

# BUTLER | SNOW

September 5, 2025

## **VIA ELECTRONIC FILING**

Hon. David Jones, Chairman  
c/o Ectory Lawless, Docket Manager  
Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
[TPUC.DocketRoom@tn.gov](mailto:TPUC.DocketRoom@tn.gov)

Electronically Filed in TPUC Docket Room  
on September 5, 2025 at 10:00 a.m.

**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 Control, Approval of the Agreement and Plan of Merger and for the Issuance of a Certificate of Convenience and Necessity, Docket No. 25-00040***


Dear Chairman Jones:

Attached for filing please find *Tennessee-American Water Company's Response to Consumer Advocate's Second Set of Discovery Requests* in the above-captioned matter.

As required, copies will be mailed to your office. 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

clw

Attachments

cc: Bob Lane, TAWC  
Ryan Freeman, Baker Donelson  
Shilina B. Brown, Consumer Advocate Division  
Victoria B. Glover, Consumer Advocate Division

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BUTLER SNOW LLP

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

**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 CONTROL, APPROVAL OF THE )  
AGREEMENT AND PLAN OF )  
MERGER AND FOR THE ISSUANCE )  
OF A CERTIFICATE OF )  
CONVENIENCE AND NECESSITY )**

**DOCKET NO. 25-00040**

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**TENNESSEE-AMERICAN WATER COMPANY’S RESPONSE  
TO CONSUMER ADVOCATE’S SECOND SET OF DISCOVERY REQUESTS**

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Tennessee-American Water Company (“TAWC”), by and through counsel, hereby submits its Response to Second Set of Discovery Requests propounded by the Consumer Advocate Division of the Attorney General’s Office (“Consumer Advocate”).

**GENERAL OBJECTIONS**

1. TAWC objects to all requests that seek information protected by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or restriction on disclosure.

2. TAWC objects to the definitions and instructions accompanying the requests to the extent the definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations, or orders of the Tennessee Public Utility Commission (“TPUC” or “Authority”).

3. The specific responses set forth below are based on information now available to TAWC, and TAWC reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information produced.

4. TAWC objects to each request to the extent that it is unreasonably cumulative or duplicative, speculative, unduly burdensome, irrelevant or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

5. TAWC objects to each request to the extent it seeks information outside TAWC's custody or control.

6. TAWC's decision, now or in the future, to provide information or documents notwithstanding the objectionable nature of any of the definitions or instructions, or the requests themselves, should not be construed as: (a) a stipulation that the material is relevant or admissible, (b) a waiver of TAWC's General Objections or the objections asserted in response to specific discovery requests, or (c) an agreement that requests for similar information will be treated in a similar manner.

7. TAWC objects to those requests that seek the identification of "any" or "all" documents or witnesses (or similar language) related to a particular subject matter on the grounds that they are overbroad and unduly burdensome and exceed the scope of permissible discovery.

8. TAWC objects to those requests that constitute a "fishing expedition," seeking information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence and is not limited to this matter.

9. TAWC does not waive any previously submitted objections to the Consumer Advocate's discovery requests.

**TENNESSEE AMERICAN WATER COMPANY  
TENNESSEE PUBLIC UTILITY COMMISSION  
DOCKET NO. 25-00040  
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE**

**Responsible Witness:** Robert Lane

**Question 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:**

The former TWS customers will not see a change in their rates at the time of closing. Further, rates will remain unchanged until the Commission's review and determination in the Company's next rate proceeding. At that time, any effect from this transaction will be subject to the Commission's review and may be offset by other efficiencies gained in the interim.

Please see TWS's response to CAD 1-1. The customers will not be adversely affected because while the existing deferred tax liability does not transfer to TAWC, TAWC receives a higher tax basis with the transaction. The result is that ADIT will be higher in the future and decrease rate base further as compared to the ADIT currently on the financial statements of TWS.

