

August 27, 2024

VIA ELECTRONIC FILING

Electronically Filed in TPUC Docket
Room on August 27, 2024 at 2:51 p.m.

Hon. David Jones, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

RE: *Petition of Tennessee-American Water Company to Modify Tariff, Change and Increase Charges, Fees, and Rates, and for Approval of a General Rate Increase, TPUC Docket No. 24-00032*

Dear Chairman Jones:

Attached for filing please find *Tennessee-American Water Company's Responses to Third Discovery Requests of the City of Chattanooga* in the above-captioned matter.

Please note that Attachment to Response No. 6 contains **CONFIDENTIAL INFORMATION** and is being submitted **UNDER SEAL** as **CONFIDENTIAL and PROPRIETARY**. Both a public version and a nonpublic, **CONFIDENTIAL** version of this response attachment is attached.

As required, the original plus four (4) hard copies will follow. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP



Melvin J. Malone

clw

Attachments

cc: Bob Lane, TAWC
Shilina Brown, Consumer Advocate Division
Victoria Glover, Consumer Advocate Division
Phillip Noblett, City of Chattanooga
Frederick Hitchcock, City of Chattanooga
Scott Tift, UWUA

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

**PETITION OF TENNESSEE-
AMERICAN WATER COMPANY TO
MODIFY TARIFF, CHANGE AND
INCREASE CHARGES, FEES, AND
RATES, AND FOR APPROVAL OF A
GENERAL RATE INCREASE**

DOCKET NO. 24-00032

**TENNESSEE-AMERICAN WATER COMPANY’S RESPONSE
TO THIRD DISCOVERY REQUESTS OF THE CITY OF CHATTANOOGA**

Tennessee-American Water Company (“TAWC”), by and through counsel, hereby submits its Response to Third Discovery Requests propounded by the City of Chattanooga (“Chattanooga”).

GENERAL OBJECTIONS

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

4. TAWC 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. TAWC objects to each request to the extent it seeks information outside TAWC's custody or control.

6. TAWC's 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 TAWC's 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. TAWC 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. TAWC 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. TAWC does not waive any previously submitted objections to Chattanooga's discovery requests.

**TENNESSEE AMERICAN WATER COMPANY
TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-00032
THIRD DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA**

Responsible Witness: Robert Prendergast

Question:

1. Please provide vacant employee positions included in the labor workpapers in TAWC 2024 Rate Case - Labor Exhibit-CONFIDENTIAL.xlsx.

Response:

The vacant employee positions included in the labor workpapers are provided in the TAWC 2024 Rate Case - Labor Exhibit-CONFIDENTIAL.xlsx on the tabs "Union", "NU Hrly", and "NU Stry".

**TENNESSEE AMERICAN WATER COMPANY
TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-00032
THIRD DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA**

Responsible Witness: Dominic DeGrazia

Question:

2. Does TAWC capitalize property taxes on CWIP? If not, please explain why CWIP was included in its property tax calculations.

Response:

No, TAWC does not capitalize property taxes on CWIP. However, CWIP is considered taxable property by the relevant taxing authority in determining the property tax value and was therefore included in the calculations.

**TENNESSEE AMERICAN WATER COMPANY
TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-00032
THIRD DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA**

Responsible Witness: Dominic DeGrazia

Question:

3. Please provide the gross receipts tax returns filed in August 2023 and August 2024.

Response:

Please see TAW_R_CADDR1_013_062524_Attachment 3 for a copy of the 2022 Gross Receipts Filing filed in August 2023. The attachment also includes an amended 2022 Gross Receipts tax return.

Please see TAW_R_COCDR3_003_082724_Attachment for the 2023 Tax Return filed in August 2024.



TENNESSEE DEPARTMENT OF REVENUE
Gross Receipts Tax Return
Gas, Water, Electric Power, and Light Companies

**GRO
209**

Filing Period 07/01/2023-06/30/2024	Reporting Period 01/01/2023-12/31/2023	Check if applicable: Amended return <input type="checkbox"/>
Account Number 340000108	Due Date 08/01/2024	
FEIN/SSN 62-0529095		Remit in installments <input type="checkbox"/>
Legal Name TENNESSEE AMERICAN WATER COMPANY		Remit amount on Line 13 or 14, whichever is applicable to: Tennessee Department of Revenue Andrew Jackson State Office Building 500 Deaderick Street Nashville, TN 37242 You may file your return and payment at www.tn.gov/revenue.
Mailing Address ATTN: TAX DEPT. P.O. BOX 2738		
City CAMDEN	State NEW JERSEY	
ZIP Code 08101-2738		

Round to the nearest dollar

Gross Receipts Tax on Gas Distribution

1. Gross receipts from gas distribution in Tennessee(1) _____
2. Tax (multiply Line 1 by the applicable rate)(2) _____

Gross Receipts Tax on Water/Electricity Distribution

3. Gross receipts from water/electricity distribution in Tennessee(3) 62,254,605.00
4. Exemption amount (\$5,000 maximum).....(4) 5,000.00
5. Gross receipts subject to tax (subtract Line 4 from Line 3)(5) 62,249,605.00
6. Tax (multiply Line 5 by the applicable rate)(6) 1,867,488.00

