

STATE OF TENNESSEE

Office of the Attorney General



HERBERT H. SLATERY III  
ATTORNEY GENERAL AND REPORTER

P.O. BOX 20207, NASHVILLE, TN 37202  
TELEPHONE (615)741-3491  
FACSIMILE (615)741-2009

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***VIA ELECTRONIC FILING***

[TPUC.DocketRoom@tn.gov](mailto:TPUC.DocketRoom@tn.gov)

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

Re: Tennessee Public Utility Commission, Docket No. 18-00120, *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*

Dear Chair Morrison:

As a result of the Commission's *Order* in Docket No. 18-00022, Tennessee-American Water Company was required to revise its testimony and underlying financial data in Docket No. 19-00031, and the Company filed its revision on May 16, 2019. In the current Docket No. 18-00120, the Consumer Advocate filed its original *Pre-filed Direct Testimony of David N. Dittmore* on April 23, 2019. Therefore, the Consumer Advocate is updating the following schedules in this Docket to accurately reflect the Company's revisions:

- Exhibit DND-2, Comparison of TAWC Compensated Rate Base vs. Actual Rate Base (original filed April 23, 2019); and
- Exhibit DND-5 (original filed April 23, 2019), Example of Rate Base Limitation Factor.

These updated schedules should not be confused with the Consumer Advocate's August 1, 2019 submission of revisions, also filed in this Docket. Those revisions relate to two schedules – DND-1 and DND-3 – within the *Supplemental Testimony of David N. Dittmore*, filed on June 14,

August 2, 2019

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2019, which we updated to reflect the *Stipulation and Settlement Agreement Regarding Phase One Issues* in Docket No. 18-00039 (Tennessee-American Water's Tax Docket).

Thank you for your time.

Sincerely,



**Daniel P. Whitaker, III**

Assistant Attorney General

cc: Melvin Malone, Esq. (by email)  
Elaine Chambers (by email)

**Tennessee American Water Company**  
**Comparison of TAWC Compensated Rate Base vs. Actual Rate Base**  
**Docket 18-00120**

**Exhibit DND-2**

Line No.	Item	A/ Settlement 12-00049	B/ TAWC 2018 Reconciliation Docket No. 19-00031	C/ (Col A + B) Total Compensated Rate Base	D/ Actual 13-Month Average Rate Base Per Company	E/ Overstated Rate Base
1	Utility Plant in Service	\$ 250,455,533	\$ 64,105,148	\$ 314,560,681	\$ 316,882,891	\$ 2,322,210
2	Construction Work in Progress	3,581,671		\$ 3,581,671	6,747,572	\$ 3,165,901
3	Accumulated Depreciation	(81,011,226)	4,371,709 (1)	\$ (76,639,517)	(87,357,123)	\$ (10,717,606)
4	Accumulated Deferred Income Taxes	(26,733,940)	(9,843,878)	\$ (36,577,818)	(46,719,132)	\$ (10,141,314)
5	Customer Advances for Construction	(5,173,724)	-	\$ (5,173,724)	(3,619,112)	\$ 1,554,612
6	Contributions in Aid of Construction	(12,466,115)	(2,325,198)	\$ (14,791,313)	(17,590,138)	\$ (2,798,825)
7	Other Rate Base Components	3,363,273		\$ 3,363,273	5,183,793	\$ 1,820,520
		\$ 132,015,472	\$ 56,307,781	\$ 188,323,253	\$ 173,528,751	\$ (14,794,502)

A/ Schedule 3 of Settlement Exhibits; Docket No. 12-00049.

B/ TAW 2018 Capital Rider Recon; Docket No. 19-00031

C/ Sum of A and B

D/ Amounts per TAWC Revised 2018 Monthly Reports

E/ Excess Calculated Rate Base over Actual Rate Base (Col D - Col C).

(1) Positive Amount reflects the Cost of Removal exceeds Accumulated Depreciation.

**Tennessee American Water Company**  
**Example of Rate Base Limitation Factor**  
**Docket 18-00120**

**Exhibit DND-5**

Line No.	Item	Amount	Source
1	Current Rate Base	\$ 173,528,751	TAWC Revised Monthly Reports
2	Less: Relevant Rate Order Rate Base	\$ 132,015,472	Settlement 12-00049
3	Maximum Capital Rider Surcharge Rate Base	\$ 41,513,279	
4	Divided By: TAWC 2018 Capital Rider Rate Base per Reconciliation Filing	\$ 56,307,781	Docket 19-00031 - Amended
5	Rate Base Limitation Factor	73.73%	
6	Effective Capital Rider Rate Base Eligible for Recovery (Line 4 * Line 5)	\$ 41,513,279	
7	Effective Capital Rider Rate Base Excluded from Recovery (Line 4 - Line 6)	\$ 14,794,502	
8	Total Capital Rider Investment (Line 6 + Line 7)	\$ 56,307,781	

**Tennessee American Water Company**  
**Example Calculation of Carrying Charges**  
**Docket 18-00120**

**Exhibit DND-6**

**Assumptions:**

1. Attrition Period is the twelve months ending 12/31/19.
2. TAWC Filing 3/1/20
3. TPUC authorizing order issued June 30, 2020
4. TAWC Rates Effective July 1, 2020

TAWC Pre-Tax Rate of Return (From Company  
Schedule TAW Sch1 2019 Revised) 8.4515%

Divided by 12 12

**Equals Monthly Carrying Charge Rate** 0.7043%

Mid-Point of Attrition Period 7/1/2019

Mid-Point of Collection Period 12/31/2020

Elapsed Months 18

**Total Carrying Charge Applied to Quaifying Capital  
Rider Surcharge Investment** 12.6772%