

MINIMUM FILING GUIDELINES FOR LOCAL DISTRIBUTION WATER COMPANIES FILING BASE RATE CASES

The Tennessee Public Utility Commission (“Commission”) requires that all natural gas, electric and water companies subject to the jurisdiction of this Commission as set forth in T.C.A. § 65-4-101, which have operating revenues in excess of \$10,000,000, shall provide complete responses to the following requested information with its base rate petition.

Notwithstanding the petitioner’s response to these requests, the Commission and any intervenor retains the right to submit subsequent data requests on any relevant topic, including those covered in these rules. The petitioning company shall explain any instance where a question is not responded to in full, and the filing of the information requested herein does not waive any objection by the Company as to the admissibility into evidence.

In responding to these requests, the petitioner should provide the most current, accurate, and comprehensive information available at the time of the response. In making its responses, the petitioner should employ those persons who are most knowledgeable regarding the requested information, and all information should be presented in a manner designed to promote clear understanding and assessment.

ADMINISTRATIVE AND GENERAL

1. Unless otherwise stated herein, the Commission requires an original and three (3) hard copies of all information.
2. Responses shall be submitted electronically at tpuc.docketroom@tn.gov with the original and three (3) hard copies mailed to the Docket Manager at the Tennessee Public Utility Commission, 502 Deaderick Street, 4th Floor, Nashville, Tennessee 37243. The electronic submission to the docket room shall be in pdf format, making all pages searchable or Optical Character Recognition (“OCR”). Bookmarks should also be added to distinguish sections of pdf files.
3. Additionally, all financial schedules and supporting workpapers shall be filed in Microsoft Excel with working formulas intact.
4. Please respond fully to each item, even if the data has been supplied or partially supplied in prior filings or dockets. Information supplied in one item can be referenced if asked for again in another item.
5. Each copy of the responses should be placed in loose-leaf binders with each item tabbed. Each response should begin by restating the item requested. If several sheets are required to answer an item, each sheet should be appropriately labeled and indexed, for example, Item 1(a), Sheet 1 of 4.

6. For each response item, indicate the witness whose testimony encompasses the information requested, where applicable.
7. For data requested that is also supplied in summary form on the Commission required monthly or annual reports for the test period only, please reconcile your response to these reports if a variance exists.
8. Information filed with a claim of confidentiality should be filed in a sealed envelope marked "Confidential." Confidential information submitted electronically shall be stamped "Confidential" at the top of each page containing such confidential information.

GENERAL

9. If material to the Company's cost or level of service in Tennessee, please provide a comprehensive discussion of all abnormal conditions or changes in condition that (a) occurred during the last three years or (b) are reasonably anticipated to occur up to the anticipated hearing date in this case. Explain how these changes will affect the Company's Tennessee operations going forward. The discussion should include, but not be limited to, the following:
 - a. Management changes;
 - b. Operational changes;
 - c. Administrative changes;
 - d. Recent or pending mergers, consolidations, or acquisitions;
 - e. Major changes in sales or volumes;
 - f. Pending negotiations for possible changes in sales or transportation volumes to any current or prospective commercial or industrial customer;
 - g. Labor contracts and/or Union uncertainties; and
 - h. Expenses.
10. State the effect that each of the applicable changes discussed in Item 9 has had or will have on the Company's, its Parent's, Multi-State Utility's, or Affiliated Utility Service Companies', revenues, expenses, rate base and capital structure. Also please discuss how such changes have or will affect the allocations to regulated, unregulated and jurisdictional operations.
11. If the Company is a separate legal entity, including but not limited to, a subsidiary of another corporation, "Parent" means the entity who owns 50% or more of the voting securities of the Company. If the Company is an operating division of an entity that is engaged in utility operations in states other than Tennessee, "Multi-State Utility" means the entity of which the Company is an operating division. "Affiliate" means any entity that controls, is controlled by, or is under common control with the Company. "Affiliated Utility Service Company" means a utility service company that provides

services to affiliated regulated utilities. Provide a current organizational chart for the Company and, if applicable, its Parent, Multi-State Utility, Affiliated Utility Service Companies and any other affiliated entities. For each entity provide the Chief Officer and appropriate regulatory contact. Only officers and key personnel for which all or some portion of their compensation is sought to be recovered from Tennessee ratepayers should be included in the chart.

