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Hon. Robin L. Morrison, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: *Petition of Tennessee-American Water Company Regarding the 2019 Investment and Related Expenses Under the Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider and the Safety and Environmental Compliance Rider, TPUC Docket No. 18-00120*

Dear Chairman Morrison:

Enclosed please find *Tennessee-American Water Company's Supplemental Testimony of Elaine K. Chambers* in the above-captioned matter. This supplemental testimony is being submitted in recognition of the Commission's April 15, 2019, deliberations in TPUC Docket No. 18-00022.

As required, an original and four (4) hard copies will follow.

Should you have any questions concerning this filing, or require additional information, please do not hesitate to let me know.

Very truly yours,

BUTLER SNOW LLP


Melvin J. Malone

Enclosures

cc: Elaine K. Chambers, Tennessee-American Water Company
Vance Broemel, Assistant Attorney General, Financial Division, Consumer Advocate Unit
Daniel Whitaker, Assistant Attorney General, Financial Division, Consumer Advocate Unit

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PETITIONER'S EXHIBIT EKC-3

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 18-00120

SUPPLEMENTAL TESTIMONY

OF

ELAINE K. CHAMBERS

ON

**CHANGES TO THE QUALIFIED INFRASTRUCTURE INVESTMENT PROGRAM
RIDER, THE ECONOMIC DEVELOPMENT INVESTMENT RIDER, AND THE
SAFETY AND ENVIRONMENTAL COMPLIANCE RIDER**

SPONSORING PETITIONER'S EXHIBITS:

PETITIONER'S EXHIBIT SUMMARY – REVISED 5 31 19 - EKC
PETITIONER'S EXHIBIT – AVG IMPACT – REVISED 5 31 19 - EKC
PETITIONER'S EXHIBIT – QIIP 1 – REVISED 5 31 19 - EKC
PETITIONER'S EXHIBIT – QIIP 2 – REVISED 5 31 19 - EKC
PETITIONER'S EXHIBIT – EDI 1 – REVISED 5 31 19 - EKC
PETITIONER'S EXHIBIT – EDI 2 – REVISED 5 31 19 - EKC
PETITIONER'S EXHIBIT – SEC 1 – REVISED 5 31 19 - EKC
PETITIONER'S EXHIBIT – SEC 2 – REVISED 5 31 19 - EKC
PETITIONER'S EXHIBIT – ANNUAL APPROVED TARIFFS – REVISED 5 31 19 -
EKC
PETITIONER'S EXHIBIT – PROPOSED TARIFF SHEET NO. 12 – RIDERS –
REVISED 5 31 19 - EKC

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Elaine K. Chambers and my business address is 2300 Richmond Road,
3 Lexington, Kentucky 40502.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by American Water Works Service Company ("AWW") as Director,
6 Rates and Regulatory for Tennessee-American Water and Kentucky-American Water.

7 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THIS OR ANY**
8 **OTHER COMMISSION?**

9 A. Yes. I submitted an affidavit in support of Federal Energy Regulatory Commission
10 proceeding EL05-55-001, while employed by MISO. I have submitted testimony for
11 Indianapolis Power and Light Company's case in chief in the following Cause Nos.:
12 44576, 44893, and 45029 while employed there. I have also submitted testimony for
13 various TPUC Dockets.

14 **Q. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL**
15 **BACKGROUND.**

16 A. I have a Bachelor of Science degree from the University of Indianapolis in Accounting. I
17 also have a Master's of Business Administration from the University of Indianapolis, and
18 I am a Certified Public Accountant in the State of Indiana.

19 I have twenty-one years of experience at Indianapolis Power and Light Company, twelve
20 of which have been in the Rates area. I also have experience in energy consulting with
21 Andersen and Black & Veatch. While employed by MISO, I managed the transmission
22 and market settlement functions, along with dispute resolution. At Exelon, I managed

1 various Information Technology initiatives, which included merger and acquisition
2 responsibilities.

