

September 27, 2024

VIA ELECTRONIC FILING

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 Electronically Filed in TPUC Docket Room on September 27, 2024 at 2:15 p.m.

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 Discovery Requests to the Consumer Advocate Division* in the above-captioned matter.

Please note that Request No. 16 contains **CONFIDENTIAL INFORMATION** and is being submitted **UNDER SEAL** as **CONFIDENTIAL** and **PROPRIETARY**. Both a public version and a nonpublic, **CONFIDENTIAL** version of these requests are attached.

As set forth in TAWC's separately filed Motion and Memorandum in Support of TAWC's Request to Exceed Forty (40) Discovery Requests, and in keeping with the cooperative approach employed by the parties thus far in the discovery phase of this case, the Consumer Advocate has agreed that it does not object to TAWC submitting more than forty (40) discovery requests to the Consumer Advocate Division in this matter.

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

Attachment

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

The Pinnacle at Symphony Place 150 3rd Avenue South, Suite 1600 Nashville, TN 37201 MELVIN J. MALONE 615.651.6705 melvin.malone@butlersnow.com

T 615.651.6700 F 615.651.6701 www.butlersnow.com

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 DISCOVERY REQUESTS TO THE CONSUMER ADVOCATE DIVISION

Tennessee-American Water Company ("TAWC") respectfully submits the following discovery requests to the Consumer Advocate Division of the Tennessee Attorney General's Office ("CAD"). Pursuant to the Order Establishing Procedural Schedule, the responses are to be produced at the office of the undersigned counsel, Melvin J. Malone, at Butler Snow LLP, 150 3rd Avenue South, Suite 1600, Nashville, Tennessee 37201, on October 9, 2024.

Instructions

As used herein, "Documents" include all correspondence, memoranda, notes, e-mail, maps, drawings, surveys or other written or recorded materials, whether external or internal, of every kind or description in the possession of or accessible to the CAD, its witnesses or counsel.

- A. Please identify by name, title, position and responsibility the person or persons answering each of these discovery requests for information.
- B. These requests shall be deemed continuing so as to require further and supplemental responses if the CAD receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted herein.

- C. To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper or information.
- D. To the extent that any request may be answered by way of a computer printout, spreadsheet or other form of electronic media, please identify each variable contained in the document or file which would not be self-evident to a person not familiar with the document or file.
- E. If the CAD has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the undersigned counsel for TAWC as soon as possible.
- F. For any document withheld on the ground of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown or explained; and the nature and legal basis for the privilege asserted.
- G. In the event any document requested has been destroyed or transferred beyond the control of the CAD or any of its witnesses, state: the identity of the person by whom it was destroyed or transferred and the person authorizing the destruction or transfer; the time, place and method of destruction or transfer; and the reason(s) for its destruction or transfer. If destroyed or transferred by reason of a document retention policy, describe in detail the document retention policy.
- H. If a document responsive to a request is a matter of public record, please produce a copy of the document rather than refer TAWC to the record where the document is located.

DISCOVERY REQUEST NO. 1:

To the extent not previously provided, please provide electronic copies (on USB) of all tables, charts, diagrams, schedules, and exhibits (collectively, "Exhibits") contained in the testimony of all witnesses for the CAD. Please include all workpapers, schedules, underlying computations and supporting documentation used and relied upon by each witness in the preparation of their respective testimony, including the preparation of all Exhibits. Please provide all electronic spreadsheets with cell formulas, cell references, macros and VBA code intact.

RESPONSE:

DISCOVERY REQUEST NO. 2:

To the extent not previously provided, please provide copies of all schedules and underlying computations and workpapers developed in the analysis by the CAD and/or its witnesses of TAWC's requested rate increase in electronic spreadsheet format with all formulas intact. This request includes, but is not limited to, the analyses of the revenue requirement components and computations, including all ratemaking adjustments to the historic and forecasted data, and the cost of service model.

RESPONSE:

DISCOVERY REQUEST NO. 3:

Please provide copies of the complete workpapers, supporting documents, electronic files, including all calculations and formulae intact, and electronic versions of any spreadsheets prepared by Mr. Rothschild to support his Pre-filed Testimony, and Exhibits ALR 1 through ALR 5.

DISCOVERY REQUEST NO. 4:

Please provide complete copies of all cited works referenced in Mr. Rothschild's Pre-filed Testimony.

RESPONSE:

DISCOVERY REQUEST NO. 5:

Please provide all workpapers in native format, including all calculations and formulae intact, supporting all figures included in Mr. Rothschild's Pre-filed Testimony.

