

revised proposed tariff pages,² supplemental pre-filed testimony and exhibits, responses to the informal data requests of the Consumer Advocate and Protection Division of the Office of the Attorney General (“CAPD” or “Consumer Advocate”), and responses to the Authority’s request for certain information it determined necessary to review and consider TAWC’s revised proposed tariffs in this docket.

On November 26, 2014, the Consumer Advocate filed its *Petition to Intervene*. On January 12, 2015, the panel of Directors assigned to this docket suspended the proposed tariffs for thirty (30) days,³ convened a contested case proceeding, granted the Consumer Advocate’s *Petition to Intervene*, and appointed the Authority’s General Counsel or her designee to act as Hearing Officer in this matter. On February 11, 2015, the Hearing Officer suspended the revised proposed tariffs an additional sixty (60) days through and including April 14, 2015.⁴ On February 19, 2015, the Hearing Officer granted the *Petition to Intervene* filed by the City of Chattanooga on February 11, 2015.

PETITION

In accordance with the tariffs approved in TRA Docket No. 13-00130, on or before December 1 of each year, the Company shall submit to the Authority an annual filing that calculates the tariff Rider percentage rates for the upcoming calendar year.⁵ As part of the annual rate filing, the Company is required to submit certain supporting information and documentation, including a budget of each Rider’s forecasted investments and operating expenses adopted by the Company’s board of directors.⁶

² See Revised Proposed Summary of Riders tariff pages filed on November 25, 2014 and December 4, 2015.

³ The proposed tariffs had an initial effective date of January 13, 2015.

⁴ *Order Re-Suspending Tariffs through April 14, 2015* (February 11, 2015).

⁵ See *Petition*, pp. 5-6 (October 29, 2015).

⁶ *Id.*

The QIIP Rider allows TAWC to recover costs associated with replacing aging, non-revenue producing infrastructure between rate cases.⁷ In this docket, the Company seeks authorization to collect \$1,001,897 in QIIP revenue for 2015.⁸ The authorized QIIP revenue for 2014 was \$373,273.⁹ The Company therefore proposes to increase the QIIP revenue requirement by \$628,624, which would result in increasing the QIIP surcharge applied to customers' bills from 0.79% in 2014 to 2.13% in 2015.¹⁰

The EDI Rider authorizes TAWC to recover investments made in infrastructure to assist in the economic development of the communities served by the Company. In this docket, the Company seeks authorization to collect \$288,955 in EDI revenue for 2015.¹¹ The authorized EDI revenue for 2014 was \$84,623.¹² The Company therefore proposes to increase the EDI revenue requirement by \$204,332, which would result in increasing the EDI surcharge applied to customers' bills from 0.18% in 2014 to 0.61% in 2015.¹³

The SEC Rider allows recovery of investments made by the Company to comply with safety and environmental regulations since the previous rate case.¹⁴ In this docket, the Company seeks authorization to collect \$1,664,812 in SEC revenue for 2015.¹⁵ The authorized SEC revenue for 2014 was \$53,015.¹⁶ The Company therefore proposes to increase the SEC revenue requirement by \$1,611,797, which would result in increasing the SEC surcharge applied to customers' bills from 0.11% in 2014 to 3.54% in 2015.¹⁷

⁷ Linda C. Bridwell, Pre-filed Direct Testimony, p. 5 (October 29, 2014).

⁸ Petitioner's Exhibit - Summary – LCB, Page 1 of 1 (October 29, 2014).

⁹ *Id.*

¹⁰ *Id.*

¹¹ Linda C. Bridwell, Pre-filed Direct Testimony, p. 6 (October 29, 2014).

¹² Petitioner's Exhibit - Summary – LCB, Page 1 of 1 (October 29, 2014).

¹³ *Id.*

¹⁴ Linda C. Bridwell, Pre-filed Direct Testimony, pp. 5-6 (October 29, 2014).

¹⁵ Supplemental Petitioner's Exhibit Summary – LCB, Page 1 of 1 (December 29, 2014).

¹⁶ *Id.*

¹⁷ *Id.*

When aggregated together, TAWC requests to increase annual revenues by \$2,444,753 for all three investment Riders. If the Authority approves the requested Rider rates in this docket, the average customer bill would increase by about 5.2% for calendar year 2015.

