

**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 SUPPLEMENT TO 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.

SUPPLEMENT TO SECOND SET OF DISCOVERY REQUESTS

2-68. Provide a Trial Balance as of June 30, 2024. Reference page 10, lines 15-22 of Ms. Bulkley's Direct Testimony it states that "The U.S. Supreme Court's precedent-setting Hope and Bluefield cases established the standards for determining the fair or reasonableness of a utility's authorized ROE. Among the standards established by the Court in those cases are: (1) consistency with other businesses having similar or comparable risks; (2) adequacy of the return to support credit quality and access to capital; and (3) the principle that the specific means of arriving at a fair return are not important, only that the end result (i.e., an ROE that reflects investors' requirements for investments of comparable risks and supports a utility's credit quality and access to capital) leads to just and reasonable rates."

- a. Does Ms. Bulkley consider the "consistency with other businesses having similar or comparable risks" the same as "The return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks." Please explain.
- b. Why does Ms. Bulkley use the term "consistency with other businesses having similar or comparable risks" instead of "commensurate with returns on investments in other enterprises having corresponding risks."?
- c. Does Ms. Bulkley consider the "adequacy of the return to support credit quality and access to capital" the same as "sufficient to... support its credit and... raise the money necessary for the proper discharge of its public duties" Please explain.
- d. Why does Ms. Bulkley use the term "adequacy of the return to support credit quality and access to capital" the same as "sufficient to... support its credit and... raise the money necessary for the proper discharge of its public duties?" Please explain.

RESPONSE:

2-69. Reference page 14, lines 13-16 of Ms. Bulkley's Direct Testimony it states that "The ratemaking process is premised on the principle that, in order for investors and companies

to commit the capital needed to provide safe and reliable utility services, a utility must have a reasonable opportunity to recover the market-required return on its invested capital.”

- a. Should an authorized ROE of a utility company always be set equal to a utility company’s market-required return on its invested capital? Please explain.
- b. Do regulatory principles allow a Commission to authorize an ROE that is higher than a utility company’s market-required return on its invested capital. Please explain?
- c. Please explain what other criteria the Commission should consider when determining the appropriate authorized ROE for TAWC other than its market-required return on its invested capital.

RESPONSE:

RESPECTFULLY SUBMITTED,



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TPUC Docket No. 24-00032

CA’s Supplement to 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