RESPONSE:

DISCOVERY REQUEST NO. 6:

Please provide a copy or link to each of the five most recent pre-filed testimonies and exhibits, outside of Docket No. 24-00032, in which Mr. Rothschild testified regarding rate of return or cost of equity.

RESPONSE:

DISCOVERY REQUEST NO. 7:

Please provide all data used to develop the Option-Implied analyses performed by Mr. Rothschild for the RFC Water Proxy Group. The data requested includes all workpapers that demonstrate the daily option-implied betas that were relied upon to develop his analysis.

DISCOVERY REQUEST NO. 8:

Please provide all regulatory decisions of which Mr. Rothschild is aware where the regulatory commission specifically endorsed the use of option implied beta coefficients.

RESPONSE:

DISCOVERY REQUEST NO. 9:

Referencing Mr. Rothschild's Pre-filed Testimony at page 65 lines 5-6, please provide in native electronic format, with formulas, the calculation of Mr. Rothschild's "historical blended" beta.

RESPONSE:

DISCOVERY REQUEST NO. 10:

Referencing Mr. Rothschild's Pre-filed Testimony at page 80 lines 2-7, please provide in native electronic format, with formulas, the calculation of Mr. Rothschild's "regression analysis of dozens of utility companies."

RESPONSE:

DISCOVERY REQUEST NO. 11:

Please provide all regulatory decisions of which Mr. Rothschild is aware where the regulatory commission specifically endorsed the use of a DCF model employing the [b x r] method.

DISCOVERY REQUEST NO. 12:

Please provide all data used to develop the "MRP" sheet in Mr. Rothschild's file "2024.08.31 - TAWC Cost of Capital (RFC Water PG).xlsx.

RESPONSE:

DISCOVERY REQUEST NO. 13:

Referencing Mr. Rothschild's Pre-filed Testimony at page 37 lines 14-15, please provide all documents or data supporting Mr. Rothschild's statement that "Leading scholars on the topic have determined that investors generally demand an MRP of 4.0% on average."

RESPONSE:

DISCOVERY REQUEST NO. 14:1

This request relates to file AB-1 Attrition Adjustments, tab Non Production Costs, from page 4 of Consumer Advocate Witness Alex Bradley. If you are unable to confirm as requested in the below subparts, please explain your answer.

a. Please confirm that the below chart's subtotal, which is taken from Lines 1-5 of the Non Production Costs Tab, is correct and ties to the total for each year reflected in the Miscellaneous tab of file AB-1 Attrition Year Adjustments.

Per AB-1 Attrition Adjust	ments, tab Non Product						
O&MExpense Category Detail Inflation Category				2020	2021	2022	2023
Miscellaneous Expense	Employee Related	General Consumer Price Index ("CPI")	\$232,494	\$183,014	\$43,408	\$172,178	\$196,355
Miscellaneous Expense	Building Maintenance	Maintenance	200,508	261,192	274,157	338,059	307,330
Miscellaneous Expense Office Supplies Office Supplies		Office Supplies and Stationery	230,681	248,712	215,546	187,941	159,833
Miscellaneous Expense	Miscellaneous		617,142	482,211	851,250	780,397	553,486
Miscellaneous Expense Postage		Postage, Printing, and Stationery	14,523	8,913	18,240	19,056	13,211
			\$1,295,348	\$1,184,043	\$1,402,601	\$1,497,630	\$1,230,215

¹ Discovery Request Nos. 14 and 15 reference and relate to the AB-1 Attrition Adjustments.xlsx on page 4 of Consumer Advocate Witness Alex Bradley.

b. Please confirm that line 6 of the Non Production Costs Tab, Telecommunication Expense, ties to total for each year reflected in the Telecom Tab of file AB-1 Attrition Year Adjustments.

RESPONSE:

c. Please confirm that line 8 of the Non Production Costs Tab, Rents, ties to the total for each year reflected in the Rent tab of file AB-1 Attrition Year Adjustments.

RESPONSE:

d. Please confirm that line 9 of the Non Production Costs Tab, Contract Services, ties to total for each year reflected in the Contract Services Tab of file AB-1 Attrition Year Adjustments.

RESPONSE:

e. Please confirm that line 10 of the Non Production Costs Tab, Customer Accounting, ties to total for each year reflected in the Customer Accounting Tab of file AB-1 Attrition Year Adjustments.

RESPONSE:

f. Please confirm that line 7 of the Non Production Costs Tab, Maintenance Supplies, Services, Building Maintenance and Services, does NOT tie to total for each year reflected in the Maintenance Tab of file AB-1 Attrition Year Adjustments.

RESPONSE:

g. Please confirm that the below chart reflects the amounts from the file AB-1-Attrition Adjustments.