Under the approved tariffs, an “annual reconciliation factor percentage rate” will be filed by March 1 of each year for each of the three investment Riders to adjust customers’ bills over the remainder of the year for differences between the prior year’s budgeted investments and actual investments and between the prior year’s revenue requirement and actual collections.¹⁸ In addition to the proposed percentage rate increases, the Company’s *Petition* also requests approval to incorporate all of the investment activity related to the 2014 calendar year into the initial annual reconciliation filing due on or before March 1, 2015 for each of the three investment Riders.¹⁹ The Company states that since the proposed Riders approved in April 2014 in TRA Docket No. 13-00130 were anticipated to be in effect in January 2014 rather than April 2014, there is an unintended mismatch of the reconciliation periods for the initial year’s investment activity under the Riders.²⁰

APRIL 20, 2015 HEARING AND APPEARANCES

A Hearing in this matter was held before the voting panel on April 20, 2015, as noticed by the Authority on April 10, 2015. Pursuant to the Procedural Schedule issued by the Hearing Officer on March 23, 2015, TAWC filed Supplemental Testimony on December 29, 2014, the intervening parties filed Direct Testimony on January 2, 2015 and April 6, 2015, and TAWC filed Rebuttal Testimony on April 10, 2015. The parties also filed pre-hearing briefs on April 15, 2015. Participating in the hearing were the following parties and their respective counsel:

¹⁸ See *Petition*, pp. 5-6 (October 29, 2015).

¹⁹ *Id.* at 6-7.

²⁰ *Id.*

TAWC - Melvin J. Malone, Esq., Butler, Snow, O'Mara, Stevens & Cannada, PLLC, 1200 One Nashville Place, 150 Fourth Avenue North, Nashville, Tennessee 37219.

Consumer Advocate – Wayne Irvin, Esq., Office of the Attorney General, 425 Fifth Avenue North, Fourth Floor, John Sevier Building, P.O. Box 20207, Nashville, TN 37202.

City of Chattanooga – Frederick L. Hitchcock, Esq., Chambliss, Bahner & Stophel, P.C., Suite 1700, Liberty Tower, 605 Chestnut Street, Chattanooga, TN 37450.

POSITIONS OF THE PARTIES

QIIP

TAWC

TAWC witness Brent E. O'Neill testified regarding seven investment budget items included in the QIIP: (1) Main replacement necessary to address the aging infrastructure needs; (2) Unscheduled Main replacement that will stabilize and extend the life of the main; (3) Relocation of Mains due to ongoing municipal or state agency projects; (4) Hydrants and Valve Replacement with the majority of this amount being spent on 14 broken valves identified over the past several years; (5) Service Replacement involving the replacement of water services or improvements, including replacement of corporation stops, or shut-off valves; (6) Meter Replacement relating to meter replacement or improvement of existing customer meters. Meter settings are necessary to comply with regulatory replacement and due meter malfunctions; and (7) Capitalized Tank Rehabilitation and Painting to rehabilitate and paint one of the tanks at the St. Elmo location.²¹

TAWC witness Linda Bridwell rebuts the assertions of the City's witness, Nick Wilkinson, that TAWC failed to file the annual and quarterly reports as stated in an Agreement between TAWC and the City.²² Ms. Bridwell notes the annual 2014 Investment Plan was part of

²¹ Brent E. O'Neill, P.E., Pre-filed Direct Testimony, pp. 5-10 (October 29, 2015).

²² Linda C. Bridwell, Pre-filed Rebuttal Testimony, p. 1 (April 10, 2015).

the original filing in Docket No. 13-00130 and the City had access to that file.²³ In addition, Ms. Bridwell testifies that TAWC discussed the 2015 Investment Plan with the City and the first quarterly meeting has taken place.²⁴ Ms. Bridwell concludes that this has been the first year with implementation of the Riders and, as such, communication may not have been as effective as either party would have liked, but Ms. Bridwell testifies that TAWC will continue to strive to improve communication.²⁵ According to Ms. Bridwell, while this process should improve in the future, any problems encountered “... in no way diminishes the public interest of the capital riders as alternative rate mechanism [*sic*] that provide customers with better water quality, better water service, enhancements for economic development, improvements for safety and environmental compliance and replacement of critical infrastructure with gradual rate increases and reduced costs for rate proceedings for all stakeholders.”²⁶

CAPD

The Consumer Advocate did not oppose the QIIP Rider.²⁷

THE CITY

The City’s witness, Nick Wilkinson, testifies that in return for not seeking intervention in TRA Docket No. 13-00130, TAWC and the City came to an agreement on how TAWC would ensure that any rate increase resulting from the Riders would be in the public interest.²⁸ Mr. Wilkinson testifies that the Agreement provided that TAWC would provide the City with an annual report outlining its infrastructure plan and quarterly reports detailing the implementation of this plan under the QIIP Rider.²⁹ According to Mr. Wilkinson, these reports would allow the

²³ *Id.*

²⁴ *Id.* at 1-2.

