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

RE: *Petition of Tennessee-American Water Company in Support of the Calculation of the 2019 Capital Recovery Riders Reconciliation, Docket No. 19-00031*

Dear Chairman Morrison:

After good faith discussions, the Consumer Advocate and Tennessee-America Water Company have agreed that it is appropriate for TAWC to submit supplemental testimony. Therefore, attached for filing please find the *Supplemental Testimony of TAWC Witness Elaine K. Chambers* in the above-captioned docket.

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

Very truly yours,

BUTLER SNOW LLP


Melvin J. Malone

clw

Attachments

cc: Elaine Chambers, Tennessee-American Water Company
Daniel P. Whitaker III, Assistant Attorney General, Financial Division, Consumer Advocate Unit
Karen H. Stachowski, Assistant Attorney General, Financial Division, Consumer Advocate Unit

PETITIONER'S EXHIBIT EKC-4

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 19-00031

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 AND IN SUPPORT OF
THE CALCULATION OF THE 2019 CAPITAL RECOVERY RIDERS
RECONCILIATION (RECONCILIATION FOR CALENDAR YEAR 2018)**

SPONSORING PETITIONER'S EXHIBITS:

**PETITIONER'S EXHIBIT – CAPITAL RIDERS RECONCILIATION – REVISED 11
04 19 – EKC-1**

PETITIONER'S EXHIBIT – EARNINGS TEST – REVISED 11 04 19 – EKC-2

**PETITIONER'S EXHIBIT – EARNINGS TEST ADJUSTMENT – REVISED 11 04 19 –
EKC-3**

**PETITIONER'S EXHIBIT – PROPOSED TARIFF SHEET NO. 12 – RIDERS –
REVISED 11 04 19 – EKC-4**

**PETITIONER'S EXHIBIT – ANNUAL APPROVED TARIFFS – REVISED 11 04 19 –
EKC-5**

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 and Kentucky.

7 Q. DID YOU PREVIOUSLY SUBMIT TESTIMONY IN THIS PROCEEDING ON
8 BEHALF OF TENNESSEE-AMERICAN WATER COMPANY ("TENNESSEE-
9 AMERICAN", "TAWC" OR THE "COMPANY")?

10 A. Yes.

11 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

12 A. The purpose of this testimony is to support revisions to the calculation of the 2019
13 Capital Recovery Riders Reconciliation for the calendar year 2018, based on direct
14 testimony of David N. Dittmore.

15 Q. ARE YOU SPONSORING ANY EXHIBITS?

16 A. Yes. I am sponsoring the following revised exhibits:

17 Petitioner's Exhibit – Capital Riders Reconciliation – Revised 11 04 19 –
18 EKC -1

19 Petitioner's Exhibit – Earnings Test – Revised 11 04 19 – EKC -2

20 Petitioner's Exhibit – Earnings Test Adjustment – Revised 11 04 19 – EKC -
21 3

22 Petitioner's Exhibit – Proposed Tariff Sheet No. 12 – Riders – Revised 11
23 04 19 – EKC-4

24 Petitioner's Exhibit – Annual Approved Tariffs – Revised 11 04 19 – EKC-5
25

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

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

3 A. Yes.

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

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

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

12 A. Yes.

13 Q. DO THE PETITIONER'S EXHIBITS LISTED ABOVE ACCURATELY
14 SUMMARIZE SUCH DATA AND THE RESULTS OF ANALYSIS USING SUCH
15 DATA?

16 A. Yes, they do.

17 Q. PLEASE DISCUSS MR. DITTEMORE'S ADJUSTMENT TO THE
18 RECONCILIATION AMOUNT DUE TO INCOME TAX EXPENSE.

19 On this issue, the Company continues to maintain that it has consistently and properly
20 applied the plain tariff language since the Capital Rider Tariffs were approved, which
21 does not contain language requiring a gross-up of earnings, either positive or negative.
22 After good faith discussions with the Consumer Advocate and in the spirit of cooperation,
23 the Company has agreed to concede this issue and will gross up the amount of earnings

1 above authorized in this docket to consider Income Tax Expense implications. The
2 Company also agrees to gross-up any future earnings above authorized amounts to
3 include income tax. The amount of the earnings test adjustment is now \$1,138,019. This
4 amount differs slightly from Mr. Dittmore's number of \$1,144,625 due to the amount of
5 lobbying expenses that we did not concede of \$4,879, because it was not charged to
6 operating expenses. Both the gross up amount and the interest amount change slightly
7 from what Mr. Dittmore proposed due to that \$4,879 exclusion.