O&MExpense Category	Detail	Inflation Category		2019	2020	2021	2022	2023
Per AB-1 Attrition Adjusti								
Maintenance Supplies, Services, Building Mainte Maintenance				\$1,541,144	\$1,847,023	\$2,098,957	\$1,980,575	\$1,526,981
Per AB-1 Attrition Adjustments, tab Maintenance				1,340,636	1,585,831	1,824,800	1,642,516	1,219,651
		Variance		\$200,508	\$261,192	\$274,157	\$338,059	\$307,330

RESPONSE:

h. Please confirm that the variance in question in subsection (g) above matches the amount as shown on the Non Production Costs tab line 2 for Miscellaneous Expense, Building Maintenance (also shown in question subsection (a) above).

i. Please confirm that line 7 as reflected in the Non Production Costs tab of AB-1 Attrition Adjustments is overstated.

RESPONSE:

j. Please confirm that removing the variance costs reflected in subsection (g) above would change the 4 year Compound Annual Growth Rate to reflect the below amount.

				Company						
				Proposed 3-	4 Year					
				Year Annual	Compound					
				CPI Percent	Annual					
Line	O&MExpense Category	Detail	Inflation Category	Change	Growth Rate	2019	2020	2021	2022	2023
1	Miscellaneous Expense	Employee Related	General Consumer Pr	6.03%	1.18%	\$232,494	\$183,014	\$43,408	\$172,178	\$196,355
2	Miscellaneous Expense	Building Maintenance	Maintenance	4.05%	1.18%	200,508	261,192	274,157	338,059	307,330
3	Miscellaneous Expense	Office Supplies	Office Supplies and S	2.08%	1.18%	230,681	248,712	215,546	187,941	159,833
4	Miscellaneous Expense	Miscellaneous		6.03%	1.18%	617,142	482,211	851,250	780,397	553,486
5	Miscellaneous Expense	Postage	Postage, Printing, an	4.02%	1.18%	14,523	8,913	18,240	19,056	13,211
6	Telecommunications Expense		General Consumer Pr	6.03%	1.18%	195,715	226,375	224,258	269,244	313,503
7	Maintenance Supplies, Services, Building Main	tenance and Services	Maintenance	4.05%	1.18%	1,340,636	1,585,831	1,824,800	1,642,516	1,219,651
8	Rents		Rent	5.94%	1.18%	7,821	44,291	58,833	12,888	8,429
9	Contract Services		Professional Services	2.54%	1.18%	942,493	1,123,629	878,925	972,334	990,301
10	Customer Accounting		Professional Services	2.54%	1.18%	457,704	133,360	99,860	89,132	84,683
11	Totals					\$4,239,717	\$4,297,528	\$4,489,278	\$4,483,744	\$3,846,782

RESPONSE:

DISCOVERY REQUEST NO. 15:

This request relates to file AB-1 Attrition Adjustments, tab Customer Accounting, from page 4 of Consumer Advocate Witness Alex Bradley. If you are unable to confirm as requested in the below subparts, please explain your answer.

a. Does Mr. Bradley believe the CAGR is an accurate forecast for all costs in all instances?

RESPONSE:

b. Please confirm that the below chart, which is taken from the Customer Accounting Tab in file AB-1 Attrition Adjustments, is correct so that CAGR can be applied. If it is not, please identify the corrections that must be made.

Line Description	Account No.	Account Name	BLS Inflation Factor	2019 Total	2020 Total	2021 Total	2022 Total	2023 Total
				** coo	040.004	(00.0		(0.2.4.0)
Customer Accounting	52501500	Misc Oper - Customer Accounting	2.54%	\$5,689	\$18,091	(\$2,736)	\$0	(\$310)
Customer Accounting	52501510	Misc Oper - Customer Accounting Mtr Read	2.54%	-	-	-	-	-
Customer Accounting	52501520	Misc Oper - Customer Accounting Cust Serv	2.54%	-	-	-	-	-
Customer Accounting	52510015	Bank Service Charges - Customer Accounting	2.54%	117,035	116,832	102,944	89,511	86,070
Customer Accounting	52514906	Customer Education - Bill Inserts	2.54%	2,797	-	-	-	-
Customer Accounting	52520000	Collection Agencies	2.54%	332,182	(1,563)	(348)	(379)	(1,077)
		Total:		\$457,704	\$133,360	\$99,860	\$89,132	\$84,683

c. Pursuant to subsection (b) above, if Mr. Bradley did not identify the \$332,182 in account 52520000 Collection Agencies as being out of place or in need of an adjustment, please fully explain why no adjustment would be made to this line for the year 2019.