3 **Q. WHAT ARE YOUR DUTIES AS DIRECTOR OF RATES AND**
4 **REGULATORY?**

5 A. My primary responsibilities encompass the coordination of regulatory issues in
6 Tennessee and Kentucky. This includes coordinating all reports and filings, working
7 with regulatory staff to make sure that all information produced addresses the
8 requirements or requests, and overseeing the preparation and filing of rate cases and tariff
9 changes. I work with the senior management in both states on planning. I am also
10 responsible for keeping abreast of changes in regulation, or trends in regulatory oversight
11 across the United States that may impact our local operations. I report to the Presidents
12 of Tennessee-American Water ("Tennessee-American," "TAWC" or "Company") and
13 Kentucky-American, "KWC" dually. I am located in Kentucky, but work closely with
14 the TAWC staff in Tennessee as well.

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A. The purpose of this supplemental testimony is to support revisions to the calculation of
17 the 2019 Capital Recovery Riders in this Docket No. 18-00120, based on the
18 Commission's deliberations on April 15, 2019 in Docket No. 18-00022.

19 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

20 A. Yes I am. I am sponsoring the following exhibits:

Petitioner's Exhibit -- Summary -- Revised 5 31 19 - EKC
Petitioner's Exhibit -- Average Impact -- Revised 5 31 19 - EKC
Petitioner's Exhibit -- QIIP 1 -- Revised 5 31 19 - EKC
Petitioner's Exhibit -- QIIP 2 -- Revised 5 31 19 - EKC
Petitioner's Exhibit -- EDI 1 -- Revised 5 31 19 - EKC
Petitioner's Exhibit -- EDI 2 -- Revised 5 31 19 - EKC
Petitioner's Exhibit -- SEC 1 -- Revised 5 31 19 - EKC
Petitioner's Exhibit -- SEC 2 -- Revised 5 31 19 - EKC
Petitioner's Exhibit -- Annual Approved Tariffs -- Revised 5 31 19 - EKC
Petitioner's Exhibit -- Proposed Tariff Sheet No. 12 -- Riders -- Revised 5 31 19 - EKC

I will discuss these **revised** exhibits in further detail in my testimony below.

Q. WERE THE PETITIONER'S EXHIBITS LISTED ABOVE PREPARED BY YOU OR UNDER YOUR DIRECTION AND SUPERVISION?

A. Yes.

Q. WHAT WERE THE SOURCES OF THE DATA USED TO PREPARE THE PETITIONER'S EXHIBITS LISTED ABOVE?

A. The data used to prepare the exhibits was acquired from the books of account and business records of Tennessee American and other internal sources which I examined in the course of my investigation of the matters addressed in this testimony.

Q. DO YOU CONSIDER THIS DATA TO BE RELIABLE AND OF A TYPE THAT IS NORMALLY USED AND RELIED ON IN YOUR BUSINESS FOR SUCH PURPOSES?

A. Yes.

1 **Q. DO THE PETITIONER'S EXHIBITS LISTED ABOVE ACCURATELY**
2 **SUMMARIZE SUCH DATA AND THE RESULTS OF ANALYSIS USING SUCH**
3 **DATA?**

4 A. Yes, they do.

5 **Q. CAN YOU EXPLAIN THE REVISIONS IN THE CAPITAL RIDERS**
6 **CALCULATIONS REQUIRED DUE TO THE COMMISSION'S APRIL 15,**
7 **2019 DELIBERATIONS?**

8 A. Yes.¹ In order to include the Bonus and Repairs deductions as directed,
9 TAWC updated 4 tabs in the workpapers, "WKP 2019 Accum. Depr.", "WKP
10 2019 ADIT Summary", "WKP NOLC Calculation" and "WKP 2019 Tax Depr.
11 Balances".

12 The Repair percentages for 2014 - 2019 can be found on tab "WKP 2019 Tax Depr.
13 Balances". The Repairs deduction percentages are being applied to annual replacement
14 investment for tax lives of 25 years and 39 years, excluding meters.

15 Next, we added Bonus percentages for 2014 - 2019, which can be found on the same tab
16 "WKP 2019 Tax Depr. Balances". The Bonus percentages are being applied to annual
17 investments with tax lives less than or equal to 25 years.

18 Third, we added the actual NOLC Total Company balances for 2014 - 2019 on tab "WKP
19 NOLC Calculation". Each year's NOLC amount in the Rider's ADIT balance is now the
20 lesser of either the actual NOLC Total Company or the Rider specific calculated amount.

