>, Tab “EXP20.1 Depreciation Expense” (Exhibit EXP-20.1-Depreciation Expense-DD), that was included with the Company’s filing. Specifically, refer to Column B of this spreadsheet which contains the Company’s current depreciation rates. Provide the source and support authorizing the Company’s current depreciation rates.

RESPONSE:

2-45. Salvage. Refer to the File <TAWC 2024 Rate Case - Capital & Depreciation Workpaper.xlsx>, Tab “EXP20.2 Cost of Removal Expense” (Exhibit EXP-20.2-Depreciation Expense-DD), that was included with the Company’s filing. Specifically, refer to Cell AG9 which contains the Company’s Cost of Removal Expense of \$3,557,505 for the Attrition Year and provide the following information:

- a. Does this Cost of Removal amount also include the impact of receipts from salvage;

- b. Identify where the Company has considered the impact of receipts from salvage in the filing; and
- c. Provide an analysis showing the monthly receipts from salvage from January 2020 through December 2023.

RESPONSE:

2-46. Cost of Removal. Refer to the File <TAWC 2024 Rate Case - Capital & Depreciation Workpaper.xlsx>, Tab “EXP20.1 Depreciation Expense” (Exhibit EXP-20.1-Depreciation Expense-DD), that was included with the Company’s filing. Specifically, refer to Column B of this spreadsheet which contains the Company’s current cost of removal rates and provide the following information:

- a. Provide the source and support authorizing the Company’s current cost of removal rates; and
- b. Provide a narrative explanation of how the Company uses the Cost of Removal rates on a month-to-month basis. Specifically, does the Company utilize these rates to record cost of removal or does it rely instead on the actual costs incurred to remove plant?

RESPONSE:

2-47. Cost of Removal. Refer to the File <TAWC 2024 Rate Case - Capital & Depreciation Workpaper.xlsx>, Tab “RB6 Accumulated Depreciation” (Petitioner’s Exhibit RB-6-Accumulated Depreciation-DD), that was included with the Company’s filing. Specifically, refer to Cell G13 of this spreadsheet which shows the calculation of Accumulated Depreciation for Account 304100 in Chattanooga to be \$61,583 for January 2024. Parsing the formula for this cell reveals the following components that make up the \$61,583 value as follows:

Component	Amount	Source Tab
Depreciation Accrual	\$1,536	EXP20.1 Depreciation Expense
Cost of Removal – Percentage	232	EXP20.2 Cost of Removal Expense
Retirements	-213	RB2.4 Retirements
Cost of Removal – Amount	-948	Monthly Cost of Removal
Prior Month Balance	60,976	RB6 Accumulated Depreciation
Total	\$61,583	

Provide the following information related to this calculation:

- a. Is it the Company's intent to remove amounts related to the Cost of Removal twice in this calculation? If so, explain the Company's rationale; and
- b. Is it the Company's intent to add one cost of removal component while simultaneously subtracting another cost of removal component? If so, explain the Company's rationale.

RESPONSE:

2-48. Contributions in Aid of Construction. Refer to the File <TAWC 2024 Rate Case - Capital & Depreciation Workpaper.xlsx>, Tab "RB9 CIAC Bal" (Petitioner's Exhibit RB-9-CIAC), that was included with the Company's filing. Specifically, refer to Column E of this spreadsheet which shows the different subaccounts of Contributions in Aid of Construction in the Company's calculations. It appears that the Company has excluded Accounts 27117000 and 27127000 from the calculation of Contributions in Aid of Construction. Explain the Company's rationale for the exclusion of these two accounts.

RESPONSE:

2-49. Customer Advances. Refer to the File <TAWC 2024 Rate Case - Capital & Depreciation Workpaper.xlsx>, Tab "RB8 CAC Balance" (Petitioner's Exhibit RB-8-Customer Advances-DD), that was included with the Company's filing. Specifically, refer to Column E of this spreadsheet which shows the different subaccounts of Customer Advances in the Company's calculations. It appears that the Company has excluded Accounts 25217000,

25227000 and 25280000/25299900 from the calculation of Customer Advances. Explain the Company's rationale for the exclusion of these three accounts.

RESPONSE:

2-50. Incidental Collections. Refer to the File <TAWC 2024 Rate Case - Other Working Capital Exhibit.xlsx>, Tab "Incidental Collections" (Petitioner's Exhibit RB-5.4-Other Working Capital-DD), that was included with the Company's filing, as well as the Company's response to Consumer Advocate DR No. 1-171 regarding incidental collections. By way of example, both spreadsheets show a balance for Incidental Collections of \$356,958 for December 2023 for Account 24172000. Next refer to the File <2024 TAWC MFG Q010 Attachment.xlsx>, Tab "12.23", for the trial balance spreadsheet that was provided in response to Question 10 of the Minimum Filing Guidelines. Specifically, refer to Cell D236 of this spreadsheet shows the December 31, 2023, balance for Account 24172000 to be \$38,748,637. Provide a monthly reconciliation of the difference between these two spreadsheets from January 2020 through December 2023.

RESPONSE:

2-51. Jasper Highlands Regulatory Liability. Refer to the File <TAWC 2024 Rate Case - Jasper Highlands Reg Liability.xlsx>, Tab "Jasper Highlands Reg Liability" (Petitioner's Exhibit RB-11-Jasper Highlands Reg Liab-DD), that was included with the Company's filing. Provide the following information related to this spreadsheet which shows a test period balance of \$682,200:

- a. Provide a description of this account and the necessity for this proposed pro forma adjustment; and
- b. Provide the source and support for the original balance in this account.

