

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

IN RE:)	
)	
JOINT PETITION OF TENNESSEE-)	
AMERICAN WATER COMPANY,)	
AMERICAN WATER WORKS)	
COMPANY, INC., NEXUS REGULATED)	
UTILITIES, LLC, AND TENNESSEE)	
WATER SERVICE, INC. FOR)	
AUTHORIZATION OF CHANGE OF)	DOCKET NO. 25-00040
CONTROL, APPROVAL OF THE)	
AGREEMENT AND PLAN OF)	
MERGER AND FOR THE ISSUANCE)	
OF A CERTIFICATE OF)	
CONVENIENCE AND NECESSITY)	

**CONSUMER ADVOCATE’S FIRST SET OF DISCOVERY REQUESTS
TO TENNESSEE WATER SERVICE, INC.
AND NEXUS REGULATED UTILITIES, LLC**

This First Set of Discovery Requests is hereby served upon Tennessee Water Service, Inc. (“TWS”) and Nexus Regulated Utilities, LLC (“Nexus”) together (“Seller”), 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 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 Friday, August 8, 2025, at 2:00 p.m. CST.

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) “TWS,” shall mean Tennessee Water Service, Inc., “Nexus” shall mean Nexus Regulated Utilities, LLC, and “Seller” shall mean TWS and Nexus 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. Deferred Taxes. Provide responses to the following:

- a. Confirm that TWS's Accumulated Deferred Income Taxes ("ADIT") will be retained for calculation of TWS rates in the future;
- b. Confirm that the TWS balance of ADIT will be recorded on the books of TAWC at the closing of the transaction; and
- c. If not, explain how the deferred taxes will be treated after the transaction.

RESPONSE:

1-2. Plant Age. Refer to the *Joint Petition* and respond to the following:

- a. For each system being acquired by AWWC, what is the average age of the plant-in-service?
- b. What is the average age of TWS's plant-in-service?

RESPONSE:

- 1-3. System. Confirm that the TWS System is not interconnected with any other TAWC system, and that it cannot share water sources with any other TAWC system.

RESPONSE:

- 1-4. Tax. Is the TAWC/TWS transaction a taxable transaction to Nexus? If so, respond to the following:

- a. Indicate the journal entry that will be recorded on the books of Nexus because of the TAWC portion of the transaction.
- b. What is the rationale for the retention of the gain on the sale for Nexus shareholders?
- c. Identify any TPUC regulatory determinations TAWC & AWWC are relying on to retain the proceeds from the gain on the sale from this transaction.

RESPONSE:

- 1-5. Deferrals. Identify any deferrals TWS plans to record because of its proceeding in TPUC Docket No. 25-00031.

RESPONSE:

- 1-6. ARM Deferral. Refer to the *Joint Petition*, File <Exhibit F - Pro-forma Accounting Entry TAWC.xlsx> (“Journal Entry”) and 2025 ARM, File <TWS ARM - Deferrals 2025.xlsx>.

Respond to the following:

- a. Reconcile the balance of the Deferred Charges contained in the 2025 ARM, File <TWS ARM - Deferrals 2025.xlsx> with the Journal Entry balances identified within accounts 186.0 (Miscellaneous Deferred Debits) and 186.3 (Regulatory Assets) contained in the *Joint Petition*, File <Exhibit F - Pro-forma Accounting Entry TAWC.xlsx>; and
- b. Reconcile the balance of the Regulatory Liabilities in the 2025 ARM, File <TWS ARM - Deferrals 2025.xlsx> with the balance in Account 253, “Other Deferred Credits” contained in the *Joint Petition*, File <Exhibit F - Pro-forma Accounting Entry TAWC.xlsx>.

RESPONSE:

- 1-7. Cost Allocation - Overhead. Identify and quantify all costs that are currently allocated from Nexus to TWS that will no longer be allocated after the transaction. Identify and quantify all costs that will be allocated from TAWC or AWC to the current TWS system after the transaction is completed.

RESPONSE:

- 1-8. MFR. Refer to TPUC Rule 1220-04-14-.08 (2)(d). The Rule states:

A schedule detailing the number of customers by customer class served by the selling utility at the time the application for acquisition is filed;

In the *Joint Petition*, Appendix A, page 1, the Petitioner's state the following in response to this rule:

TWS only services one class of customers, residential. The number of such customers is set forth within the pre-filed testimony in support of the Joint Petition. Thus, a separate schedule detailing the number of customers by customer class served by TWS would be cumulative.