²⁵ Linda C. Bridwell, Pre-filed Rebuttal Testimony, p. 18 (April 13, 2015).

²⁶ *Id.* at 17.

²⁷ Transcript of Proceedings, p. 7 (April 20, 2015).

²⁸ Nick Wikinson, Pre-filed Direct Testimony, p. 4 (April 6, 2015).

²⁹ *Id.* at 6.

City to 1) determine if TAWC was spending the rate dollars it was allowed or was seeking a double recovery; 2) determine if the expenditures were for the benefit of existing customers; and 3) respond to TAWC regarding its investment priorities.³⁰ Mr. Wilkinson testifies that these reports and required information are necessary in order for the City to determine if TAWC's infrastructure investments would benefit citizens of Chattanooga.³¹ Mr. Wilkinson testifies that TAWC did not provide the annual or quarterly reports as required by the Agreement.³²

EDI

TAWC

TAWC witness Brent E. O'Neill discusses the five investment budget items included in EDI: (1) New Mains which includes new water mains, valves and other appurtenances necessary to perform work funded by TAWC, including upsizing of developer initiated extensions;³³ (2) New Hydrants and Valves that will improve the economic health of the communities it serves and the investment will serve the growing economic development;³⁴ (3) New Services which includes the installation of new water services or improvements, including corporation stops and shut-off valves;³⁵ (4) New Meters;³⁶ and (5) Vehicles Converted to or Purchased with Alternative Fuel Capabilities as part of the overall plan to invest \$400,000 in replacement vehicles for the TAWC fleet.³⁷ Mr. O'Neill testifies this investment is properly associated with the EDI because it will assist TAWC in reducing its carbon footprint.³⁸

³⁰ *Id.* at 6-7.

³¹ *Id.* at 8.

³² *Id.*

³³ Brent E. O'Neill, P.E., Pre-Filed Direct Testimony, p. 11 (October 29, 2014).

³⁴ *Id.* at 12.

³⁵ *Id.* at 12-13.

³⁶ *Id.* at 13.

³⁷ *Id.* at 13-14.

³⁸ *Id.*

Ms. Bridwell testifies that the installation of new meters, valves and hydrant benefit economic development.³⁹ This type of investment is necessary because of requests of new or expanding companies, new residential developments and/ or relocation of the customer.⁴⁰ It also fosters economic development by providing reliable drinking water and new or more reliable fire protection.⁴¹ Ms. Bridwell also testifies that TAWC should not be required to certify to the quantity or specific economic benefit because to do so is a speculative process that would result in significant additional expense for all parties.⁴² Ms. Bridwell explains that additional expenses were included in the 2015 proposed EDI Rider that were not included in the 2014 EDI Rider.⁴³ These expenses include \$40,000 to support the Greater Chattanooga Chamber of Commerce to promote economic development and a \$5,000 expense for money given to the Southeast Tennessee STEM Innovation Hub, which works to expand science, technology, engineering and math resources.⁴⁴

CAPD

CAPD witness, William H. “Hal” Novak, recommends disallowance of the Chamber of Commerce fees and the contribution to Southeast Tennessee Innovation Hub because these items appear to be charitable contributions rather than expenses related to capital deployment.⁴⁵ Furthermore, Mr. Novak points out that it would have been unlikely that these expenses would have been approved for recovery in TAWC’s last rate case if they had been presented.⁴⁶

³⁹ Linda C. Bridwell, Pre-filed Rebuttal Testimony, p. 6 (April 10, 2015).

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.* at 6-7.

⁴³ Linda C. Bridwell, Pre-filed Direct Testimony, pp. 14-15 (October 29, 2015).

⁴⁴ *Id.*

⁴⁵ William H. Novak, Pre-filed Direct Testimony, p. 6 (January 2, 2015).

