

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

IN RE:

**TENNESSEE-AMERICAN WATER
COMPANY'S 2025 INCREMENTAL
CAPITAL RECOVERY RIDER TARIFF
PETITION**

DOCKET NO. 25-00016

**CONSUMER ADVOCATE'S FIRST SET OF DISCOVERY REQUESTS
TO TENNESSEE-AMERICAN WATER COMPANY**

This First 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 Karen H. Stachowski, at a date and time to be determined by the parties.

PRELIMINARY MATTERS AND DEFINITIONS

1. **Continuing Request.** These discovery requests are to be considered continuing in nature and are to be supplemented from time to time as information is received by the Company and any of its affiliates which would make a prior response inaccurate, incomplete, or incorrect.
2. **Clear References.** To the extent that the data or information requested is incorporated or contained in a document, identify the document including page/line number if applicable.

3. **Format of Responses.** Provide all responses in the format in which they were created or maintained, for example, Microsoft Word or Microsoft Excel format with all cells and formulas intact and in working order. If a document (including without limitation a financial or other spreadsheet or work paper) is not created or maintained in Microsoft Excel format, convert the document to Microsoft Excel format or provide the document in a format that enables or permits functionality like or similar to Microsoft Excel (including without limitation the functionality of working cells and formulas), or provide the software program(s) that will enable the Consumer Advocate to audit and analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.

4. **Objections.** If any objections to this discovery are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege or immunity asserted. If you claim a document is privileged, identify the document and state the basis for the privilege or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

5. **Singular/Plural.** The singular shall include the plural, and vice-versa, where appropriate.

6. **Definitions.** As used in this Request:

(a) “You,” “Your,” “Company,” “Tennessee-American,” or “TAWC” shall mean Tennessee American Water Company and all employees, agents, attorneys, representatives or any other person acting or purporting to act on its behalf.

(b) “Affiliate” shall mean any entity who, directly or indirectly, is in control of, is controlled by, or is under common control with the Company. For greater clarification, “control” is the ownership of 20% or more of the shares of stock entitled to vote for the election of directors in the case of a corporation, or 20% or more of the equity interest in the case of any other type of entity, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, or status as an owner of a sole proprietorship, or any other arrangement whereby a person has the power to choose, direct, or manage the board of directors or equivalent governing body, officers, managers, employees, proxies,

or agents of another person. In addition, the term "Affiliate" shall mean any entity that directly or indirectly provides management or operational services to the Company or any affiliate (as defined in the preceding sentence) of the Company, or to which the Company provides management or operational services. Further, the payment of money to the Company or receipt by the Company of money from an entity with which the Company has any relationship, other than such payment or receipt, shall include the payor or recipient of such money as an "Affiliate".

(c) "Communication" shall mean any transmission of information by oral, graphic, written, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, meetings and personal conversations, or otherwise.

(d) "Document" shall have the broadest possible meaning under applicable law. "Document" shall mean any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), work paper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If any such document was, but no longer is, in your possession, custody or control, state what disposition was made of the document and when it was made?

(e) "Person" shall mean any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

(f) "Identify" with respect to:

- i. Any natural person, means to state the full name, telephone number, email address and the current or last known business address of the person (if no business address or email address is available provide any address known to you) and that person's relationship, whether business, commercial, professional, or personal with you;
- ii. Any legal person, business entity or association, means to state the full name, the name of your contact person with the entity, all trade name(s), doing business as name(s), telephone number(s), email address(es), and current or last known business address of such person or entity (if no business address is available provide any address known to you);
- iii. Any document, means to state the type of document (e.g., letter), the title, identify the author, the subject matter, the date the document bears and the date it was written; and

iv. Any oral communication, means to state the date when and the place where it was made, identify the person who made it, identify the person or persons who were present or who heard it, and the substance of it.

(g) “And” and “or” shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.

(h) “Including” shall be construed to mean including but not limited to.

FIRST SET OF DISCOVERY REQUESTS

1-1. Provide a comprehensive explanation for why there is no negative entry of (\$935,260) for Acquisition Rate Base as reflected in the 2024 filing.

RESPONSE:

1-2. Refer to the File <Copy of Working Petitioner Exhibit TAWC 2025 ICRR and ROE Test Calculation (version 1).xlsx>, Tab “2024 ICRRR Calc”. Provide the support and underlying calculations for the Incremental Capital Rider Depreciation Expense of \$767,559 found on Line No. 21 Incremental CR Depreciation Expense.

RESPONSE:

1-3. Refer to Mr. Lane’s Direct Testimony at pp. 27-28. Mr. Lane discusses the Net Income Adjustment associated with Excess Water Loss. If the Company is proposing a change in the manner in which the Return on Equity (“ROE”) adjustment is calculated, provide a comprehensive explanation supporting the modification.

RESPONSE:

1-4. Refer to Mr. Lane’s Direct Testimony at p. 28. Mr. Lane indicates a new proposed tariff is attached to his testimony. Provide a redline version of the proposed tariff, compared with the most recently adopted tariff.

RESPONSE:

1-5. Provide the monthly Trial Balances for 2024.

RESPONSE:

1-6. Provide general ledger details for 2024.

RESPONSE:

1-7. Refer to Mr. Lane's Direct Testimony at pp. 28-29 in which he discusses Excess Accumulated Deferred Income Taxes ("EADIT"). Also refer to TPUC Docket No. 24-00011, Mr. Lane's Direct Testimony at pp. 29-30. Please respond to the following questions:

- a. Mr. Lane refers to annual TCJA tax savings of \$2,035,031 in his testimony in TPUC Docket No. 24-00011. Did the Company record this amount as a regulatory liability on its books during 2024? If not, describe any accounting entries made related to these savings; and
- b. What is the rationale for the Company's proposal to retain this level of annual TCJA savings for 2024, given that new base rates incorporating the lower 21% federal tax rate did not become effective until January 1, 2025? Please refer to any Commission orders and/or Settlement Agreements supporting the Company's retention of such savings.