8 **Q. CAN YOU EXPLAIN THE REVISIONS IN THE CAPITAL RIDERS**
9 **CALCULATIONS?**

10 Yes. We have revised our calculations to include the gross up of the earnings test for
11 income taxes.

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

13 A. TAWC is proposing an adjusted QIIP Rider that results in a total revenue recovery of
14 (\$403,036) for nine months of 2019 year or a surcharge of -1.14%. The original filing
15 requested total revenue recovery of \$578, 263 for nine months of 2019 year or a
16 surcharge of 1.638%.

17 **Q. HAS TENNESSEE AMERICAN FILED A TARIFF ADDRESSING THE**
18 **PROPOSED QIIP RIDER?**

19 A. Yes. A new tariff Fifteenth Revised Sheet No. 12 – Riders – 1 reflects all three Capital
20 Recovery Riders and is attached to my testimony as **Petitioner's Exhibit -- Proposed**
21 **Tariff Sheet No. 12 – Riders – Revised 11 04 19 – EKC-4.**

1 **Q. WHAT IS THE PROPOSED EDI RIDER?**

2 A. TAWC is proposing an EDI Rider that results in a total revenue recovery of (\$112,806)
3 for nine months of 2019 year or a surcharge of -0.32%. The original filing requested total
4 revenue recovery of (\$79,330) for nine months of 2019 year or a surcharge of -0.225%.
5 Again, this is shown on the new tariff Fifteenth Revised Sheet No. 12 – Riders – 1 which
6 reflects all three Capital Recovery Riders and is attached to my testimony as Petitioner's
7 Exhibit -- Proposed Tariff Sheet No. 12 – Riders – Revised 11 04 19 – EKC-4.

8 **Q. WHAT IS PROPOSED SEC RIDER?**

9 A. TAWC is proposing an SEC Rider that results in a total revenue recovery of (\$324,484)
10 for nine months of 2019 year or a surcharge of -0.92%. The original filing requested total
11 revenue recovery of \$296,690 for nine months of 2019 year or a surcharge of .840%.
12 Again, this is shown on the new tariff Fifteenth Revised Sheet No. 12 – Riders – 1 which
13 reflects all three Capital Recovery Riders and is attached to my testimony as Petitioner's
14 Exhibit -- Proposed Sheet No. 12 – Riders – Revised 11 04 19 – EKC-4. The sum of
15 the three riders is a decrease of -2.38% on the current base bill.

16 **Q. WHAT DO YOU RECOMMEND WITH REGARD TO THIS PETITION?**

17 A. I recommend that the Petition be approved for the increase in the QIIP, EDI and SEC
18 Riders, effective November 4, 2019 through December 31, 2019.

19 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

20 A. Yes. I reserve the ability to submit further testimony as is appropriate.
21

Tennessee American Water Company
Qualified Infrastructure Improvement Program Rider (QIIP)
Economic Development Investment Rider (EDI)
Safety and Environmental Compliance Rider (SEC)
Reconciliation of the Calculation of Revenue Requirement
As of 12/31/2018

Petitioner's Exhibit – Capital Riders Reconciliation – Revised 11_04_19 - EKC-1
Docket No. 19-00031