12. If the Company is a separate entity, provide a current chart of accounts for the Company and, if applicable, its Affiliated Utility Service Companies. If the Company is an operating division, also provide a current chart of accounts for the Parent and/or Multi-State Utility.
13. Tariffs and Rate Orders:
 - a. Provide a red-lined copy of the Company's proposed tariff noting all proposed changes;
 - b. Provide a clean copy of Company's proposed tariff pages containing all proposed changes and properly identify each change by the appropriate symbol in the margin of each page;
 - c. Provide copies of all orders issued in general rate case proceedings involving base service rates for the Company, its Parent, Multi-State Utility, or Affiliated Utility Service Company issued within the past three (3) years. Please provide a complete and accurate copy (including all attachments, exhibits, and schedules) of the most recent rate case order from each state public utility commission for each affiliate of the Company.
14. Provide a detailed General Ledger for the last two (2) fiscal years and year to date of the current fiscal year for the Company, its Parent, Multi-State Utility, and Affiliated Utility Service Companies.
15. Provide a detailed Trial Balance for the last two (2) fiscal and year to date of the current fiscal year for the Company, its Parent, Multi-State Utility, and Affiliated Utility Service Companies by month, by account and subaccount, including adjusting entries and post-closing balances.
16. Provide the latest fiscal year-end Income Statement and Balance Sheet for the Company, its Parent, Multi-State Utility, and Affiliated Utility Service Companies.
17. Provide a detailed list of all the Company's affiliated party contracts for the past two years, including the nature and amount of each transaction.
18. Provide a list of the Company's customer service initiatives and performance measures, including a description and analysis of the effectiveness of each for the last three (3) years. If applicable, the analysis should include, but not be limited to, time to connect the customer to the system, response time to service inquiries, restoration of service, new

meter installations, billing inquiries, meeting appointment times, etc. If other areas are monitored, include them in this response.

THE FOLLOWING SHALL BE SUBMITTED BY LOCAL WATER COMPANIES

REVENUES

19. Identify the company's twenty-five (25) largest customers based on volumes delivered for the latest fiscal year. If the company projects a material change in the volumes delivered or rates charged to any such customer, provide a mailing address, contact person, telephone number, and the following information for each customer:
 - a. Sales volumes by tariff and by month for the last three (3) fiscal years for each customer, including the step volume information for the appropriate classification; and
 - b. Copies of all correspondence and notes of discussion or meetings with these customers regarding their anticipated usage from the test period through the attrition period.
20. Provide, in excel format, the number of the company's customers by rate classification and by month for the last three (3) fiscal years. Provide a summary schedule showing the number of days in each billing cycle for each month for the latest 18 (eighteen) months.
21. Provide a list of the company's customers that have changed rate classes in the test period. Show the rate schedule movement and any adjustments you have made to the billing determinants and usage for the attrition period.
22. Provide the number of net additions by customer rate classification by month for the latest 24 months.
23. Does the company receive any royalties for the sale or provision of water line protection contracts, sewer line protection contracts and home plumbing contracts in Tennessee (royalties related to the benefit derived from the use of company's name, president's signature, logo, reputation, goodwill and corporate image, etc.)? If so, please provide amount received for the last three (3) fiscal years. Please provide detailed justification if no royalties were assessed or received for such contracts. Also provide copies of any contracts for the above arrangements.
24. Identify usage and growth trends and any adjustments, including assumptions, used to project revenues. Also include the rational supporting growth trends and adjustments and detailed explanation of each assumption.
25. Provide the computation of an average residential customer bill under the present and proposed rate schedules.

26. Provide a breakdown by source of all revenues for the test period and attrition period. Include a price out by customer class for each source of revenue.
27. Explain any variances in revenues between the test period and the attrition period.
28. List all special contract customers and their usage and revenue by month during the test period. Explain any anticipated changes in usage during the attrition period.
29. Provide the amount of monthly billed service revenues and forfeited discounts by service area for the last three (3) fiscal years.