RESPONSE:

d. In the 2019 column of the chart in subsection (b) above, the Collection Agencies line item represents 72.58% of the total costs in Customer Accounting. Yet, in 2020 through 2023, the Collection Agencies amounts to (1.17%), (0.35%) (0.43%) and (1.27%), respectively. Please explain why an adjustment is not needed when the numbers reflect over an approximately \$332,000 reduction from 2019.

RESPONSE:

e. Does Mr. Bradley assume that the \$332,182 in subsection (c) above does not impact his proposed CAGR?

RESPONSE:

f. Please confirm that if the \$332,182 in subsection (c) above were removed from the analysis, the CAGR would be 3.27% as reflected in the chart below. Please note that the Maintenance expense in line 7 reflects the corrected amount, which excludes the double counting of line 2 from the tab Non Production Costs.

				Company						
				Proposed 3-	4 Year					
				Year Annual	Compound					
				CPI Percent	Annual					
Line	O&MExpense Category	Detail	Inflation Category	Change	Growth Rate	2019	2020	2021	2022	2023
1	Miscellaneous Expense	Employee Related	General Consumer Pr	6.03%	3.27%	\$232,494	\$183,014	\$43,408	\$172,178	\$196,355
2	Miscellaneous Expense	Building Maintenance	Maintenance	4.05%	3.27%	200,508	261,192	274,157	338,059	307,330
3	Miscellaneous Expense	Office Supplies	Office Supplies and S	2.08%	3.27%	230,681	248,712	215,546	187,941	159,833
4	Miscellaneous Expense	Miscellaneous		6.03%	3.27%	617,142	482,211	851,250	780,397	553,486
5	Miscellaneous Expense	Postage	Postage, Printing, an	4.02%	3.27%	14,523	8,913	18,240	19,056	13,211
6	Telecommunications Expense		General Consumer Pr	6.03%	3.27%	195,715	226,375	224,258	269,244	313,503
7	Maintenance Supplies, Services, Building Main	tenance and Services	Maintenance	4.05%	3.27%	1,340,636	1,585,831	1,824,800	1,642,516	1,219,651
8	Rents		Rent	5.94%	3.27%	7,821	44,291	58,833	12,888	8,429
9	Contract Services		Professional Services	2.54%	3.27%	942,493	1,123,629	878,925	972,334	990,301
10	Customer Accounting		Professional Services	2.54%	3.27%	125,521	133,360	99,860	89,132	84,683
11	Totals					\$3,907,534	\$4,297,528	\$4,489,278	\$4,483,744	\$3,846,782

CONFIDENTIAL – DISCOVERY REQUEST NO. 16:



RESPONSE:

DISCOVERY REQUEST NO. 17:

Referencing Mr. Dittemore's Pre-filed Testimony at page 31, lines 1-11, Mr. Dittemore uses the term "lost and unaccounted for water." If "lost and unaccounted for water" is not "non-revenue water," please provide a definition of "lost and unaccounted for water" as used by Mr. Dittemore.

RESPONSE:

DISCOVERY REQUEST NO. 18:

Please provide the source and support for Mr. Dittemore's definition of "lost and unaccounted for water."

DISCOVERY REQUEST NO. 19:

Please provide a method for calculating "unaccounted for water."

RESPONSE:

DISCOVERY REQUEST NO. 20:

Please provide a method for calculating "lost water."

RESPONSE:

DISCOVERY REQUEST NO. 21:

Please provide the source for each of these definitions in the preceding two requests.

RESPONSE:

DISCOVERY REQUEST NO. 22:

Referencing Mr. Dittemore's Pre-filed Testimony at page 31, lines 1-11, Mr. Dittemore uses the term non-revenue water ("NRW"). Please provide a definition of "non-revenue water" as used by Mr. Dittemore as well as the source and support of such definition.

RESPONSE:

DISCOVERY REQUEST NO. 23:

Please provide a method of calculating "non-revenue water" under Mr. Dittemore's definition.

DISCOVERY REQUEST NO. 24:

Referencing Mr. Dittemore's Pre-filed Testimony on page 31, lines 9-10, please provide the source and support for the statement "it is not possible to definitively make a numeric distinction between lost water and NRW."

RESPONSE:

DISCOVERY REQUEST NO. 25:

Referencing his testimony, is it Mr. Dittemore contention that "lost and unaccounted for water" cannot be calculated or estimated according to industry guidelines? If so, please provide the source and support for this conclusion.

RESPONSE:

DISCOVERY REQUEST NO. 26:

What does Mr. Dittemore consider a normal or reasonable level of NRW for Tennessee American Water? Please provide the source and support for this conclusion.

