

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

IN RE:)	
)	
TENNESSEE-AMERICAN WATER)	
COMPANY’S 2025 INCREMENTAL)	DOCKET NO. 25-00016
CAPITAL RECOVERY RIDER TARIFF)	
PETITION)	
)	

**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 Karen H. Stachowski, on or before 2:00 p.m. (Central), April 15, 2025.

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 March 18, 2025, 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 Direct Testimony of Robert C. Lane at 22:18 – 23:2. He stated that the previously existing depreciation rates adopted in the last rate case were used in the ICRR calculation. However, it appears that the depreciation rates within the Petition, File <Petitioner Exhibit TAWC 2025 Incremental Capital Rider>, Tab “WKP 2024-In-Service Actual” have changed since the last case, resulting in a lower depreciation expense than would have resulted had the rates in the previous filing been used. Respond to the following:
- a. Confirm that the depreciation rates in the current filing are 2025 rates, and not those in effect in 2024?
 - b. If this is confirmed, recalculate the Incremental Capital Rider Revenue Requirement (“ICRR”) to reflect the rates that were in effect for 2024.
 - c. If part (a) is not confirmed, provide support for the depreciation rates used within the current ICRR filing.

RESPONSE:

- 2-2.** Refer to the Direct Testimony of William H. Novak at 7:14, Table 3, TPUC Docket No. 25-00002 (April 2, 2025). Notwithstanding the Company’s support for the Unaccounted-For-Water Percentage methodology, does the Company agree with the numeric calculation of the Non-Revenue Water Percentage as calculated in Table 3 of Mr. Novak’s testimony?¹

RESPONSE:

- 2-3.** Refer to the Company’s Response to Consumer Advocate DR No. 1-3. Identify the previous TAWC Capital Recovery Rider cases referenced in this response. In addition, provide the supporting calculations demonstrating the adoption of the Unaccounted-for-

¹ *Direct Testimony of William H. Novak at 7, TPUC Docket No. 25-00002 (April 2, 2025).*

Water methodology referenced in that response, contrasted with Non-Revenue Water methodology in those same cases.

RESPONSE:

- 2-4.** Provide the time and amount billed for all attorney(s) who spent time on the Unaccounted-for-Water and Non-Revenue Water portion of the Petition filed in this Docket.

RESPONSE:

- 2-5.** Is it the Company's position that the existing language in its tariff would prohibit a negative ICRR in 2026 if its actual 2025 ICRR capital expenditures are less than those incorporated into the rate base used to establish base rates? Provide a detailed explanation and all supporting documentation.

RESPONSE:

- 2-6.** Does the Company believe that its tariff prohibits a negative ICRR under any scenario? If such a hypothetical scenario exists, identify the details and supporting documentation.

RESPONSE:

- 2-7.** Does the Company believe its current tariff provisions, subject to modification in this proceeding, will control the calculation of its 2026 ICRR?

RESPONSE:

- 2-8.** Does the Company believe a "true-up" of its qualifying ICRR investment incorporated into base rates in TPUC Docket No. 24-00032 should be reconciled with its actual 2025 qualifying ICRR expenditures? If not, what is the basis for this conclusion? If so, to the extent budgeted capital expenditures included in Rate Base in TPUC Docket No. 24-00032

exceed the actual costs of such ICRR qualifying projects, how should such differences be treated within its 2026 filing?

RESPONSE:

2-9. Identify the forecasted level of ICRR, by project (work number) that was included in Rate Base in TPUC Docket No. 24-00032.

RESPONSE:

2-10. Refer to the Direct Testimony of Robert C. Lane, Petitions Exhibit Proposed First Revised Sheet No. 12-Riders-1. This exhibit includes a legacy capital rider percentage of 36.3%. Confirm that the Company is, in fact, not charging a legacy capital rider surcharge effective with the date new base rates became effective.

RESPONSE:

2-11. Refer to the table below comparing Accumulated Depreciation balances from Trial Balances for December 2024 with corresponding information referenced within the Petition, File <Petitioner Exhibit TAWC 2025 ICRRR & ROE Test Calculation>, Tab “2024 ICRR Financials”. Respond to the following:

Componants of Accumulated Depreciation		
Account Number	Account Title	12/31/2024
1080100	A/D UP In Service	\$ (198,341,823)
1080200	A.D - Salvage/Scrap	\$ (5,537,602)
1080300	A/D Asset Sale	\$ (9,860)
1080400	A/D Original Cost	\$ 59,792,921
1081000	A/D - Reg Asset	\$ (3,749,579)
	Total	\$ (147,845,943)
	Balance per 2024 ICRRR Financials - 12/24	\$ (118,243,018)

- a. Reconcile the two differing Accumulated Depreciation balance totals shown;
- b. Provide a comprehensive Explanation of the transactions recorded to account 1080400 A/D Original Cost; and
- c. Provide a comprehensive Explanation of the transactions recorded to account 1080400 A/D Regulatory Asset.

RESPONSE:

2-12. Refer to the Company's Response to the Consumer Advocate's DR No. 1-9, PDF p. 243.

Provide a complete explanation supporting the necessity of the Property Tax adjustments to 2023 and 2024 as referenced in the Company's Response.

RESPONSE:

2-13. Refer to the Company's Response to the Consumer Advocate's DR No. 1-11, PDF p. 471.

Provide a complete explanation supporting the 2023 and 2024 true-ups to Franchise Tax Expense as referenced in the Company's response..

RESPONSE:

2-14. Refer to the Company's Response to Consumer Advocate DR No. 1-13, related to the Company's cast iron and galvanized pipe inventory. The Company has responded that such inventory is subject to changes and revisions each year, and notably, the reported cast iron and galvanized pipe mileage increased from 2023 to 2024. Due to this change in inventory levels, it is impossible to accurately determine each replacement mileage for each type of pipe. Identify the miles of cast iron and galvanized pipe replaced in 2024, by district.

RESPONSE:

2-15. Refer to the Company's Response to the Consumer Advocate's DR No. 1-14. The Company explained that galvanized and cast iron main breaks increased by nearly 30% in

2024 compared with 2023. What caused this increase in these types of main breaks, and what steps, if any, is the Company undertaking to minimize such occurrences? Provide supporting documentation for your response.

RESPONSE:

2-16. Refer to the Company's Response to Consumer Advocate DR No. 1-15. Provide the Mains replacement mileage that was at least 50 years old by District.

RESPONSE:

RESPECTFULLY SUBMITTED,



KAREN H. STACHOWSKI (BPR No. 019607)

Deputy Attorney General

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via electronic mail,
and by U.S. Mail per request, upon:

Robert C. Lane
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Melvin J. Malone
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This the 8th day of April, 2025.



Karen H. Stachowski
Deputy Attorney General