EXPENSES

30. For all NARUC accounts, identify the gross and net expense after deducting salaries and wages, by month, for the last two (2) fiscal years and year to date of the current fiscal year. Also provide this information projected for the attrition year.
31. Provide detailed schedules explaining the calculation of the growth factor used to project expenses through the attrition year. Please break down the calculation between the inflation and customer growth components.
32. Provide the number of employees by month for the most recent 36 months.
33. Provide a schedule(s) of employees for the test period, identifying them as hourly or salaried, part or full time, and the account to which their compensation is charged. Identify the regular, overtime, and total hours worked during the test period. Also, show the regular and total earnings during the test period. For those employees working only a partial year, give the dates of employment. Identify pay raises, month and percentage, from the test period through the attrition year. Where appropriate, show the allocation of compensation for such employees or appropriate employee group between states and between utility and non-utility operations. Also, indicate any anticipated changes in employment levels through the attrition period.
34. On the schedule requested in item 33 above, also provide by month, for the last two (2) fiscal years and year to date of the current fiscal year, identifying the amount and percentage of total payroll capitalized for Total Company and Tennessee operations only, where "Total Company" means any affiliated company that directly assigns or allocates cost to the Tennessee operations. Provide a detailed calculation of the percentage used to capitalize payroll for the attrition period.
35. Provide a description of each type of service that employees of the Parent, Multi-state Utility, or Affiliated Utility Service Company perform for the Tennessee regulated operations. Also, provide names and total salaries and compensation of employees performing lobbying activities in Tennessee and detail how amounts allocated were calculated.

36. Provide copies of the current labor union contracts for the company.
37. For the test period and attrition period, provide detailed workpapers supporting the calculation of the life insurance expense, long-term disability, hospitalization and medical expenses, and other miscellaneous employee insurance expenses. Identify the total and capitalized amounts. Provide actual rates for the benefits that the company pays and provide the amounts that the employee contributes for these benefits.
38. Provide a liability and property insurance schedule for the test period, identifying the policies in effect, the type of coverage, the coverage period, the annual premiums, the amount included as an expense, the account charged, and identification of the beneficiaries and the allocation utilized. Also, provide the same information for those policies currently in effect and any anticipated changes in policies through the attrition period.
39. Provide the latest actuarial studies for pension expense and liabilities and post-employment benefits other than pensions.
40. Identify the amount of pension cost the company is requesting in rate base and in operating expenses. List the amounts by account and include supporting workpapers detailing how those amounts were derived.
41. Identify the amounts of OPEBs the company is requesting in rate base and in operating expenses. List the amounts by account and include supporting workpapers detailing how those costs were derived.
42. Does the company have a written policy regarding non-base pay compensation or stock options? If so, please provide a copy of each policy. Were any amounts paid or accrued during the test period? If so, please provide a schedule of employees, identifying the amount paid or accrued and the basis of the calculation. Provide the same information for the attrition period.
43. Please discuss in detail the criteria for the company's Long-Term Incentive Plan ("LTIP") and/or Short-Term Incentive Plan ("STIP") compensation. Further, identify the amounts and accounts directly and/or allocated to Tennessee operations for LTIP and/or STIP in the test period and the attrition year.
44. Provide a detailed analysis of advertising expenses for the test period. Provide and discuss the company's projected advertising expenses from the end of the test period through the attrition period. For each month, identify the amount of advertising classified as follows:
 - a. Institutional;
 - b. Conservation;
 - c. Informational;