**TENNESSEE AMERICAN WATER COMPANY  
TENNESSEE PUBLIC UTILITY COMMISSION  
DOCKET NO. 25-00040  
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE**

**Responsible Witness:** Robert Lane

**Question 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:**

As Mr. Stout states on page 9, lines 9-10, of his Pre-filed Direct Testimony, the Rate Base of the TWS System as of December 31, 2024 is \$2,010,732. TAWC is not seeking a change in Rate Base related to this transaction in this proceeding.

In the next rate proceeding after this transaction, rates will be established based on the rate base (or projected rate base depending on the nature of the rate proceeding) for the relevant time period. This level of plant in service and the relevant additions and

deduction to rate base, including ADIT, will be determined by the Commission at that time for the relevant time period.

Until that next rate proceeding, the water rates to TWS's customers, which are based on TWS's current levels of rate base and expenses, will remain in effect until the Commission approves new rates as a result of TAWC's next rate proceeding,

The tax basis for the acquired TWS assets will increase after the closing of this transaction. The new tax basis will be depreciated over 15 years for tax purposes. The ADIT balance on TAWC's books, related to the acquired assets, will be reset when the transaction closes but is estimated to surpass TWS's current ADIT balance. Hence, Commission action is not required.

**TENNESSEE AMERICAN WATER COMPANY  
TENNESSEE PUBLIC UTILITY COMMISSION  
DOCKET NO. 25-00040  
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE**

**Responsible Witness:** Robert Lane

**Question 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:**

TAWC is in the early stages of developing a transition plan but does not anticipate incremental costs associated with integrating the TWS service territory or customer base with the existing TAWC distribution technology and customer billing systems. As such, these costs are not included in the Transaction Costs that TAWC intends to seek recovery of.

**TENNESSEE AMERICAN WATER COMPANY  
TENNESSEE PUBLIC UTILITY COMMISSION  
DOCKET NO. 25-00040  
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE**

**Responsible Witness:** Grady Stout

**Question 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:**

Prior to closing, TAWC will meet with the licensed operator of the TWS system to gain understanding of the system and its operational needs. Asset lists will be prepared and loaded into TAWC's work and asset management system and preventative maintenance programs will be developed. Care will be taken to make sure that these programs not only meet TAWC's maintenance standards, but also meet or exceed the level of service TWS has historically provided.



**TENNESSEE AMERICAN WATER COMPANY  
TENNESSEE PUBLIC UTILITY COMMISSION  
DOCKET NO. 25-00040  
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE**

**Responsible Witness:** Grady Stout

**Question 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:**

Prior to closing, TWS will conduct their final periodic meter reading and billing. The final meter readings will be provided to TAWC. After closing, TAWC will conduct periodic meter reading and generate the first TAWC bill, using the final reads provided by TWS. This first periodic meter reading and billing by TAWC typically occurs within one month following closing.

**TENNESSEE AMERICAN WATER COMPANY  
TENNESSEE PUBLIC UTILITY COMMISSION  
DOCKET NO. 25-00040  
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE**

**Responsible Witness:** Grady Stout

**Question 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:**

TAWC objects to this request on the grounds and to the extent that it is vague and ambiguous and calls for a legal conclusion. Subject to and without waiver of these objections, TAWC responds as follows:

No, TAWC has not asserted that it is appropriate to simply compare the operating costs per customer of TAWC to those of TWS in this context. A simple comparison of TAWC and TWS's respective O&M costs per customer, viewed in isolation, would not provide a meaningful assessment of the cost implications of this transaction. TAWC and TWS, respectively, have several differences that should be considered when assessing the implications on this transaction, such as: system characteristics, economies of scale, service territory characteristics, quality of service, infrastructure differences, infrastructure conditions, source of water (purchased vs produced) and, therefore, O&M costs per customer would not be useful in isolation.

In addition, TAWC is not proposing any changes in base rates in this proceeding, and therefore, there are no cost implications of the transaction on TWS customers at this time, and there won't be any until such time as TAWC seeks to change rates in a future rate proceeding before the Commission.