Computation of Tax

7. Gross receipts tax (add Lines 2 and 6).....(7) 1,867,488.00
8. Franchise and excise tax credit (add Lines 8a and 8b).....(8) 648,551.00
- a. Franchise tax credit _____
- b. Excise tax credit 648,551.00
9. Total tax (subtract Line 8 from Line 7).....(9) 1,218,937.00
10. Credit memo balance(10) 24,165.00
11. Penalty (see instructions)(11) _____
12. Interest (see instructions).....(12) _____
13. Total amount due (add Lines 9, 11, and 12; subtract Line 10).....(13) 1,194,772.00
14. Installment amount (divide Line 9 by 4) (see instructions)(14) _____

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true, correct, and complete.

Melissa Quella 07/25/2024 Vice President
Taxpayer's Signature Date Title

Tax Preparer's Signature Preparer's PTIN Date Telephone

Preparer's Address City State ZIP Code

Preparer's Email Address

FOR OFFICE USE ONLY



Instructions: Gross Receipts Tax Return – Gas, Water, Electric Power, and Light Companies

Gross receipts from the intrastate distribution of water and electricity and from the intrastate manufacture of gas and/or intrastate distribution of manufactured or natural gas to consumers, excluding sales tax collected from consumers, are subject to a gross receipts tax (commonly known as “utilities tax”). The tax does not apply to gas, water, or power companies owned and operated by cities or other political subdivisions of the state, water companies owned by nonprofits, exempt wholesale generators or FERC certificated wholesale power marketers, and United States governmental agencies.

The filing period is July 1 of the year the tax is due through the following June 30. However, the tax is based on the sales or purchases from the taxpayer’s last fiscal year, which is the reporting period.

New businesses that begin business after July 1 must file *monthly* until the beginning of the next filing period (the next July 1). The monthly returns are based on the sales or purchases from that month. Monthly returns are due on the 10th day of the following month. For example, if a business begins November 1, it will file monthly returns on the 10th of each month beginning December 10 through July 10 of the following year and will file annually thereafter.

The return along with the appropriate tax payment is due on or before August 1 of each year (unless the taxpayer is a new business that is filing monthly). Taxpayers should file and make their tax payments online by visiting the Department’s website at www.tn.gov/revenue. Alternatively, they may mail returns and payments to the address listed on the return.

You must sign and date your return. Paid preparers (accountants, attorneys, etc.) must also sign the return. If this is an amended return, please indicate the “Reporting Period” and the “Filing Period” and check the amended return box on the top of the return. If you are paying in installments, check the appropriate box on the top of the return and complete Line 14.

Return

- Line 1: Enter the total gross receipts from the manufacture of gas or distribution of manufactured or natural gas in Tennessee.
- Line 2: Multiply Line 1 by **1.5%**.
- Line 3: Enter the total gross receipts from the distribution of water and electricity in Tennessee.
- Line 4: The first \$5,000 of gross receipts derived from the intrastate distribution of water and electricity are exempt from the utilities tax. On Line 4, enter the lesser of \$5,000 or the amount on Line 3.
- Line 5: Subtract Line 4 from Line 3.
- Line 6: Multiply Line 5 by **3%**.
- Line 7: Add Lines 2 and 6.
- Line 8: A credit is allowed for franchise and excise taxes paid on the same intrastate activity that is subject to the utilities tax. The franchise and excise tax paid must be for the same tax period as the utilities tax liability. The combined franchise and excise tax credit taken on Line 8 cannot exceed the amount reported on Line 7. To calculate the credit:
 - a) Divide the taxpayer’s total Tennessee gas, water, and electricity sales by the taxpayer’s total Tennessee gross receipts (including gross sales, taxable dividends, taxable interest, etc.).
 - b) Multiply the amount of franchise tax liability from the franchise & excise tax return, Schedule A, Line 3, that has been paid by the decimal number calculated in step (a). Enter this amount on Line 8a.
 - c) Multiply the amount of excise tax liability from the franchise & excise tax return, Schedule B, Line 7, that has been paid by the decimal number calculated in step (a). Enter this amount on Line 8b.
 - d) Add Lines 8a and 8b.
- Line 9: Subtract Line 8 from Line 7. If Line 8 is greater than Line 7, enter zero.