21 The "WKP 2019 Accum. Depr. and "WKP 2019 ADIT Summary" summarizes the yearly
22 amounts for accumulated depreciation and accumulated deferred income taxes related to

¹ As directed, TAWC is submitting these revised calculations based upon the deliberations on April 15, 2019, in Docket No. 18-00022.

1 the Capital Riders. If specific annual CIAC amounts, either actual or estimated, are
2 incorporated for years 2018 and forward, these amounts have been included as an ADIT
3 offset due to the taxability change from TCJA.

4 It should be noted that 2019 filing (18-00120) still includes 2018 as estimated amounts. It
5 should also be noted that TAWC's supplemental testimony in Docket 19-00031 filed on
6 5/16/2019 included these revised calculations.

7 **Q. HAS TAWC INCLUDED A CHART SHOWING THE PROGRESSION OF THE**
8 **APPROVED RIDERS IN EACH DOCKET SINCE THE LAST RATE CASE?**

9 A. Yes. I have included a chart reflecting each of the annual approvals with its filing. This
10 is shown as Petitioner's Exhibit – Annual Approved Tariffs – Revised 5 31 19 -
11 EKC.

12 **Q. WHAT IS THE PROPOSED ADJUSTED QIIP RIDER?**

13 A. TAWC is proposing a QIIP Rider that would result in an annualized revenue recovery of
14 \$5,482,911 for the 2019 calendar year or a surcharge of 11.65%. The surcharge is a
15 cumulative amount since 2014. Again, the annualized revenue recovery is the monthly
16 surcharge, times 12 months, to cover the cost to support all of the QIIP capital
17 investment. This is an decrease of the requested QIIP Riders surcharge recovery from the
18 original filing of (\$541,430) and an decrease in the total QIIP Rider surcharge percentage
19 from the original filing of -1.15%.

1 Q. HAS TENNESSEE AMERICAN FILED A TARIFF ADDRESSING THE
2 PROPOSED QIIP RIDER?

3 A. Yes. A new tariff Thirteenth Revised Sheet No. 12 – Riders – 1 reflects all three Capital
4 Recovery Riders and is attached to my testimony as Petitioner’s Exhibit Proposed
5 Sheet No. 12- Riders – Revised 5 31 19 - EKC.

6 Q. WHAT IS THE PROPOSED EDI RIDER?

7 A. TAWC is proposing an EDI Rider that would result in an annualized revenue recovery of
8 \$306,548 for the 2019 calendar year or a surcharge of 0.65%. The surcharge is a
9 cumulative amount. Again, the annualized revenue recovery is the monthly surcharge,
10 times 12 months, to cover the cost to support all of the EDI capital investment. This is an
11 decrease in the requested EDI Rider surcharge recovery from the original filing of
12 (\$14,246) and an decrease in the total EDI Riders surcharge percentage from the original
13 filing of -0.03%. Again, this is shown on the new tariff Thirteenth Revised Sheet No. 12
14 – Riders – 1 which reflects all three Capital Recovery Riders and is attached to my
15 testimony as Petitioner’s Exhibit Proposed Sheet No. 12- Riders – Revised 5 31 19 -
16 EKC¹.

17 Q. WHAT IS THE PROPOSED SEC RIDER?

18 TAWC is proposing a SEC Rider that would result in an annualized revenue recovery of
19 \$3,236,635 for the 2019 calendar year or a surcharge of 6.88%. Again, the annualized
20 revenue recovery is the monthly surcharge, times 12 months, to cover the cost to support
21 all of the SEC capital investment. This is an decrease in the requested SEC Rider
22 surcharge recovery from the original filing of (\$301,011) and an decrease in the total
23 SEC Rider surcharge percentage from the original filing of -0.64%. Again, this is shown

1 on the new tariff Thirteenth Revised Sheet No. 12 – Riders – 1 which reflects all three
2 Capital Recovery Riders and is attached to my testimony as Petitioner's Exhibit
3 Proposed Sheet No. 12- Riders – Revised 5 31 19 - EKC. The sum of the three riders
4 is an increase of 2.75% on the current base bill.