⁴⁶ *Id.*

THE CITY

Nick Wilkinson, the City's witness, testifies that the Agreement between the City and TAWC required TAWC to provide advance notice to the City of all proposed expenditures related to economic development pursuant to the EDI.⁴⁷ According to Mr. Wilkinson, TAWC only provided one report which was related to the Coca-Cola bottling distribution facility, and he agrees that TAWC's investment assisted in having the facility locate in Chattanooga.⁴⁸ Mr. Wilkinson testifies that he does, however, oppose recovery of expenditures for meters, services, valves, or hydrants through the EDI.⁴⁹

SEC

TAWC

TAWC witness Brent O'Neill testifies the SEC Rider includes: 1) Improvements to the System Control and Data Acquisition ("SCADA") Equipment and Systems totaling \$185,000;⁵⁰ 2) Security upgrades to existing security systems amounting to \$190,000;⁵¹ 3) Improvements in Process Plant and Equipment totaling \$2,631,203;⁵² and 4) The Citico Process Wastewater Improvement Project being completed and placed in service during 2015.⁵³

According to Mr. O'Neill, the majority of the SCADA improvements will take place in the upgrade of the Programmable Logic controller for the Citico chemical building.⁵⁴ Security upgrades are necessary in order to ensure TAWC's security systems are in compliance with Homeland Security directives.⁵⁵ The majority of Process Plant Facilities and Equipment

⁴⁷ Nick Wilkinson, Pre-filed Direct Testimony, p. 9 (April 6, 2015).

⁴⁸ *Id.* at 9-10.

⁴⁹ *Id.* at 10.

⁵⁰ Brent E. O'Neill, P.E., Pre-Filed Direct Testimony, p. 15 (October 29, 2014).

⁵¹ *Id.* at 16.

⁵² *Id.* at 16-17.

⁵³ *Id.* at 17-21.

⁵⁴ *Id.* at 15.

⁵⁵ *Id.* at 16.

Improvement is for the replacement of six conventional filter under-drain systems to ensure environmental compliance is maintained. Mr. O'Neill testifies that the Citico Project will allow TAWC to discontinue sending sludge to the City and allow it to treat and prepare the sludge for disposal within the Citico property.⁵⁶ TAWC maintains the new plant is necessary to address the change in permit requirements from the City of Chattanooga regarding the allowable level of zinc to be discharged to Chattanooga's wastewater collection system.⁵⁷ Mr. O'Neill explains that the capital investment project is necessary pursuant to the City of Chattanooga's new permit. TAWC has historically discharged its sludge to the City of Chattanooga under an "Exception to Wastewater Strength Standard" for arsenic, copper, lead and zinc; the City of Chattanooga, however, issued a new permit on May 15, 2013 which discontinues the exception.⁵⁸ Mr. O'Neill testifies that the exception is being discontinued in order to allow the City of Chattanooga to comply with the EPA Consent Decree and to ensure protection of the Publicly Owned Treatment Works ("POTW").⁵⁹ It also ensures the City's continued compliance with EPA 40 CFR Part 503 – Standards for the Use or Disposal of Sewage Sludge regarding biosolids currently being land applied and processed wastewater discharged from Tennessee American Water consistently meets pretreatment standards.⁶⁰ With this project, TAWC will discontinue sending its sludge to the city and instead prepare the sludge for disposal within the Citico facility.⁶¹

CAPD

The Consumer Advocate did not oppose the SEC as supplemented and amended by Ms. Bridwell's testimony.⁶²

⁵⁶ *Id.*

⁵⁷ *Id.* at 17-18.

⁵⁸ *Id.* at 18-19.

⁵⁹ *Id.* at 19-20.

⁶⁰ *Id.* at 19.

⁶¹ *Id.*

⁶² Transcript of Proceedings, p. 7 (April 20, 2015).

THE CITY

Donald Lee Norris testified on behalf of the City regarding the SEC. Specifically, TAWC's Process Wastewater Improvement Project which he testifies is not mandated by state or federal law.⁶³ Mr. Norris explains that TAWC has chosen a new method for removing waste materials from its wastewater discharge which recovery from the SEC may allow.⁶⁴ According to Mr. Norris, the City is not opposed to this method if it is more cost effective; however, TAWC has not provided sufficient information for the City or the Authority to make such a determination.⁶⁵

FINDINGS & CONCLUSIONS

Tenn. Code Ann. § 65-5-103(d)(3)(A) provides:

A public utility may request and the authority may authorize a mechanism to recover the operational expenses, capital costs or both related to the expansion of infrastructure for the purpose of economic development, if such expenses or costs are found by the authority to be in the public interest. Expansion of economic development infrastructure may include, but is not limited to, the following:

- (i) Infrastructure and equipment associated with alternative motor vehicle transportation fuel;
- (ii) Infrastructure and equipment associated with combined heat and power installations in industrial or commercial sites; and
- (iii) Infrastructure that will provide opportunities for economic development benefits in the area to be directly served by the infrastructure.