- Line 10: If your account has a credit balance from an overpayment on a prior return, enter the amount on this line.
- Line 11: Penalty is calculated at a rate of 5% for each 30-day period, or portion thereof, that a return is delinquent, up to a maximum of 25% of the delinquent amount. The minimum penalty is \$15 for the delinquent filing of a return. If your return is delinquent, apply the appropriate penalty rate to the total tax due from Line 9.
- Line 12: Interest is due on any amount of tax that is paid after the statutory due date of the return. The interest rate is determined in accordance with Tenn. Code Ann. § 67-1-801. The current interest rate can be found at www.tn.gov/revenue by clicking the Tax Resources tab. If the payment is late, apply the interest rate to the total tax due from Line 9.
- Line 13: Add Lines 9, 11, and 12, and subtract Line 10.
- Line 14: Taxpayers who file the return and make a payment of one-fourth of the total tax (Line 9) on or before August 1 have the option of paying the total tax (Line 9) in four equal installments. As stated, the initial installment amount is paid with the return. Subsequent installment payments will be due not later than November 1, February 1, and May 1. However, interest from August 1 until the date of payment will be due on the second, third, and fourth quarterly payments at the effective rate (see the instructions for Line 12). If quarterly installment payments are not paid by the due date, penalty will be assessed for late payments at the rate of 5% for each 30 days (or portion thereof) that the installment payment remains unpaid subsequent to the due date, up to a maximum of 25%. Taxpayers paying in installments should check the appropriate box on the top of the return.

**TENNESSEE AMERICAN WATER COMPANY
TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-00032
THIRD DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA**

Responsible Witness: Dominic DeGrazia

Question:

4. Please confirm or deny and explain the response: For financial reporting purposes the gross receipts tax expense for 2025 will be calculated in part on its revenue in 2023 and in part on its revenue in 2024.

Response:

For financial reporting purposes the gross receipts tax expense for 2025 will be calculated entirely based on 2024 revenue. No 2023 revenue will be included.

**TENNESSEE AMERICAN WATER COMPANY
TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-00032
THIRD DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA**

Responsible Witness: Dominic DeGrazia

Question:

5. Please provide the dates TAWC will file its gross receipts tax return and pay its tax on the attrition year revenue.

Response:

The tax return on attrition year (i.e., 2025) gross receipts will be filed and resulting payment made by July 31, 2026.

**TENNESSEE AMERICAN WATER COMPANY
TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-00032
THIRD DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA**

Responsible Witness: Robert Prendergast

Question:

6. Please provide the work location of each employee identified in the labor workpapers in TAWC 2024 Rate Case - Labor Exhibit-CONFIDENTIAL.xlsx.

Response:

Please see TAW_R_COCDR3_006_082724_CONFIDENTIAL Attachment for each employee identified in the labor workpapers in TAWC 2024 Rate Case - Labor Exhibit-CONFIDENTIAL.xlsx, excluding the unfilled vacant positions.

**TENNESSEE AMERICAN WATER COMPANY
TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-00032
THIRD DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA**

Responsible Witness: Robert Prendergast

Question:

7. Please identify the employees in the labor workpapers in TAWC 2024 Rate Case - Labor Exhibit-CONFIDENTIAL.xlsx that report to work within each of the seven Rate Areas.

Response:

TAWC employees report to work locations in Chattanooga and in Whitwell.

Please see TAW_R_COCDR3_006_082724_CONFIDENTIAL Attachment for the reporting location of the employees identified in TAWC 2024 Rate Case - Labor Exhibit-CONFIDENTIAL.xlsx, excluding the vacant positions.

**TENNESSEE AMERICAN WATER COMPANY
TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-00032
THIRD DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA**

Responsible Witness: Robert Prendergast

Question:

8. Please identify the employees in the labor workpapers in TAWC 2024 Rate Case - Labor Exhibit-CONFIDENTIAL.xlsx that report to work within each of the four Service Areas.

Response:

TAWC employees report to work locations in Chattanooga and in Whitwell.

Please see TAW_R_COCDR3_006_082724_CONFIDENTIAL Attachment for the reporting location of the employees identified in TAWC 2024 Rate Case - Labor Exhibit-CONFIDENTIAL.xlsx, excluding the vacant positions.

**TENNESSEE AMERICAN WATER COMPANY
TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-00032
THIRD DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA**

Responsible Witness: John Watkins

Question:

9. Please refer to the file <TAWC 2024 Rate Case - Shared Services Exhibit.xlsx>, tab "Workpaper". Please provide the Excel files with the calculation of the adjusted amounts for the 2023, 2024, and 2025.

Response:

Please refer to TAW_R_CADDR1_090_062524_Revised Attachment CONFIDENTIAL. Please note that the 'TN Total' tab of this Revised Attachment mirrors the "Workpaper" tab of the "TAWC 2024 Rate Case - Shared Services Exhibit.xlsx" and provides updated information.

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

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

VERIFICATION

STATE OF Tennessee)


COUNTY OF Hamilton)

I, ROBERT C. LANE, being duly sworn, state that I am authorized to testify on behalf of Tennessee-American Water Company in the above-referenced docket, that if present before the Commission and duly sworn, verifies that the data requests and discovery responses are accurate to the best of my knowledge.



ROBERT C. LANE

Sworn to and subscribed before me
this 26th day of August, 2024.



Notary Public

My Commission expires: 2/28/28



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, Esq.
Assistant Attorney General
Office of the Tennessee Attorney
General
Consumer Advocate Division
P.O. Box 20207
Nashville, TN 37202-0207
Shilina.Brown@ag.tn.gov

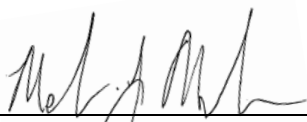
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Union Counsel

This the 27th day of August 2024.



Melvin J. Malone