**TENNESSEE AMERICAN WATER COMPANY  
TENNESSEE PUBLIC UTILITY COMMISSION  
DOCKET NO. 25-00040  
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE**

**Responsible Witness:** Grady Stout

**Question 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:**

- a. The term "cost center" is an internal accounting designation for purposes of tracking costs to a particular unit or system.
- b. At this point TAWC does not have a "name" for this cost center. Cost centers are given an identifier when costs begin to accrue.
- c. No.
- d. Costs will be both directly assigned and certain common costs will be allocated, such as A&G costs.
- e. No.
- f. Yes.

**TENNESSEE AMERICAN WATER COMPANY  
TENNESSEE PUBLIC UTILITY COMMISSION  
DOCKET NO. 25-00040  
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE**

**Responsible Witness:** Robert Lane

**Question 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:** (See following page)

- a. TAWC intends to charge the following rates for water. These are the exact same rates as TWS charges for water service currently.

**Tennessee Rate Schedule Effective September 1, 2024**

RS Code	Description	Rate Type	Max Usage Included Tier Rates per 1,000 gallons	Rate
220WRES	Residential Base Rate	Base Rate	2000	\$ 48.54
220WRES	Residential Tier 1	Tier 1	6000	\$ 16.93
220WRES	Residential Tier 2	Tier 2	12000	\$ 19.98
220WRES	Residential Tier 3	Tier 3	>12000	\$ 22.88
220WMFIR	Fire Multi-Use Connection	Base Rate		\$ 34.35
	Fire-Only Connection	Base Rate		\$ 70.11
	Volumetric (per 1,000 gallons: All Usage)			\$ 19.98

Bills in arrears monthly

TAWC intends to charge the following for Fees.

	TAWC	Current TWS	Post Acquisition
	Fee	Fee	Fee
Activity Fee	\$ 25.00	\$ 20.00	\$ 25.00
New Service Fee	\$ 25.00	\$ 20.00	\$ 25.00
Activation Fee	\$ 25.00	\$ 25.00	\$ 25.00
Disconnection/Reconnection Charge - Water	\$ 30.00	\$ 35.00	\$ 30.00
Disconnection/Reconnection Charge - Sewer	\$ 30.00	NA	NA
NSF Charge	\$ 20.00	\$ 10.00	\$ 20.00
Usage Data	\$ 0.02	NA	NA
After-Hours Fee	\$ 40.00	NA	NA
Meter Tampering Charge	\$ 95.00	NA	\$ 95.00
Late Payment Charge	5%	10%	5%

- b. See response to subpart a. above.
- c. TAWC will not change any rates for water service for current customers of TWS that are in effect at the time of closing. However, TAWC will adjust the fees to match the fees charged by TAWC across its service territory. This results in a change in the New Service fee from \$20 to \$25 for those customers in the TWS area, a change in the reconnection fee from \$35 to \$30 and the NSF Charge results in a change from \$10 to \$20. With regard to Late Payment Charges, the late payment charge for TWS customers will be reduced from 10% after 21 days to 5% after 27 days to conform with TAWC's. Further those current TWS customers will also now be subject to a Meter Tampering Charge of \$95.

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

**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 CONTROL, APPROVAL OF THE  
AGREEMENT AND PLAN OF  
MERGER AND FOR THE ISSUANCE  
OF A CERTIFICATE OF  
CONVENIENCE AND NECESSITY**

**DOCKET NO. 25-00040**

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**VERIFICATION**

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**STATE OF** Tennessee )

**COUNTY OF** Hamilton )

I, GRADY STOUT, being duly sworn, state that I am authorized to testify on behalf of Tennessee-American Water Company in the above-referenced docket, that if present before the Commission and duly sworn, verifies that the data requests and discovery responses are accurate to the best of my knowledge.

  
\_\_\_\_\_  
GRADY STOUT

Sworn to and subscribed before me  
this 4<sup>th</sup> day of September, 2025.

  
\_\_\_\_\_  
Notary Public

My Commission expires: 2-28-28



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:

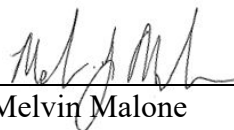
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*Attorneys for Tennessee Water Service, Inc.  
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This the 5<sup>th</sup> day of September 2025.

  
\_\_\_\_\_  
Melvin Malone