

**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)	

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

Tennessee Water Service, Inc. (“TWS”) and Nexus Regulated Utilities, LLC (“Nexus”) together (“Seller”), by and through counsel, hereby submits its Responses to the Second Set of Discovery Requests propounded by the Consumer Advocate Division of the Office of the Tennessee Attorney General (“Consumer Advocate”).

GENERAL OBJECTIONS

1. Seller 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. Seller objects to the definitions and instructions accompanying the requests to the extent the definitions and instructions contradict, are inconsistent with, or impose any obligations

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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 “Commission”).

3. The specific responses set forth below are based on information now available to Seller, and Seller reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information produced.
4. Seller 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. Seller objects to each request to the extent it seeks information outside Seller’s custody or control.
6. Seller'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 Seller’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. Seller 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.

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8. Seller 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. Seller does not waive any previously submitted objections to the Consumer Advocate’s discovery requests.

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SECOND SET OF DISCOVERY REQUESTS

RESPONSIBLE WITNESS: Steven Lubertozi, SVP of Rates, Regulatory & Legislative Affairs

- 2-1.** Identify any planned capital expenditures currently included within the corporate capital budget for the period 2025 – 2027. For each planned capital expenditure, identify the anticipated cost and an explanation of the need for the project.

RESPONSE:

See attached schedule TWS Response to CA No. 2-1.

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RESPONSIBLE WITNESS: Victoria Shupak, Assistant Controller, Corporate & Tax

2-2. Refer to the Company's Response to Consumer Advocate DR No. 1-1(c), that indicated the transaction will be taxable to TWS and identify the estimated gain on the sale based upon December 31, 2024, data. Provide the estimated journal entry to be recorded because of the transaction.

RESPONSE:

Seller objects to this request on the grounds and to the extent that the identification of an estimated gain on sale is irrelevant to this proceeding, and further on the basis that no such estimate or calculation has been made at this time by the Seller.

Below please find the journal entries that will be recorded on TWS's books because of this transaction at the time of closing.

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Deferred Tax Liability (ADIT)	176,942	
Deferred Tax Expense		176,942

Please note that these amounts are based on the most current 2024 estimates of ADIT. The December 31, 2024, ADIT balances will not be finalized until late 2025 when the federal and state tax returns are filed.

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RESPONSIBLE WITNESS: Victoria Shupak, Assistant Controller, Corporate & Tax and Steven Lubertozi, SVP of Rates, Regulatory & Legislative Affairs

- 2-3.** Refer to the Company's Response to Consumer Advocate DR No. 1-1, regarding the elimination of Accumulated Deferred Income Taxes ("ADIT") because of this transaction. Explain how ratepayers of TWS will not be adversely affected by this transaction considering the \$132,658 increase in rate base that results from this transaction.

RESPONSE:

See TAWC's response to Consumer Advocate DR No. 2-1.

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RESPONSIBLE WITNESS: Steven Lubertozzi, SVP of Rates, Regulatory & Legislative Affairs

2-4. Provide the rationale supporting the Company's intent to retain the gain on the sale resulting from this transaction in light of the Commission's decisions regarding the assignment of extraordinary costs between ratepayers and shareholders in TPUC Docket Nos. 17-00108 and 19-00028.

RESPONSE: In dockets 17-00108 and 19-00028, the Commission did not address extraordinary costs in any way that expressly or otherwise limited the Company's ability to sell or retain any type of gain on a sale in the future. Rather, each docket considered the specific facts of the filing, including the emergency relief necessary to offset the effect of the Gatlinburg Wildfires in 2016 and the Company's general rate case petition in 2019. In each docket, the Commission carefully considered the Company's actions and requests and entered its orders allocating costs between ratepayers and shareholders. Furthermore, any gain on sale that may result from this transaction does not adversely impact TWS's customers, as no rate increase or acquisition premium is being sought in connection with this transaction.

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RESPECTFULLY SUBMITTED,



Ryan A. Freeman (BPR 033299)
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Berkowitz, PC**
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SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

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:

Shilina B. Brown
Vance L. Broemel
Office of the Tennessee Attorney General
Consumer Advocate Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
Phone: (615) 360-4219
Fax: (615) 741-8151
Email: Shilina.Brown@ag.tn.gov
Email: Vance.Broemel@ag.tn.gov

This the 5th day of September, 2025.

A handwritten signature in blue ink that reads "Ryan Freeman". The signature is fluid and cursive, with the first name "Ryan" and last name "Freeman" clearly distinguishable.

Ryan Freeman