RESPONSE:

DISCOVERY REQUEST NO. 27:

Does Mr. Dittemore consider water released while flushing portions of the water system to maintain water quality "lost water" or "unaccounted for water"?

DISCOVERY REQUEST NO. 28:

Does Mr. Dittemore consider water that is released to test fire hydrants to be "lost water" or "unaccounted for water"?

RESPONSE:

DISCOVERY REQUEST NO. 29:

Does Mr. Dittemore consider water usage that is metered, but not billed, "lost water" or "unaccounted for water"?

RESPONSE:

DISCOVERY REQUEST NO. 30:

Refer to the table on page 4 of Alex Bradley's Pre-filed Testimony and refer to his Testimony on page 5, lines 12-18. Please explain the reason the CAD calculated Attrition Period Contract Services by first beginning "with the Consumer Advocate Adjusted Test Period amount of \$796,882" as opposed to first beginning with the Test Period amounts for the accounts making up this expense or TAWC's Adjusted Test Period Amount for this expense item.

RESPONSE:

DISCOVERY REQUEST NO. 31:

Refer to the table on page 6 of Alex Bradley's Pre-filed Testimony and refer to his Testimony on pages 7 and 8. Please identify and explain the basis, components and accounts that make up the Consumer Advocate's "Business Development and External Affairs & Public Policy"

item as referenced on pages 7 and 8 of Alex Bradley's Pre-filed Testimony, and identify how the CAD developed its "proposed Test Period Adjustments for Business Development and External Affairs & Public Policy" as utilized by the CAD to calculate its adjustments to the Contract Services, Labor, Benefits, Other Benefits, and Other Insurance components of TAWC's Attrition Period Support Services line item. Please also identify any differences between the "Business Development and External Affairs & Public Policy" item and the "External Affairs & Public Policy" item as referenced in application to Rents and Transportation on page 8 of Alex Bradley's Pre-filed Testimony.

RESPONSE:

DISCOVERY REQUEST NO. 32:

Refer to the table on page 9 of Alex Bradley's Pre-filed Testimony and refer to his Testimony on page 9, lines 14-20. Please explain why 2019 was selected, and not some other year or average of years, to compare to TAWC's Proposed Adjusted Test Period to develop the CAD's Support Services compound annual growth factor of 3.26%.

RESPONSE:

DISCOVERY REQUEST NO. 33:

Refer to page 18, lines 1-21 of Alex Bradley's Pre-filed Testimony. Please state whether the CAD is taking the position that the Commission does not have authority to approve TAWC's replacement of customer-owned lead service lines and, if so, identify all Tennessee statutes, regulations and precedent that supports that position.

DISCOVERY REQUEST NO. 34:

Refer to page 5, lines 3-13 of William Novak's Pre-filed Testimony. Please identify the

"known and reasonably anticipated events" that were the basis of adjustments utilized by the CAD

to calculate an attrition year rate base of \$297.8 million. Please identify and produce all related

workpapers.

RESPONSE:

DISCOVERY REQUEST NO. 35:

Refer to page 7, line 2 through page 8, line 5 of William Novak's Pre-filed Testimony.

Please explain why a feasibility and reasonability analysis based on a four-year average was

utilized to analyze Plant in Service.

RESPONSE:

RESPECTFULLY SUBMITTED,

MELVIN/J. MALONE (BPR #013874)

Butler Snow LLP

150 3rd Avenue South, Suite 1600

Nashville, TN 37201

Tel: (615) 651-6700

Melvin.Malone@butlersnow.com

Attorneys for Tennessee-American Water Company

15

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

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

Phillip A. Noblett, Esq.
City Attorney
Valerie Malueg, Esq.
Kathryn McDonald
Assistant City Attorneys
100 East 11th Street, Suite 200
City Hall Annex
Chattanooga, TN 37402
pnoblett@chattanooga.gov
vmalueg@chattanooga.gov
kmcdonald@chattanooga.gov
Attorneys for the City of
Chattanooga

Frederick L. Hitchcock, Esq.
Cathy Dorvil, Esq.
Chambliss, Bahner & Stophel, P.C.
Liberty Tower
605 Chestnut Street, Suite 1700
Chattanooga, TN 37450
rhitchcock@chamblisslaw.com
cdorvil@chamblisslaw.com
Attorneys for the City of
Chattanooga

Scott P. Tift, Esq.
David W. Garrison, Esq.
Barrett Johnston Martin & Garrison,
PLLC
200 31st Avenue North
Nashville, TN 37203
stift@barrettjohnston.com
dgarrison@barrettjohnston.com
Union Counsel

This the 27th day of September 2024.

Melvin J. Malone