In authorizing the Authority to implement alternative regulatory methods under Tenn. Code Ann. § 65-5-103(d), the General Assembly did not alter or limit the Authority's general supervisory, regulatory and rate-setting powers over public utilities within its jurisdiction.⁶⁶ Pursuant to its authority to implement alternative regulatory methods, as well as its general utility rate-setting powers, the Authority has the authority and discretion to determine whether

⁶³ Donald Lee Norris, Pre-Filed Direct Testimony, p. 6 (April 7, 2015).

⁶⁴ "...TAWC will dewater all or a significant portion of waste sludge materials to produce a solid waste that will be disposed in a landfill." Donald Lee Norris, Pre-filed Direct Testimony, p. 4 (April 7, 2015).

⁶⁵ Donald Lee Norris, Pre-Filed Direct Testimony, pp. 4-5 (April 7, 2015).

⁶⁶ See Tenn. Code Ann. §§ 65-4-104, 65-4-117(a)(3) and 65-5-101(a).

alternative rate mechanisms produce rates and charges for public utilities services that are just and reasonable and in the public interest. The Authority's power and discretion in this regard applies not only to the initial rate adjustment, but also to all subsequent rate adjustments made under an approved alternative rate mechanism. In carrying out its responsibilities, the Authority may consider whether an alternative regulatory method: (1) is consistent with applicable TRA orders, rules, and established ratemaking policies and principles; (2) ensures that costs and expenses recoverable under the alternative rate mechanism are reasonably and prudently incurred by the utility for the provision of authorized public utilities services; (3) provides for timely, meaningful and transparent review and approval of all rate adjustments made pursuant to the alternative rate mechanism; (4) continues to be in compliance with TRA orders and tariffs establishing the alternative rate mechanism; and (5) remains in the public interest in light of changed circumstances or conditions.

Upon review of the entire evidentiary record in this matter, the following findings and conclusions address the three investment riders separately, the reconciliation issue presented by TAWC, and the City's request for minimum filing requirements and certifications:

For the QIIP, the panel voted unanimously to approve the proposed capital expenditures as filed by the Company, without adjustment for any purported double-recovery of costs related to capital projects identified in a prior docket. This results in a total charge under this program of 2.13% of customers' bills, which is an increase from last year's rider amount of 0.79%.

For the SEC, the panel agreed with the Consumer Advocate and the Company and found that reasonable incremental expenses attributable to increases in chemicals, electricity and hauling are appropriately recoverable through the Production Cost and Other Pass-Throughs ("PCOP") mechanism. Based on this finding, the panel voted unanimously to approve the

Company's proposed revision to remove these expenses from the SEC rider and place them in the PCOP Rider.

Next, the panel found that TAWC is reducing zinc levels to comply with the Company's discharge permit issued by the City, and this discharge permit is necessary for the City to comply with state and federal requirements. Therefore, the investment and related expenses are properly recoverable pursuant to the SEC. Based on the testimony of TAWC's engineer regarding the SCADA improvements, security upgrades and Process Plant and Equipment improvements, the panel found that the investment and related charges are properly recoverable under the SEC Program. Furthermore, based on the Company's expertise in the provision of water and the evidence presented, the panel agreed with the Company's assertion that the Citico Improvement Project is the most economical method for extraction of the zinc. For these reasons, the panel voted unanimously to approve the SEC, as filed by the Company. This results in a total charge under this program of 3.54% of customers' bills, an increase from last year's rider amount of 0.11%.

For the EDI Rider, the panel voted unanimously that TAWC be allowed to recover the proposed EDI infrastructure investment related to replacement of mains and associated lines, valves and hydrants.

Regarding TAWC's proposed EDI investment in infrastructure related to provisioning service to new customers, the panel voted unanimously that these expenses be disallowed for three reasons. First, the panel found that TAWC's proposed recovery of its EDI investment for new services is inconsistent with the plain language of its own EDI tariff, wherein it states "EDI allows the Company to recover outside of a rate case its qualifying incremental non-revenue

producing plant infrastructure investment and expenses.”⁶⁷ Second, the panel found that TAWC’s proposed EDI investment for new services is not related to expansion of economic development as required by statute and, therefore, does not meet the statutory requirements for recovery. Third, the panel found that allowing recovery of infrastructure for provisioning service to new customers under the EDI Rider could result in double recovery of investment and related expenses – expenses which are also recovered by TAWC’s revenues generated under its tariff rates established in the Company’s most recent rate case.