RESPONSE:

1-8. Provide a copy of all supporting information used in recording the Company's Property Tax expense in 2023. This should include the monthly accounting entries made to Property Tax Expense.

RESPONSE:

1-9. Provide a copy of all supporting information used in recording the Company's Property Tax expense in 2024. This should include the monthly accounting entries made to Property Tax Expense.

RESPONSE:

1-10. Provide a copy of all supporting information used in recording the Company's Franchise Tax expense in 2023. This should include the monthly accounting entries made to Franchise Tax Expense.

RESPONSE:

1-11. Provide a copy of all supporting information used in recording the Company's Franchise Tax expense in 2024. This should include the monthly accounting entries made to Franchise Tax Expense.

RESPONSE:

1-12. Provide a 2024 file identical in form to the File <TAWC Workpaper_Billing Determinants – Jan 2023 – Dec 2023.xlsx> submitted in TPUC Docket No. 24-00011.

RESPONSE:

1-13. Identify the miles of (a) Cast Iron main and (b) Galvanized Pipe mains remaining on the TAWC system as of 12/31/24 further broken out by system, in an identical fashion as was provided in response to Consumer Advocate DR No. 1-1 in TPUC Docket No. 24-00011. In the alternative, if TAWC prefers to provide a breakdown of (a) miles of Cast Iron main and (b) Galvanized Pipe main according to 'tariff defined areas' as referenced in Consumer Advocate DR No. 1-1 (TPUC Docket No. 24-00011) and provide such information as of 12/31/23 and 12/31/24.

RESPONSE:

1-14. Identify the total number of galvanized and cast-iron main breaks by system as referenced in the response to Consumer Advocate DR No. 1-1 in TPUC Docket No. 24-00011 for calendar year 2024. In the alternative, if TAWC prefers to provide a breakdown main

breaks according to “tariff defined areas” as referenced in Consumer Advocate DR No. 1-1 (TPUC Docket No. 24-00011) and provide such information separately for calendar years 2023 and 2024. Further, supply the definition of main break as is used by TAWC to track these occurrences:

RESPONSE:

1-15. Provide miles of main by system as of 12/31/24, split into two categories:

- a. Total miles of main; and
- b. Miles of main 50 years old or greater.

If, instead, the Company prefers to provide this information by “tariff defined areas”, provide this information for both calendar years 2023 and 2024.

RESPONSE:

1-16. Quantify the 2024 non-qualifying ICRR capital expenditures.

RESPONSE:

1-17. If the Company believes any changes to the ICRR tariff are necessary to accommodate the transition from the 2024 to 2025 ICRR, identify such language changes and provide supporting explanation for each change.

RESPONSE:

1.18. Refer to the Petition, Paragraph 2, which states: “Tennessee American is a wholly owned subsidiary of American Water Works Company, Inc., which is the largest water holding company in the United States, providing water and wastewater services to approximately fifteen (15) million people in forty-six (46) states and the District of Columbia.” Clarify the states, services offered, and number of customers where American Water works provides service.

RESPONSE:

1-19.

Refer to Mr. Starkman's Direct Testimony at 21:20-23. He states that "with economic development opportunities being limited and the competition for each development fierce, the rider allows infrastructure to be expanded or enhanced to respond quickly and equitably to economic development that will benefit all of the consumers." Reply to the following questions:

- a. Provide examples of the development opportunities that have fierce competition with the need for quick responses.
- b. Provide a list of the competitors for these services.
- c. As used in this context, clarify and define:
 - (1) Quickly (the timeline between TAWC first becoming aware of the project that the required response).
 - (2) Equitable; and
 - (3) The type of response – is this actual construction, bids, estimates or some other response?

RESPONSE:

1-20. Refer to Mr. Sparkman's Direct Testimony at 27:3-5. He states "TAWC spent \$1,871,690 within the Process Plant Facilities and Equipment Improvements within Line Q. This level of investment is an increase in the line compared with the three-year average spending of \$2,125,690 over the period of 2021 to 2023." Clarify whether the \$2,125,690 was the average of the three-year period of 2021 to 2023 or if it was the total for the period.

RESPONSE:

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:

Robert C. Lane
Director, Rates and Regulatory
Tennessee-American Water Company
109 Wiehl Street
Chattanooga, TN 37403
Email: Bob.Lane@amwater.com

Melvin J. Malone
Katherine Barnes
Butler Snow LLP
The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201
Email: Melvin.Malone@butlersnow.com
Email: Katherine.Barnes@butlersnow.com

This the 18th day of March, 2025.



Karen H. Stachowski
Deputy Attorney General

1-21. Provide the calculation and supporting workpapers underlying the adjustment to the return on equity calculation using the Non-Revenue Water methodology, assuming the Commission does not accept the Company's Unaccounted for Water proposal.

RESPONSE:

RESPECTFULLY SUBMITTED,



KAREN H. STACHOWSKI (BPR No. 019607)

Deputy Attorney General

VANCE L. BROEMEL (BPR No. 011421)

Managing Attorney

Office of the Tennessee Attorney General

Consumer Advocate Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

Phone: (615) 741-2370

Fax: (615) 741-1026

Email: karen.stachowski@ag.tn.gov

Email: vance.broemel@ag.tn.gov

TPUC Docket No 25-00016
CA's 1st DR to TAWC