

March 30, 2015

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Via Electronic Filing

Hon. Herbert H. Hilliard, Chairman
c/o Sharla Dillon
Tennessee Regulatory Authority
500 Deadrick Street
4th Floor
Nashville, TN 37242

Re: *Petition of Tennessee American Water Company Regarding the 2015 Investment and Related Expenses Under Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider, and the Safety and Environmental Compliance Rider, TRA Docket No. 14-00121*

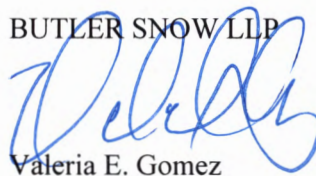
Dear Chairman Hilliard:

Attached for filing please find the *Joint Statement of Issues for Tennessee American Water Company, the City of Chattanooga, and the Consumer Advocate and Protection Division.*

As required, an original of this filing, along with four (4) additional hard copies, will follow. Should you have any questions or require additional information, please do not hesitate to contact me or Melvin Malone.

Sincerely,

BUTLER SNOW LLP



Valeria E. Gomez

Enclosures

cc: Deron Allen, President, Tennessee-American Water Company
Wayne Irvin, Assistant Attorney General, Consumer Advocate and Protection Division
Vance Broemel, Assistant Attorney General, Consumer Advocate and Protection Division
Frederick Hitchcock, Counsel for the City of Chattanooga

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**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

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IN RE:)
)
PETITION OF TENNESSEE-AMERICAN)
WATER COMPANY REGARDING THE)
2015 INVESTMENT AND RELATED)
EXPENSES UNDER THE QUALIFIED)
INFRASTRUCTURE INVESTMENT)
PROGRAM RIDER, THE ECONOMIC)
DEVELOPMENT INVESTMENT RIDER,)
AND THE SAFETY AND)
ENVIRONMENTAL COMPLIANCE RIDER)

Docket No. 14-00121

PARTIES' JOINT STATEMENT OF ISSUES

Pursuant to the Order and Procedural Schedule dated March 23, 2015, the Petitioner, Tennessee American Water Company ("TAWC"), Intervenor Consumer Advocate and Protection Division ("CAPD"), and Intervenor City of Chattanooga ("Chattanooga") respectfully submit the following statement of issues to be addressed in this matter:

I. ISSUES SUBMITTED BY TAWC:

Whether the Petition, and supporting documentation and filings, complies with the TRA's April 14, 2014, decision in TRA Docket No. 13-00130?

II. ISSUES SUBMITTED BY THE CAPD:

Whether TAWC's inclusion of \$45,000.00 in expenses for recovery within the EDI Capital Rider in its Petition is appropriate?¹

¹ In its pre-filed testimony in this matter, the CAPD also raised the issue of whether it was appropriate for TAWC to include \$188,000 in expenses for recovery within the SEC Capital Rider in its Petition. *See Direct Testimony of William H. Novak*, TRA Docket No. 14-00121 (Jan. 2, 1015). After good faith discussions with the CAPD, TAWC voluntarily removed \$188,000 in expenses from the SEC Capital Rider and decided to reflect the same in the 2015 PCOP reconciliation. *See Supplemental Testimony of Linda C. Bridwell*, TRA Docket No. 14-00121 (Dec. 29,

III. ISSUES SUBMITTED BY CHATTANOOGA:

1. **RECOVERY OF INVESTMENTS APPROVED IN A PREVIOUS RATE CASE:** Pursuant to Tenn. Code Ann. § 65-5-103(d), is it in the public interest for a utility to recover the cost of investments if the Authority has approved the recovery of these same costs under a previous rate case or previous alternative regulatory method proceeding? In addition:

- (a) To recover investments under an alternative rate method, should a utility be required to show that it has not been permitted to recover those same investments under a previous rate case or a previous alternative regulatory method proceeding?
- (b) Should TAWC's proposed tariff be revised to remove recovery for investment in projects for which recovery was granted in previous rate cases or previous alternative regulatory method proceedings?