Refer to Appendix A at 29 and then the *Direct Testimony of Van Horn* at 3:3-14. Appendix A at 29 indicates that there are approximately 400 connections. The *Direct Testimony of Van Horn* states that there are approximately 440 customers. Respond to the following:

- a. Provide TWS's current connection count; and
- b. What connection count for TWS have the applicants used in their analysis?

RESPONSE:

- 1-9. MFR. Refer to TPUC Rule 1220-04-14-.08 (2)(f). The Rule states:

A forecasted income statement detailing the projected operating revenues, expenses, taxes and net income attributable to the selling utility's operations for the twelve-month period following the estimated closing date of the acquisition transaction;

In the *Joint Petition*, Appendix A, page 1, the Petitioner's state the following in response to this rule:

A twelve-month forecasted income statement for TWS post-closing is unnecessary and cumulative considering the substantive information submitted with the Commission in In Re: Tennessee Water Service, Inc, Petition to Establish Docket and Extend the Due Date for Filing Its Petition for Approval of 2025 Annual Rate Review Filing, TPUC Docket No. 25-000031.

Provide the location of the required information within the cited document.

RESPONSE:

1-10. MFR. Refer to TPUC Rule 1220-04-14-.08 (2)(h). The Rule states:

A schedule detailing the computation of regulatory, transaction and closing costs related to the proposed acquisition and the amount of such costs requested for recovery from the acquiring utility's customers;

In the *Joint Petition*, Appendix A, page 2, the Petitioner's state the following in response to this rule:

For presently available information regarding regulatory, transaction and closing costs related to the proposed acquisition and merger and the amount of such costs requested for recovery by TAWC, see the Pre-filed Direct Testimony of TAWC Witness Grady Stout at pp. 7-9.

The Direct Testimony of Grady Stout does not contain a schedule of financial information regarding regulatory, transaction and closing costs related to the proposed acquisition.

Provide the following:

- a. Provide a schedule detailing the financial information regarding regulatory, transaction and closing costs related to the proposed transaction that were used to analyze the proposed transaction and/or utilized in any cost/benefit analysis; and
- b. Provide a schedule of estimates of the regarding regulatory, transaction and closing costs related to the proposed acquisition.

RESPONSE:

1-11. MFR. Refer to TPUC Rule 1220-04-14-.08 (2)(m). The Rule states:

A schedule identifying any assets that were contributed or donated to the selling utility that are included in the acquisition transaction;

In the *Joint Petition*, Appendix A, the Petitioner's state the following in response to this rule:

With respect to the identification of any assets that were contributed or donated to TWS that are included in the acquisition and merger transactions, Schedule A-6 in TWS's May 31, 2025, ARRM filing shows CIAC by GL account.

Respond to the following:

- a. Provide the location of the required information within the cited document; and
- b. Specify the specific dollar amount that the Joint Petitioner's consider to be contributed or donated; and
- c. Specify GL account and the amount in each GL account.

RESPONSE:

1-12. MFR. Refer to TPUC Rule 1220-04-14-.08 (5). The Rule states:

The acquiring utility shall provide public notice of the proposed acquisition in accordance with applicable statutory law and Commission rules and regulations, as well as any additional public notice requirements ordered by the Commission or the Hearing Officer.

In the *Joint Petition*, Appendix A, the Petitioner's state the following in response to this rule:

Please see pages 6-7 of the Joint Petition, which outlines that TAWC shall provide public notice of the proposed acquisition in accordance with applicable statutory law and Commission rules and regulations. The current customers of the System will be notified of this Joint Petition pursuant to the Commission's existing notice requirements as soon as a proposed hearing date is known to the Joint Applicants. At pages 6-7 of the Joint Petition, Joint Petitioners also outline additional notice steps that the Joint Petitioners will take that exceed existing Commission rules. The Company will also comply with any additional public notice requirements ordered by the Commission or the Hearing Officer.

TPUC promulgated the acquisition rule after it promulgated the general public notice requirement for utilities. As such, the Commission chose to set additional public notice requirements for acquisition dockets above and beyond the general public notice requirements it previously instituted. TPUC Rule 1220-04-14-.08 requires a draft of the

public notice to be filed **with** the filing of a petition for acquisition in order for any intervenor(s) and the Commission to be able to review and consider its sufficiency at the outset of the docket. Provide the requisite public notice of the proposed acquisition.

RESPONSE:

RESPECTFULLY SUBMITTED,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via electronic mail,
upon:

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This the 24th day of July, 2025.



SHILINA B. BROWN

Senior Assistant Attorney General