- d. Promotional; and
 - e. Promotional for the sale of appliances
45. Provide the amount of expenses recorded by account for the rental of real property, machinery or equipment or other property for each month of the test period. Provide copies of Lease Agreements if applicable.
 46. Provide a copy of the company's most recent Class Cost of Service Study and support for any proposed changes in rate design.
 47. Please provide the cost allocation manual and/or other similar documents that describe the methods used to allocate costs to Tennessee operations from the Affiliated Utility Service Companies and/or other affiliates.
 48. Provide the amount of direct and allocated charges to Tennessee regulated operations from its Parent, Multi-State Utility, or Affiliated Utility Service Companies, by account, for each month of the test period and the projected amount for each month of the attrition period.
 49. Provide the amount of each lobbying expense, charitable contribution, social club membership and athletic event paid by its Parent, Multi-State Utility, or Affiliated Utility Service Company amount allocated to Tennessee regulated operations for each month of the test period. Provide the same information and breakdown for any amounts paid directly by Tennessee regulated operations. Identify the accounts charged for each amount.
 50. Provide a detailed itemization of the rate case costs by law firm and rate case consultant.
 51. Provide a list of outside professional services by account provided to the Company for the past two (2) fiscal years and year to date of the current fiscal year, indicating the nature of each service and the total charge for each service.
 52. Provide a detailed analysis (including descriptions, dates and amounts) of any gains or losses on utility property sold by the company during the last three (3) fiscal years. Also, explain fully how such amounts have been treated for ratemaking purposes.
 53. Provide a detailed list of all penalties and fines paid to any governmental or nongovernmental entity by the company that are included in the cost of service by type and/or payee.
 54. Provide the following annual jurisdictional data related to uncollectible accounts since the end of the test period in the company's previous rate case:
 - (a) Bad debt expense;
 - (b) Bad debt write-offs;
 - (c) Collections of written-off accounts;

- (d) Allowance for doubtful accounts; and
- (e) Billed revenues.

TAXES

- 55. Provide copies of the following tax returns (state and federal) for the most recent three (3) tax years:
 - a. Tennessee Gross Receipts Tax Returns;
 - b. Tennessee Franchise and Excise Tax Returns;
 - c. Property tax statement Tennessee Ad Valorem Tax Report;
 - d. Employer's Quarterly Federal Tax Returns (Form 941);
 - e. Employer's Annual Federal Unemployment Tax Return (Form 940); and
 - f. Employer's Quarterly Contribution Report to the Tennessee Department of Employment Security.

- 56. Provide the following Federal Income Tax data for the Tennessee Operations for the test year and the attrition year:
 - a. The calculation of the company's federal income tax expense and reconcile the amount reported on the Tennessee PSC 3.06 surveillance reports;
 - b. A detailed calculation of the permanent book and tax differences;
 - c. A detailed calculation of the temporary book and tax differences;
 - d. Operating federal income taxes deferred – accelerated depreciation;
 - e. Federal income taxes – operating; and
 - f. Income credits resulting from prior deferrals of federal income taxes.

- 57. Provide a reconciliation of book to taxable income and a calculation of the federal income tax expense on a Total Company and Tennessee only basis for the test period and for the attrition period.

- 58. Provide the unemployment tax rate presently being paid, broken down into state and federal rates, and any anticipated change in the state unemployment rate.

RATE BASE

- 59. Provide monthly plant additions and retirements by account number for the last two (2) fiscal years and year to date of the current fiscal year. Please break down plant additions into normal or special projects as defined below:
 - a. Normal construction requirements should be considered to include the needs created through normal system expansion, such as serving residential areas, shopping areas, old home conversions, replacements of utility plant, tools and work equipment, transportation equipment, etc., as well as any other capital projected related to maintaining the water system;

- b. Special construction requirements should be considered to arise from extensive replacement of old facilities which cannot be foreseen, major expansion projects such as industrial parks, system improvements such as change from low pressure to high pressure required because of changing delivery patterns, and changes required by government action such as street improvement and relocation, community and neighborhood development, bridge replacement, etc. These requirements should be considered to be outside the control of the company;
 - c. For the last two (2) fiscal years and year to date of the current fiscal year, identify any contributions in aid of construction and customer advances. Please separately identify any federal income taxes collected on such contributions in aid of construction; and
 - d. Provide sufficient details of each individual project as to the date of inception and completion and the proposed financing methods. Identify those budgeted plant additions that are in process or have already been completed. Basic assumptions underlying budgets should also be submitted including the assumptions for projected sales volumes.
60. Identify all special projects from the end of the test period through the attrition period, using the criteria for normal and special construction projects defined in Item 59 above, and include the estimated cost. For each special project identify the planned starting and completion dates.
61. Identify by account, the salvage and cost of removal for retirements provided in response to Item 59 for the last two (2) fiscal years and year to date of the current fiscal year.
62. Describe the company's budgeting process including, but not limited to the following:
- a. How far in advance are operating and construction budgets prepared? On what basis is the total operation and construction budget determined? Explain the "approval process" in budget development through final adoption.
 - b. Are budgets prepared on a monthly, quarterly, or annual basis?
 - c. Which individual or department has overall responsibility for budgets/reconciliations?
 - d. Once a final budget has been adopted, are budget to actual (reconciliation) comparisons routinely made? How frequently are reconciliations prepared and by whom?
 - e. Provide the total budgets for Tennessee operations and all supporting workpapers for the current fiscal year and next fiscal year.
63. Provide the monthly balances listed below by subaccount for the last two (2) fiscal years and year to date of the current fiscal year, detailing the beginning monthly balance, additions, removals, adjustments, and ending monthly balance to each subaccount for each month:

- a. Plant in Service;
 - b. Construction Work in Progress;
 - c. Inventories;
 - d. Deferred debits;
 - e. Reserves;
 - f. Customer Deposits;
 - g. Interest on Customer Deposits;
 - h. Contributions in Aid of Construction;
 - i. Accumulated Deferred FIT;
 - j. Accumulated Depreciation;
 - k. Accounts Payable applicable to CWIP;
 - l. Accounts Payable applicable to Materials & Supplies;
 - m. Customer Advances;
 - n. Materials and Supplies;
 - o. Accounts Receivable – Other; and
 - p. Prepaids; and
 - q. Any other accounts included in rate base.
64. Provide an explanation and calculation of the method used to allocate to Tennessee any portions included in Item 63 above.
65. Provide the investment, accumulated depreciation, and deferred FIT on all property that is owned by an affiliate of the Company, its Parent, Multi-State Utility, or Affiliated Utility Service Company, where applicable, and leased or allocated to Tennessee operations.
66. Provide a worksheet demonstrating the method for calculating the thirteen-month average for all rate base line items. Provide documentation tying or reconciling all amounts on the worksheet to the trial balance.
67. Quantify and explain any other deferred assets included in rate base.
68. Has the company updated the Lead-Lag Study since its last rate case? If so:
- a. Provide a copy of the Lead-Lag Study workpapers; and
 - b. Provide a comparison of the Lead-Lag Study used in this case with the Study used in the previous case and explain any major changes.

MERCHANDISE & JOBBING AND OTHER NON-REGULATED OPERATIONS

69. Explain the nature and extent of each of the company's non-regulated operations.
70. Provide an Income Statement and identify assets devoted to and liabilities specifically arising from non-regulated operations of the company, its Parent, Multi-State Utility, or Affiliated Utility Service Company, for the last two (2) fiscal years. For each year,

identify each class of revenue separately. The statements should include the following information for each year:

- a. The direct expense incurred by the company for each operation;
 - b. The general office expense allocated to each operation by the company, its Parent, Multi-State Utility, or Affiliated Utility Service Company;
 - c. All expenses charged to the company, its Parent, Multi-State Utility, or Affiliated Utility Service Company, from the non-regulated activities; and
 - d. For activities that include a regulated and non-regulated activity, if any, provide all revenues apportioned between the company's regulated operations and non-regulated operations.
71. Provide a complete explanation and calculation of how costs (other than salaries and wages) were allocated to non-utility operations for the last two fiscal years.
72. Provide the percentage of non-regulated labor for the test period, including supporting calculations.

COST OF CAPITAL

73. Provide a calculation of the LDC's, its Parent's, Multi-State Utility's, or Affiliated Utility Service Company's, debt, equity capital and the debt and equity ratios for the last two (2) years. Show long and short-term debt, preferred stock and common equity separately.
74. Provide a copy of any information filed with other Regulatory Commissions (other than the Tennessee Public Utility Commission) where such information describes the Company's debt position and equity position. Provide all data submitted in the last twelve-(12) months and also on a forward-going basis.
75. Provide a calculation of the average composite interest cost for the long-term debt and short-term debt for the last two (2) years.
76. Provide a schedule identifying the following for the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company, for the last two (2) fiscal years and adjust for any stock splits:
- a. Primary earnings per share
 - b. Fully diluted earnings per share
 - c. Dividends per share
 - d. Book value per share
 - e. High market price for each year
 - f. Low market price for each year
 - g. Average market price for each year

