

January 20, 2026

Electronically Filed in TPUC Docket Room
on January 20, 2026 at 1:35 p.m.

VIA ELECTRONIC FILING

Hon. David Jones, Chairman
c/o Ectory Lawless, Docket Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

RE: *Petition of Tennessee-American Water Company to Adopt Annual Review Mechanism and ARM Tariff Pursuant to Tenn. Code Ann. § 65-5-103(d)(6), Docket No. 25-00089*

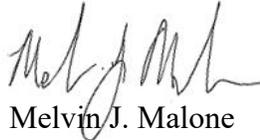
Dear Chairman Jones:

Attached for filing please find *Tennessee-American Water Company's Responses to Consumer Advocate's Second Set of Discovery Requests*.

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
Shilina Brown, Consumer Advocate Division
Phillip Noblett, City of Chattanooga
Frederick Hitchcock, City of Chattanooga

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

IN RE:)	
)	
PETITION OF TENNESSEE-)	
AMERICAN WATER COMPANY TO)	
ADOPT ANNUAL REVIEW)	DOCKET NO. 25-00089
MECHANISM AND ARM TARIFF)	
PURSUANT TO TENN. CODE ANN.)	
§ 65-5-103(d)(6))	

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

Tennessee-American Water Company (“TAWC”), by and through counsel, hereby submits its Responses 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
DOCKET NO. 25-00089
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE DIVISION**

Responsible Witness: Robert C. Lane

Question 2-1: Refer to the Direct Testimony of Robert C. Lane at 16:10-15. The Company proposes that the annual ARM surcharge or sur-credit be applied to all customers via an equal percentage (as they were in the 2025 Order, though applied to all rates not just the fixed meter service charge). Thus, the Company's base tariff rates remain unchanged each year, and the surcharge or sur-credit becomes the only means of adjusting customer rates as a result of the historic ARM calculation. Is this correct? If not, provide a detailed explanation and support.

Response:

Yes. This is correct.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 25-00089
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE DIVISION**

Responsible Witness: Philip J. Drennan

Question 2-2: In addition to Mr. Lane's testimony referenced above, refer to the Direct Testimony of Philip J. Drennan, Appendix C - Proposed Tariff, TPUC No 20, Original Sheet No. 12-ARM-3, Section 4. Methodology, Subsection C. Annual ARM Revenue Surcharge, which states:

To collect or credit ARM Revenue Adjustment, the Company shall apply an equal percentage increase to customer bills in the form of a surcharge. The percentage increase will be calculated by dividing ARM Revenue Adjustment by the Base Revenue Forecast for the Rate Effective Period.

Respond to the following and provide documentation and support:

- A. Provide the formula for determining the surcharge.
- B. How will the surcharge appear on bills?
- C. Provide examples of the formula being applied to individual bills.
- D. Will the surcharge for each customer vary based on a monthly percentage calculation applied to the bill? Or will it be the same amount every month of the year for every customer in a specific class?
- E. How will customers be informed about the surcharge and changes in the surcharge?

Response:

- A. The ARM surcharge will be calculated by dividing total ARM revenue deficiency (surplus) by the Base Revenue Forecast. The Base Revenue Forecast will be calculated

using the fixed and volumetric tariff rates approved in the Company’s last rate case, adjusted for current billing determinants. The current Base Revenue Forecast will approximately equal the level of authorized revenues in Docket 24-00032 and is expected to gradually increase as the Company’s customer base grows. The following hypothetical example shows the formula to calculate the surcharge percentage.

$$\text{ARM Surcharge} = \frac{\text{Total ARM Revenue Deficiency (Surplus): Line No. 21, Schedule 1}}{\text{Base Revenue Forecast}}$$

$$3.90\% = \frac{\$2,894,171}{\$74,153,841}$$

B. The ARM surcharge will appear on customers’ bills in the same manner that the Company’s expense and capital recovery riders have appeared on customers’ bills for numerous years. The ARM surcharge will be calculated as a percentage of water service charges, made up of both fixed meter and volumetric rates.

	Water Service		31.43
	Water Service Charge		
	04/30/24 to 05/19/24		9.01
	05/20/24 to 05/30/24		4.95
	Water Usage Charge		
	04/30/24 to 05/19/24	(30 x \$0.03566)	1.07
		(8.07 x \$0.56555)	4.56
	05/20/24 to 05/30/24	(20.93 x \$0.56555)	11.84
	Other Charges		11.26
	Expense Recovery Riders		1.05
	Capital Recovery Riders		10.21
	Total Service Related Charges		42.69

C. See the following Hypothetical bill example using the 3.9% surcharge rate calculated in the Company’s response to question 2-2 A. The surcharge percentage would be applied to total water charge to calculate the ARM surcharge amount.

Water Service Charge		\$19.92
Water Usage Charge	(30 x \$0.05017)	\$1.51
	(8 x \$0.79567)	\$6.37
<u>Total Water Charge</u>		<u>\$27.79</u>
ARM Surcharge		\$1.08
ARM Surcharge %		3.90%

D. The surcharge will vary based on a monthly percentage calculation applied to the bill (volumetric and fixed water service charges combined). The surcharge will be calculated like the Company’s expense and capital riders, which the Company is proposing to replace with the ARM surcharge, pending approval from TPUC.

E. Customers will be informed about the surcharge in the “Understanding Your Bill” section in each monthly bill next to account charge detail. The Company’s tariffs explaining the surcharge calculation will be available on the Company’s website. Customers can also contact our customer service center for an explanation of the surcharge.

The Company will also comply with TPUC’s rules, regulations, and orders regarding customer notices.

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§ 65-5-103(d)(6))

DOCKET NO. 25-00089

VERIFICATION

STATE OF Tennessee)

COUNTY OF Hamilton)

I, ROBERT C. LANE, 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.



ROBERT C. LANE

Sworn to and subscribed before me
this 16th day of January, 2026.



Notary Public

My Commission expires: 2/28/28



BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

IN RE:)
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AMERICAN WATER COMPANY TO)
ADOPT ANNUAL REVIEW)
MECHANISM AND ARM TARIFF)
PURSUANT TO TENN. CODE ANN.)
§ 65-5-103(d)(6))

DOCKET NO. 25-00089

VERIFICATION

STATE OF Illinois)

COUNTY OF Cook)

I, PHILIP DRENNAN, 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.

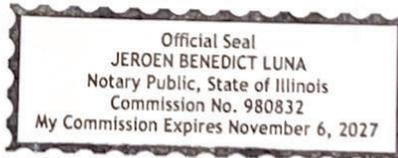
Philip Drennan

PHILIP DRENNAN

Sworn to and subscribed before me
this 20th day of January, 2026.

[Signature]

Notary Public



My Commission expires: 11/6/27

CERTIFICATE OF SERVICE

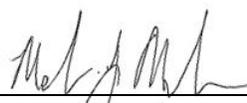
I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 20th day of January 2026.



Melvin Malone