

OFFICE OF THE TENNESSEE ATTORNEY GENERAL

CONSUMER ADVOCATE POSITION ON
TWS' EMERGENCY RATE RELIEF REQUEST

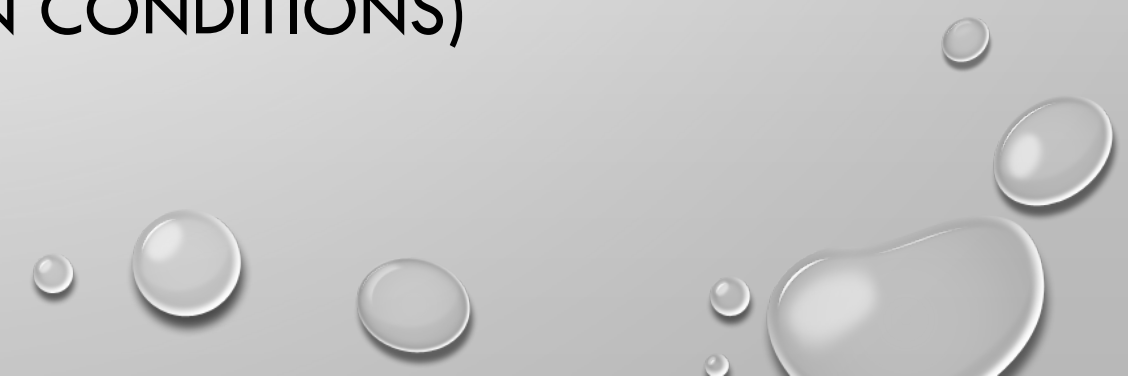
DOCKET NO. 17-00108

TESTIMONY SPONSORED BY DAVID DITTEMORE





ALL RISKS ARE SHIFTED TO CUSTOMERS


- “MAKE-WHOLE” SURCHARGE (DENY)
 - WATER AVAILABILITY SURCHARGE (DENY)
 - WILDFIRE RESTORATION SURCHARGE (DENY)
 - OPERATIONAL COST PASS-THROUGH MECHANISM (SUPPORTED BY CONSUMER ADVOCATE WITH CERTAIN CONDITIONS)
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FINANCIAL EMERGENCY?

- EVIDENCE STRONGLY SUGGESTS THIS IS NOT A FINANCIAL EMERGENCY FOR UTILITIES INC., THE PARENT OF TENNESSEE WATER SERVICES
- MATERIALITY
- INSURANCE
- COMPANY'S OWN ACTIONS
- HISTORIC RETURNS




UNCERTAIN CUSTOMER COUNTS

- FLUCTUATING, UNCERTAIN CUSTOMER BASE
 - FINANCIAL IMPACT ON CUSTOMERS WILL BE GREATER THAN THAT REFLECTED IN THE PETITION
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INCONSISTENT POSITIONS OF TWS

“MAKE-WHOLE” SURCHARGE

- THE CALCULATION OF THE “MAKE-WHOLE” SURCHARGE – 2017 VS. 2018
 - PETITION, CALCULATIONS, DISCOVERY, AND TARIFF POINT TO 2017
 - BRIEF ON RETROACTIVE RATEMAKING AND REBUTTAL TESTIMONY POINT TO 2018
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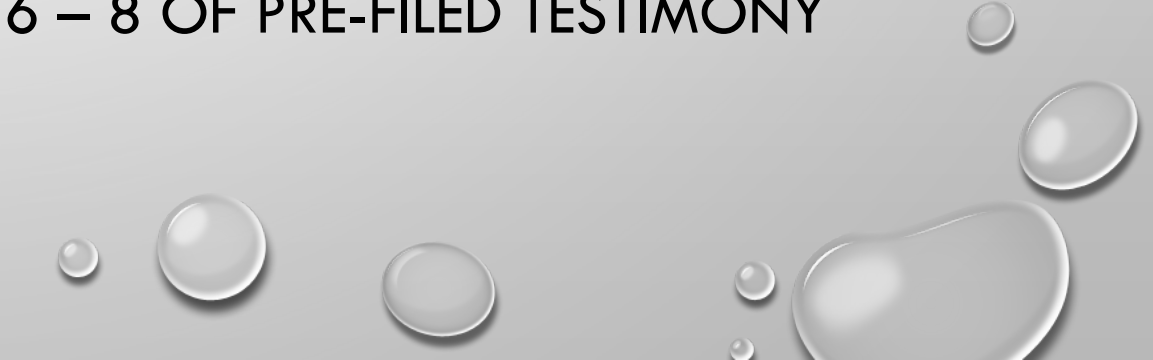


OTHER SURCHARGE ISSUES

- **SERVICE AVAILABILITY SURCHARGE**
 - **WILDFIRE RESTORATION SURCHARGE**
 - **CHARGING “INACTIVE” CUSTOMERS**
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CONSUMER ADVOCATE RECOMMENDATIONS

- REJECT ALL SURCHARGE REQUESTS
 - PERMIT THE COMPANY TO ESTABLISH AN OPERATIONAL COST PASS THROUGH MECHANISM WITH CONSUMER ADVOCATE CONDITIONS (AGREED TO BY TWS; SEE LINNEMAN REBUTTAL TESTIMONY P. 4)
 - PERMIT TWS TO DEFER PROSPECTIVE LOSSES INTO A REGULATORY ASSET
 - INSURANCE STUDY
 - PLUS FULL RECOMMENDATIONS ON PAGES 6 – 8 OF PRE-FILED TESTIMONY
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CONSUMER ADVOCATE RECOMMENDATIONS (CONTINUED)

- COMPLY WITH NARUC ACCOUNTING REQUIREMENTS FOR WATER UTILITIES BEFORE NEXT RATE CASE
 - SEND NEW CLEAR NOTICE TO CUSTOMERS OF TPUC'S DECISION IN THIS CASE AND CUSTOMER OPTIONS
 - FILE MONTHLY REPORT IN THIS DOCKET OF NUMBER OF CUSTOMERS
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UNIQUE CHALLENGES IN EVALUATING THIS PETITION

- SHIFTS ALL RISKS TO CUSTOMERS
- EVIDENCE STRONGLY SUGGESTS THIS IS NOT A **FINANCIAL** EMERGENCY
- CUSTOMER FINANCIAL IMPACTS GREATER THAN SHOWN BY TWS
- INCONSISTENT POSITIONS OF TWS THROUGHTOUT THE DOCKET
- SERVICE AVAILABILITY AND WILDLIFE RESTORATION SURCHARGE
- PUBLIC POLICY DOES NOT SUPPORT ADOPTION OF SURCHARGES
- THESE MATTERS ARE BETTER ADDRESSED IN THE RATE CASE WHEN WE KNOW MORE ABOUT CUSTOMER COUNT, ETC.