77. Provide a schedule identifying the date and amount of each common stock dividend paid during the last three (3) fiscal years. Include any announced future dividend payments and adjust for any stock splits.
78. Provide the computer file showing items below for the Parent, Multi-State Utility, or Affiliated Utility Service Company, for each of the last five (5) fiscal years:
- a. Earnings, annual dividends declared, annual dividends paid, book value of common equity, and price of common equity (each item should be shown per average actual common share outstanding, adjusted for stock splits and stock dividends)
 - b. Rate of return to average common equity
 - c. Common stock earnings retention ratio
 - d. For common stock not issued to the public, but issued pursuant to a) tax reduction act stock ownership plans, b) employee stock option plans, and c) dividend reinvestment plans, provide net proceeds per common share issued, and number of shares issued and previously outstanding at the beginning of the year. Provide the information separately for each of the three (3) types of plans and report each plan's information as annual aggregate or as an average and indicate whether you are providing an average or aggregate figure.
 - e. For those issues of common stock sold to the public and not falling under d. above, provide:
 - 1) Date of issue
 - 2) Number of shares issued and previously outstanding for each issue and in the aggregate
 - 3) Number of shares sold to the public
 - 4) Gross proceeds per share from the public
 - 5) Net proceeds per share from the public
 - 6) Price per share to the public
79. In a computer file, provide the balance for the following for each month of the latest fiscal year:
- a. Long- and medium-term debt by issue and aggregated
 - b. Preferred stock by issue and aggregated
 - c. Common equity
80. In a computer file, provide a schedule for each month of the latest fiscal year, showing interest rates, dividend rates, the monthly amortization of discount, premium and issuance expense and the monthly unamortized balances of discount, premium and issuance expense for long-term debt and preferred stock identified in response to the item above. Specifically, be sure to provide in your response for each month the balances by issue for unamortized discount, premium, and issuance expense for all of the Parent's, Multi-State Utility's, or Affiliated Utility Service Company's long- and medium-term debt and preferred stock, if any.

81. In a computer file, provide for each month of the latest fiscal year the balances of capital surplus. Separate the surplus between common and preferred stock. For purposes of this request, "capital surplus" means amounts paid in that are less than or are in excess of par value of the respective stock issues.
82. In a computer file, provide unamortized balances, if any, on the gain or loss on reacquired preferred or preference stock for each month in the latest fiscal year. Clearly identify the issue for each unamortized balance.
83. In a computer file, provide the monthly amortization of any gain or loss on reacquired preferred or preference stock, if any, for each month of the latest fiscal year.
84. In a computer file, provide the unamortized balances, if any, of gain or loss in reacquired long-term debt for each month in the latest fiscal year. Be sure to clearly identify the issue for each unamortized balance.
85. In a computer file, provide the monthly amortization, if any, of the gain or loss on reacquired long-term debt for each month of the latest fiscal year.
86. If applicable, provide the amount of return on investment billed to the LDC by any affiliate of the LDC for the latest fiscal year and for the attrition period. Include in your response a calculation of the return on equity percent and the account charged for the return amount. As used in this Item, "affiliate" means any entity that controls, is controlled by, or is under common control with the LDC, its Parent, Multi-State Utility, or Affiliated Utility Service Company.
87. For the latest two (2) fiscal years and for each month to the present for which data is available, provide a monthly listing of the shares of common stock sold by the LDC directly to investors and shareholders. Separate the monthly listing between stock sold through the Stock Purchase Plan of the LDC and stock sold through the Dividend Reinvestment Plan of the LDC.
88. Provide copies of the LDC's projected annual equity ratio for the next five (5) fiscal years.
89. Provide copies of the LDC's projected new stock and debt issues for the next five (5) fiscal years.
90. Provide copies of the LDC's projected annual dividends per share of common stock for the next five (5) fiscal years.
91. If material to the Tennessee Operations, provide copies of projected annual earnings per share of common stock for the next five (5) fiscal years.
92. If not provided in a prior response, provide the most recent 10K filed with the SEC.