Next, due to the lack of evidence that ratepayers and/or the general public will benefit from using alternative fuel vehicles, the panel found that TAWC has not demonstrated that a decision to move its vehicle fleet to alternative fuels is in the public interest. Absent such evidence, the panel voted unanimously that the 2015 amount of \$100,000 proposed by TAWC for alternative fuel vehicles be denied. The panel noted that its decision regarding the alternative fuels does not preclude the Company from transitioning its fleet to alternative fuel vehicles and receiving recovery under alternative ratemaking mechanisms. Recovery, however, would be predicated upon TAWC providing sufficient evidence that such transition benefits ratepayers via a cost/benefit analysis and/or provides other public benefits to warrant a finding that the public interest is served by allowing such recovery. The panel found that such future recovery, if the TRA determines it is prudent, is more appropriate under the QIIP rather than the EDI Rider; therefore the panel directed TAWC to remove the tariff provision relating to recovery of infrastructure designed to use alternative fuels from the EDI Tariff and place it in the tariff for the QIIP.

In addition, the panel voted unanimously to disallow the Chamber of Commerce and STEM donations totaling \$45,000. The panel found that while these donations may have

⁶⁷ Revised Tariff Page, TRA No. 19, First Revised Sheet No. 12- EDI-1(August 28, 2015).

indirectly contributed to economic growth in the Company's service territory, these donations are not the type of "expansion of infrastructure" that is contemplated by the statute. Further, disallowance of these donations is consistent with the Authority's long-standing policy of disallowing charitable contributions and donations for ratemaking purposes as they do not satisfy the guiding principle of necessity and reasonableness, nor is it apparent that they provide a clear benefit to ratepayers. As a result of its decision regarding these donations, the panel voted unanimously that TAWC be required to file amended calculations and tariffs consistent with the panel's decision for the EDI Rider.

The panel found that adopting a 2014 calendar year investment period would lessen any gap between the end of the Company's most recently approved attrition period and the beginning of its alternative ratemaking mechanisms, which is consistent with the approved investment riders. Therefore, the panel voted unanimously to approve the Company's proposal to file a single reconciliation for calendar year 2014.

Finally, the panel agreed with TAWC that there are sufficient requirements and consumer safeguards in place in the existing tariffs to ensure that only reasonable, qualifying capital costs and operational expenses are recovered through the program mechanisms. Therefore, the panel voted unanimously to deny the City's request that the Authority adopt additional minimum filing requirements and certifications.

IT IS THEREFORE ORDERED THAT:

1. The *Petition* filed by Tennessee-American Water Company is granted, in part and denied, in part.
2. The proposed capital expenditures contained in the Qualified Infrastructure Investment Program Rider filed by Tennessee-American Water Company is approved.

3. Tennessee-American Water Company move the reasonable incremental expenses attributable to increases in chemicals, electricity, and hauling from the Safety and Environmental Compliance Program Rider to the Production Cost and Other Pass-Throughs Rider.
4. The Safety and Environmental Compliance Program Rider as proposed by Tennessee-American Water Company is approved.
5. The portion of Tennessee-American Water Company's Economic Development Investment Rider related to replacement of mains and associated lines, valves, and hydrants is approved.
6. The portion of Tennessee-American Water Company's Economic Development Investment Rider related to investment in infrastructure for provisioning service to new customers is denied.
7. The \$100,000 proposed by Tennessee-American Water Company for alternative fuel vehicles is denied.
8. If Tennessee-American Water Company seeks recovery for alternative fuel vehicles in the future, the Company is directed to remove such expense from the Economic Development Investment Rider tariff and put it in the Qualified Infrastructure Investment Program Rider Tariff.
9. Tennessee-American Water Company's request for recovery of donations to the Greater Chattanooga Chamber of Commerce and the Southeast Tennessee STEM Innovation Hub is denied.

10. Tennessee-American Water Company shall file amended calculations and tariffs consistent with the Authority's ruling regarding the Economic Development Investment Rider.
11. Tennessee-American Water Company's proposal to file a single reconciliation for calendar year 2014 is approved.
12. The City of Chattanooga's request that the Authority adopt additional minimum filing requirements and certifications for Tennessee-American Water Company is denied.

Vice Chairman David F. Jones, Director Kenneth C. Hill, and Director Robin Bennett concur.

Attest:



Earl R. Taylor, Executive Director