Line Number	Description	Qualified Infrastructure Investment Program QIIP Average YTD 12/31/2018			Economic Development Investment EDI Average YTD 12/31/2018			Safety and Environmental Compliance SEC Average YTD 12/31/2018			Total Average YTD 12/31/2018		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
1	Additions Subject to Rider:	\$37,043,006	\$34,471,184	\$2,571,822	\$1,285,890	\$1,747,247	(\$461,357)	\$25,776,252	\$22,893,753	\$2,882,499	\$64,105,148	\$59,112,183	\$4,992,965
2	Plus: Cost of Removal less Salvage	4,572,046	5,315,317	(743,271)	933	1,262	(329)	2,927,298	2,676,731	250,568	7,500,278	7,993,310	(493,032)
3	Less: Contributions in Aid to Construction (CIAC)	2,293,497	493,440	1,800,058	31,700	3,845	27,855	0	0	0	2,325,198	497,284	1,827,913
4	Less: Deferred Income Taxes	5,828,886	281,920	5,546,966	190,955	26,904	164,051	3,824,037	532,977	3,291,060	9,843,878	841,801	9,002,076
5	Less: Accumulated Depreciation	1,681,625	1,849,125	(167,500)	37,852	42,678	(4,826)	1,409,092	1,142,221	266,871	3,128,569	3,034,023	94,546
6	Net Investment Supplied Additions:	<u>\$31,811,045</u>	<u>\$37,162,017</u>	<u>(\$5,350,973)</u>	<u>\$1,026,316</u>	<u>\$1,675,082</u>	<u>(\$648,766)</u>	<u>\$23,470,422</u>	<u>\$23,895,285</u>	<u>(\$424,864)</u>	<u>\$56,307,782</u>	<u>\$62,732,385</u>	<u>(\$6,424,602)</u>
7													
8	Pre-Tax Authorized Rate of Return:	8.45%	8.45%		8.45%	8.45%		8.45%	8.45%		8.45%	8.45%	
9	Pre-Tax Return on Additions:	<u>\$2,688,495</u>	<u>\$3,140,730</u>	<u>(\$452,235)</u>	<u>\$86,739</u>	<u>\$141,569</u>	<u>(\$54,830)</u>	<u>\$1,983,592</u>	<u>\$2,019,499</u>	<u>(\$35,907)</u>	<u>\$4,758,825</u>	<u>\$5,301,798</u>	<u>(\$542,972)</u>
10													
11	Depreciation Expense on Additions:	764,850	1,006,838	(241,988)	17,185	23,531	(6,346)	696,062	421,700	274,362	1,478,097	1,452,070	26,027
12													
13	Property and Franchise Taxes Associated:	<u>448,094</u>	<u>441,677</u>	<u>6,417</u>	<u>17,370</u>	<u>23,590</u>	<u>(6,221)</u>	<u>322,199</u>	<u>288,397</u>	<u>33,802</u>	<u>787,662</u>	<u>753,665</u>	<u>33,997</u>
14													
15	Revenues:	<u>3,901,439</u>	<u>4,589,246</u>	<u>(687,807)</u>	<u>121,293</u>	<u>188,690</u>	<u>(67,397)</u>	<u>3,001,852</u>	<u>2,729,596</u>	<u>272,256</u>	<u>7,024,585</u>	<u>7,507,532</u>	<u>(482,948)</u>
16													
17	Revenue Taxes	<u>3.19%</u>	<u>3.19%</u>		<u>3.19%</u>	<u>3.19%</u>		<u>3.19%</u>	<u>3.19%</u>		<u>3.19%</u>	<u>3.19%</u>	
18	Capital Riders Revenues with Revenue Taxes	<u>4,030,038</u>	<u>4,740,516</u>	<u>(710,478)</u>	<u>125,291</u>	<u>194,910</u>	<u>(69,618)</u>	<u>3,100,799</u>	<u>2,819,569</u>	<u>281,230</u>	<u>7,256,128</u>	<u>7,754,994</u>	<u>(498,866)</u>
19													
20	APP Revenue Reduction	<u>(9,877)</u>	<u>(9,877)</u>		<u>(365)</u>	<u>(365)</u>		<u>(10,183)</u>	<u>(10,183)</u>		<u>(20,425)</u>	<u>(20,425)</u>	
21													
22	Total Capital Riders Revenues with Revenue Taxes & APP	<u>\$4,020,160</u>	<u>\$4,730,639</u>	<u>(\$710,478)</u>	<u>\$124,927</u>	<u>\$194,545</u>	<u>(\$69,618)</u>	<u>\$3,090,615</u>	<u>\$2,809,385</u>	<u>\$281,230</u>	<u>\$7,235,703</u>	<u>\$7,734,569</u>	<u>(\$498,866)</u>
23													
24													
25	Actual Capital Riders Revenues Billed		<u>\$4,284,542</u>			<u>\$177,713</u>			<u>\$2,752,446</u>			<u>\$7,214,701</u>	
26													
27	(Over)/Under Capital Riders Revenue Billings		446,096			16,833			56,939			519,868	
28	Budget to Actual Adjustment		(710,478)			(69,618)			281,230			(498,866)	
29	2017 Reconciliation Amount		547,960			(28,970)			(219,809)			299,181	
30	Earnings Test Adjustment		(675,827)			(28,032)			(434,160)			(1,138,019)	
31	Interest (Prime - 5.50%)		(10,787)			(3,019)			(8,684)			(22,490)	
32													
33	Reconciliation Amount		<u>(\$403,036)</u>			<u>(\$112,806)</u>			<u>(\$324,484)</u>			<u>(\$840,326)</u>	
34													
35	Authorized Capital Riders Revenues (9/12th)		<u>\$35,305,293</u>			<u>\$35,305,293</u>			<u>\$35,305,293</u>			<u>\$35,305,293</u>	
36													
37	Current Reconciliation Factor Percentage		-1.14%			-0.32%			-0.92%			-2.38%	
38													

Explanation:
Tennessee American Water has been authorized 3 capital riders based on a 13-month average of in-service capital projects in the forecasted period. The revenue requirement for each rider is calculated similar to how total rate base is calculated by the Tennessee Public Utility Commission in a rate case. This table shows a comparison of the actual average over the reporting period to the proposed amount of each rider, and the total of the three.

