

**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)	DOCKET NO. 25-00040
UTILITIES, LLC, AND TENNESSEE)	
WATER SERVICE, INC. FOR)	
AUTHORIZATION OF CHANGE OF)	
CONTROL, APPROVAL OF THE)	
AGREEMENT AND PLAN OF)	
MERGER AND FOR THE ISSUANCE)	
OF A CERTIFICATE OF)	
CONVENIENCE AND NECESSITY)	

**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 “Company”), pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Advocate Division of the Tennessee 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, September 5, 2025, at 2:00 p.m. CST.

PRELIMINARY MATTERS AND DEFINITIONS

This Second Set of Discovery Requests incorporates by reference the same Preliminary Matters and Definitions as set forth in the Consumer Advocate's First Discovery Request to TAWC (Buyer) on July 25, 2025, 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 Response of TWS to Consumer Advocate DR No. 1-1, regarding the elimination of ADIT because of this transaction. Explain how ratepayers of TWS will not be adversely affected by this transaction, given the \$132,658 increase in rate base that results from this transaction.

RESPONSE:

- 2-2.** Refer to: (1) the Response of TWS to Consumer Advocate DR No. 1-1; (2) the Response of TAWC to Consumer Advocate DR No. 1-8(e); and (3) the Direct Testimony Grady Stout at 9:9-10. Mr. Stout identifies the December 31, 2024 Rate Base resulting from this transaction to be \$2,101,732 and that the Company will not be seeking any change in Rate Base because of the transaction. Reconcile this statement with the TWS response, indicating the existing Accumulated Deferred Income Tax ("ADIT") liability balance will cease to exist after the transaction, which would effectively increase the Rate Base \$132,658. Respond to the following:

- a. Confirm that absent Commission action, Rate Base will indeed increase as a result of this transaction, contrary to the Testimony and TAWC Response to 1-8(e) cited above. If this is not confirmed, explain how Rate Base will not increase in light of the Response of TWS to Consumer Advocate DR No. 1-1.
- b. If this is not confirmed, reconcile (1) the Response of TWS to Consumer Advocate DR No. 1-1; with (2) the Response of TAWC to Consumer Advocate DR No. 1-8(e); and with (3) the testimony of Mr. Stout at 9:9-10, indicating that the ADIT balance will be eliminated as a result of this transaction.

RESPONSE:

- 2-3.** Provide an estimate of the Transition costs associated with the implementation of the existing TAWC distribution technology and customer billing information applied to the TWS service territory/customer base.

RESPONSE:

- 2-4.** Provide a comprehensive discussion of how TAWC intends to integrate TWS operational information and ongoing service/work into the existing information systems utilized by TAWC.

RESPONSE:

- 2-5.** Provide a comprehensive discussion of how TAWC intends to bill the newly acquired customers of TWS immediately upon the date of closing. Describe the steps necessary to accomplish this transition.

RESPONSE:

- 2-6.** In assessing the Operating and Maintenance cost implications of this acquisition on existing TWS customers, does TAWC believe it is appropriate to compare the operating costs per customer of TAWC to those of TWS in making this assessment? If not, what

financial metrics does TAWC believe should be applied in assessing the cost implications of the transaction on TWS customers?

RESPONSE:

2-7. Refer to the Direct Testimony of Grady Stout at 8:16-20:

The System will be kept separate and apart from TAWC's existing system for purposes of accounting and ratemaking. Further, the System will be operated by TAWC as a separate business unit in the TAWC accounting system. All labor utilized to operate and maintain the System will be charged accordingly, as will all maintenance and other operational expenses. TAWC is proposing to create a separate cost center for the System.

Respond to the following:

- a. Define "cost center" as used in this context.
- b. How will TAWC refer to this cost center (what will it be titled or named)?
- c. Will the cost center be treated as an operating division?
- d. Will TAWC be allocating costs to the cost center or will it be a stand-alone operation?
- e. Will the cost center have its own annual report separate from TAWC?
- f. Will future rate petitions for the cost center be part of an overall TAWC rate petition?

RESPONSE:

2-8. Refer to the Direct Testimony of Grady Stout at 5:16-21 and 15:10 – 15 and respond to the following:

- a. Identify all fees and charges in those tariffs that TAWC proposes to assess Chalet Village North customers.
- b. Identify how each of the charges identified in the preceding question differ from those currently being charged to those customers.
- c. Reconcile any changes in fees and charges identified in (b) above with the statements of Mr. Stout's Testimony at 5:16-21:

- i. TAWC intends to adopt the rates, financials and rate base of the TWS system,
- ii. TAWC is not asking for any changes from these previously approved items at this time.
- iii. TAWC intends to adopt the rates set forth in any resulting order from TWS's ARRM's filing.

RESPONSE:

RESPECTFULLY SUBMITTED,



SHILINA B. BROWN (BPR No. 020689)

Senior Assistant Attorney General

VICTORIA B. GLOVER (BPR No. 037954)

Assistant Attorney General

Office of the Tennessee Attorney General

Consumer Advocate Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

Telephone: (615) 741-2357

Fax: (615) 741-1026

Email: Shilina.Brown@ag.tn.gov

Email: Victoria.Glover@ag.tn.gov

CERTIFICATE OF SERVICE

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

Melvin J. Malone, Esq.
Butler Snow LLP
1320 Adams Street, Suite 1400
Nashville, TN 37208
Email: melvin.malone@butlersnow.com

Grady Stout
Tennessee American Water
109 Wiehl Street
Chattanooga, TN 37403
Email: grady.stout@amwater.com

Ryan A. Freeman
Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
1900 Republic Center
633 Chestnut Street
Chattanooga, TN 37450
Email: rfreeman@bakerdonelson.com

This the 22nd day of August, 2025.



SHILINA B. BROWN

Senior Assistant Attorney General