RESPONSE:

- 2-52.** Jasper Highlands Acquisition Adjustment. Refer to the File <TAWC 2024 Rate Case - Jasper Highlands UPAA.xlsx>, Tab “Exhibit RB-12-UPAA-DD”, that was included with the Company’s filing. Provide the following information related to this spreadsheet which shows a test period balance of \$3,749,579:
- a. Provide a description of this account and the necessity for this proposed pro forma adjustment;
 - b. Provide the source and support for the original balance in this account; and
 - c. Does the Company intend to amortize the balance in this account?

RESPONSE:

- 2-53.** Identify the amount of Board of Directors’ fees and expenses by category (restricted stock expense, legal and consulting fees, Directors’ Stock, Directors Retirement Pension, Directors’ Expenses, meeting costs, etc.) incurred in 2023, and the attrition period. Identify the account charged with these costs.

RESPONSE:

- 2-54.** For any expense incurred directly by the Company in 2023 for payments made to American Water Works Association, provide the following:
- a. The amount charged to expense by account in 2023; and
 - b. The portion of such costs attributed to lobbying and how such portion was determined.

RESPONSE:

- 2-55.** For any expense allocated to the Company in 2023 for payments made to American Water Works Association, provide the following:
- a. The amount charged to expense by account in 2023; and
 - b. The portion of such costs attributed to lobbying and how such portion was determined.

RESPONSE:

- 2-56.** Identify the job title(s) of TAWC or AWWSC employees responsible for receiving or providing input to individuals who are Tennessee-registered lobbyists working directly or indirectly on behalf of the interests of (i) TAWC or (ii) any affiliate of TAWC and provide the following:
- a. Provide the job description of these TAWC or affiliate employees;
 - b. Identify the total employee costs recorded on the books of TAWC for the individual(s), by account;
 - c. Provide the labor distribution (amount and accounts) for Daphine Kirksey; and
 - d. Identify the account(s) and amounts charged from those contractors who are registered lobbyists for Tennessee American Water Company.

RESPONSE:

- 2-57.** Identify amounts allocated to TAWC from any affiliate for government relations services provided by contractors. Identify the accounts charged.

RESPONSE:

- 2-58.** Are any costs associated with funding the American Water Charitable Foundation reflected as an expense on the books of AWWSC and then allocated to TAWC? If so, identify the 2023 amounts charged to TAWC as well as the account(s) charged.

RESPONSE:

- 2-59.** Refer to the Company's Response to Consumer Advocate DR No. 1-73. For each position identified in this response, provide each employee's percentage time split between TAWC and non-TAWC affiliates. Identify how such time split was determined.

RESPONSE:

- 2-60.** Refer to the File <TAWC 2024 Rate Case - Shared Services Exhibit>, Tab "Summary of Affiliate Charges" specifically the AWWSC charges for Income Taxes OPEX Total,

account 53402600. Provide the underlying calculations at the AWWSC level supporting the total charges before allocation to TAWC.

RESPONSE:

2-61. Refer to the File <2024 TAWC MFG Q043_Attachment> and respond to the following:

- a. Provide the list of corporate assets and their associated depreciation charges for 2023 that comprise the total for Account Depreciation Exp. – Non-Utility Property; and
- b. Provide a list of software licenses and their associated 2023 costs charged to account 52571500.

RESPONSE:

2-62. Identify all requests for approval to acquire water or wastewater systems before state regulatory agencies as of December 31, 2023. For each pending acquisition, identify the jurisdiction, the number of customers associated with each acquisition, and the current status of the case as of June 30, 2024.

RESPONSE:

2-63. Refer to the response to Q016 of the Minimum Filing Guidelines and specifically to the Monthly Number of Service Orders Worked. Confirm that the Company tracks service orders into further sub-categories. If this is confirmed, provide the definition of each of these sub-categories of work orders and the number of such work orders from January 2021 – December 2023.

RESPONSE:

2-64. Refer to the File <2024 TAWC MFG Q010_Attachment.xlsx>, Tab “12.22” regarding *Trial Balances as of December 31, 2022*, and respond to the following questions:

- a. The regulatory asset balance titled “Make-Whole Premium”, account 18680218 and credit activity of \$28,082. Identify the nature of this account and provide

the account(s) and amounts charged with the offsetting debits to the test period credit activity in this account; and

- b. Provide the calculations supporting the December 31, 2022, and December 31, 2023, balances of accounts 2362100 Accrued Federal Income Tax Current Year and 2362200 Accrued Federal Income Tax Prior Years.

RESPONSE:

- 2-65.** Refer to the File <2024 TAWC MFG Q010_Attachment.xlsx>. Explain the nature of account activity occurring within accounts 26580000 (Fin 48-Reserve Federal) and 26581000 (Fin 48 Reserve–State in 2023).

RESPONSE:

- 2-66.** Refer to the File <2024 TAWC MFG Q010_Attachment.xlsx>. Explain the reasons for the significant changes in the following accounts in 2023:

- a. 25310000 – Deferred FIT Liability – Property;
- b. 25310100 – Deferred FIT Liability – FAS 109 Increment;
- c. 25311000 – Deferred FIT Liability – Non Property; and
- d. 25311100 – Deferred FIT Liability – FAS 109 Gross-Up.

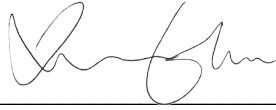
Provide supporting calculations for any reclassification adjustments made in 2023 within these accounts.

RESPONSE:

- 2-67.** Provide a Trial Balance as of June 30, 2024.

RESPONSE:

RESPECTFULLY SUBMITTED,



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Assistant Attorney General

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TPUC Docket No. 24-00032

CA's 2nd Set of Discovery Requests to TAWC

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 sent via electronic mail, upon:

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This the 15th day of July, 2024.



Victoria B. Glover
Assistant Attorney General