2. **RECOVERY FOR VEHICLES FUELED BY ALTERNATIVE FUELS:** Pursuant to Tenn. Code Ann. § 65-5-103(d)(3)(A)(i), may a utility recover the purchase of *vehicles* fueled by alternative fuels that (1) do not constitute an expansion of infrastructure for the purpose of economic development; and (2) do not constitute infrastructure and equipment associated with alternative motor vehicle transportation fuel? In addition:

- (a) Should TAWC's proposed tariff be revised to remove recovery for investment in or expenses associated with purchase or operation of vehicles fueled by alternative fuels?
- (b) As a minimum filing requirement under Tenn. Code Ann. § 65-5-103(d)(1)(B), should the Authority in the future require certification by the utility that

2014). Notwithstanding the foregoing, the CAPD hereby reserves its rights to address the issues submitted herein by TAWC and Chattanooga during these proceedings.

operational expenses or capital costs sought to be recovered under Tenn. Code Ann. § 65-5-103(d)(3)(A)(i) are not for vehicles fueled by alternative fuels?

3. **SHOWING REQUIRED FOR RECOVERY OF ECONOMIC DEVELOPMENT**

INVESTMENTS: Pursuant to Tenn. Code Ann. § 65-5-103(d)(3)(A)(iii), may a utility recover costs for new equipment and infrastructure if these costs cannot be shown to have a direct impact on economic development in the area served by the investment? In addition:

- (a) Are costs for serving individual new residential or commercial customer locations, including investments for services and meters, recoverable as “[i]nfrastructure that will provide opportunities for economic development benefits in the area to be directly served by the infrastructure” pursuant to Tenn. Code Ann. § 65-5-103(d)(3)(A)(iii)?
- (b) Are investments such things as valves and hydrants that provide generalized improvement of the utility’s water system recoverable as “[i]nfrastructure that will provide opportunities for economic development benefits in the area to be directly served by the infrastructure” pursuant to Tenn. Code Ann. § 65-5-103(d)(3)(A)(iii)?
- (c) Is it in the public interest to permit recovery pursuant to Tenn. Code Ann. § 65-5-103(d)(3)(A)(iii) for investments in such things as services, meters, valves, and hydrants that the utility has not shown to directly provide opportunities for economic development benefits in the area to be directly served by the investments?

- (d) Should TAWC's proposed tariff be revised to remove recovery for investment in or expenses associated with investments in such things as services, meters, valves, and hydrants that the utility has not shown to directly provide opportunities for economic development benefits in the area to be directly served by the investments?
- (e) As a minimum filing requirement under Tenn. Code Ann. § 65-5-103(d)(1)(B), should the Authority in the future require certification by the utility that the operational expenses or capital costs sought to be recovered under Tenn. Code Ann. § 65-5-103(d)(3)(A)(iii) will fund infrastructure that will directly provide opportunities for economic development benefits in the area to be directly served by the infrastructure?

4. **RECOVERY FOR SAFETY REQUIREMENTS COSTS NOT ACTUALLY MANDATED:**

Pursuant to Tenn. Code Ann. § 65-5-103(d)(2)(A)(i), may a utility recover operational expenses or investments associated with environmental compliance actions that are not actually mandated by "safety requirements imposed by the state or federal government"? In addition:

- (a) Is it in the public interest to permit recovery pursuant to Tenn. Code Ann. § 65-5-103(d)(2)(A)(i) for expenses or investments associated with environmental compliance actions that are not actually mandated by safety requirements imposed upon the utility by the state or federal government?
- (b) Should TAWC's proposed tariff be revised to remove recovery for expenses or investments associated with environmental compliance actions that are not actually mandated by safety requirements imposed upon the utility by the state or federal government?

- (c) As a minimum filing requirement under Tenn. Code Ann. § 65-5-103(d)(1)(B), should the Authority in the future require certification by the utility that operational expenses or investments sought to be recovered under Tenn. Code Ann. § 65-5-103(d)(2)(A)(i) were for environmental compliance actions that were actually mandated by safety requirements imposed upon the utility by the state or federal government?

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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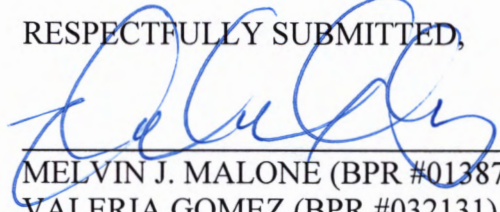
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RESPECTFULLY SUBMITTED,



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Dated: March 30, 2015

This the 30th day of March, 2015.

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be a name, possibly "J. J. R.", with a large initial "J" and a large "R".