5 **Q. DOES THE COMPANY STILL PROPOSE THAT DEFERRED SAVINGS**
6 **ASSOCIATED WITH THE TAX CUTS AND JOBS ACT (“TCJA”) BE USED TO**
7 **OFFSET ANY INCREASES IN CUSTOMERS’ BILLS RESULTING FROM THE**
8 **2019 CAPITAL RIDERS?**

9 A. Yes, the Company still proposes that the savings from the TCJA be used to prevent any
10 increases in customers’ bills. In order to offset the 2.75% combined impact of the 2019
11 riders, the Company is proposing a TCJA credit of -2.75%. Consequently, the Company
12 is still proposing a 0% rate increase as a result of the 2019 Capital Rider infrastructure
13 investment.

14 **Q. ARE THERE ANY CHANGES TO THE AVERAGE CUSTOMER BILL?**

15 No. See revised table below. If the TPUC authorized the proposed offset, the impact to
16 the average customer bill from the Capital Recovery Riders proposed in this docket will
17 still be zero. For a typical residential customer living in the City of Chattanooga, and
18 using an average of 4,154 gallons per month, the current increase in the proposed Capital
19 Recovery Riders would represent an increase in their bill of \$0.59 per month, or \$7.08
20 per year. The TCJA offset would decrease the bill by the same amounts, so no net
21 increase would be charged. While the overall sum of the three riders, before offset, is
22 2.75% as noted above, this is a total increase of 2.36% over the current monthly average
23 bill that includes the previously approved Capital Recovery Riders. This is because the

overall sum of the three riders of 2.75% continues to be calculated on the revenues authorized in 2012. The cumulative impact on customer's bills are summarized in Table 1:

Table 1
Cumulative Impact of Capital Recovery Riders
Tennessee American Water Company

TPUC Docket No.	Effective Date	Annual Percentage Increase in Capital Recovery Riders	Capital Recovery Riders Cumulative Total	Total Increase to Chattanooga Average Monthly Bill	Average Chattanooga Monthly Bill*	Monthly Increase in Total Bill	Monthly Increase from Previous Bill
12-00049	11/1/2012				\$ 21.56		
13-00130	4/15/2014	1.080%	1.080%	\$ 0.23	\$ 21.79	\$ 0.23	1.080%
14-00121	6/30/2015	4.640%	5.720%	\$ 1.23	\$ 22.79	\$ 1.00	4.590%
15-00111	3/15/2016	4.660%	10.380%	\$ 2.24	\$ 23.79	\$ 1.00	4.408%
16-00126	3/14/2017	3.570%	13.950%	\$ 3.01	\$ 24.56	\$ 0.77	3.234%
17-00124	4/10/2018	2.480%	16.430%	\$ 3.54	\$ 25.10	\$ 0.53	2.18%
Proposed	1/1/2019	2.750%	19.180%	\$ 4.13	\$ 25.69	\$ 0.59	2.36%
TCJA Offset	1/1/2019	-2.750%	16.430%	\$ 3.54	\$ 25.10	\$ -	0.00%

* The purpose of this table is to aid in the the overall view of the impact of the Capital Recovery Riders and does not include reconciliations and the PCOP.

I am also providing a table reflecting the detailed changes for each Capital Recovery Rider, including the reconciliations. This is attached to my testimony as Petitioner's Exhibit – Annual Approved Tariffs – Revised 5 31 19 - EKC. A summary of the impact for the average residential customer for each of Tennessee American's water rates

1 is attached to my testimony as Petitioner's Exhibit Average Impact – Revised 5 31 19
2 - EKC.

3 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

4 **A.** Yes. I reserve the ability to submit further testimony as is appropriate.

STATE OF Kentucky)
COUNTY OF Fayette)

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Elaine K. Chambers, being by me first duly sworn deposed and said that:

She is appearing as a witness on behalf of Tennessee-American Water Company before the Tennessee Public Utility Commission, and if present before the Commission and duly sworn, her testimony would be as set forth in her pre-filed testimony in this matter.

Elaine K Chambers
Elaine K. Chambers

Sworn to and subscribed before me
this 30th day of May, 2019.

Sharon Miller
Notary Public

My Commission Expires: 7/25/2020

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:

Daniel Whitaker III
Vance Broemel
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This the 31st day of May, 2019.



Melvin J. Malone