*Taxes - From Docket #17-00124 which was approved on 4/9/2018.
Earnings Test - Calculation methodology from Earnings Test workpaper

Line #	Notes / Changes from Monthly Reports	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018
1	Additions:							
2	Plant in Service	Change in March	\$312,344,667	\$312,914,868	\$314,161,550	\$314,419,406	\$315,433,611	\$315,944,323
3	Plant Under Construction	Change in March	4,065,376	4,302,364	3,618,906	4,120,037	3,939,391	4,115,487
4	Property Held For Future Use		0	0	0	0	0	0
5	Materials and Supplies	Change in March	914,411	909,768	951,458	927,201	870,891	918,704
6	Other Additions:							
7	Leased Utility Plant		0	0	0	0	0	0
8	Unamortized Painting - net		0	0	0	0	0	0
9	Working Capital C/		3,409,884	3,409,884	3,409,884	3,409,884	3,409,884	3,409,884
10								
11	Total Additions		\$320,734,338	\$321,536,884	\$322,141,798	\$322,876,528	\$323,653,777	\$324,388,398
12								
13								
14	Deductions:							
15	Accumulated Depreciation and Amortization	Changes to tie to general ledger	\$84,796,362	\$85,324,758	\$85,348,893	\$85,561,837	\$85,652,593	\$86,219,313
16	Accumulated Deferred Income Taxes	Changes to tie to general ledger	47,253,614	46,946,191	46,838,795	46,905,958	46,800,695	46,848,256
17	Unamortized Investment Credit - Pre 1971		6,775	6,517	6,259	6,001	5,743	5,485
18	Customer Deposits		0	0	0	0	0	0
19	Other Deductions:							
20	Contributions in Aid of Construction		17,119,159	17,299,418	17,312,882	17,295,956	17,605,751	17,789,021
21	Customer Advances for Construction	Changes to tie to general ledger	3,520,859	3,461,373	3,544,215	3,589,850	3,804,566	3,609,481
22	All Other A/	Changes to tie to general ledger	(1,372,670)	(1,853,540)	(1,624,386)	(924,215)	(811,735)	(1,286,693)
23								
24								
25								
26	Total Deductions		\$151,324,099	\$151,184,717	\$151,426,658	\$152,435,387	\$153,057,613	\$153,184,862
27								
28	Rate Base		\$169,410,239	\$170,352,167	\$170,715,140	\$170,441,141	\$170,596,164	\$171,203,536
29								
30	Net Operating Income	Change in March		\$1,077,554	\$911,625	\$1,086,307	\$704,461	\$1,337,879
31	Adjustments to NOI			0	0	0	0	0
32	Allowance for funds used during construction	Change to after tax basis		13,230	15,587	15,989	16,440	16,426
33	Adjustment to reflect effective federal			0	0	0	0	0
34	Income tax rate (debt assigned to parent)	Rate updated and math updated		21,770	21,765	21,719	20,603	21,822
35	Interest on customer deposits			0	0	0	0	0
36	Incentive Compensation	Added per deliberations December 17, 2018		42,770	42,770	42,770	42,770	42,770
37	Lobbying Expenses	Per Rebuttal Exhibit EKC-3						
38								
39	Adjusted Net Operating Income		\$1,155,324	\$991,747	\$1,166,786	\$784,274	\$1,418,897	\$1,067,897
40								
41								
42	Rate of return B/		8.14%	6.97%	8.21%	5.52%	9.95%	7.48%

Line #	Notes / Changes from Monthly Reports	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018
A/ All Other								
	Acquisition adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Accounts payable applicable to CWIP	27,314	(935,859)	(706,213)	24,465	90,486	(380,347)	200,609
	Unpaid for materials and supplies	(8,558)	8,123	9,242	(22,809)	22,362	16,948	(15,067)
	Taxes on CIAC-DEF. FIT & SIT	(1,391,426)	(925,805)	(927,415)	(925,870)	(924,583)	(923,294)	(922,005)
		<u>(\$1,372,670)</u>	<u>(\$1,853,540)</u>	<u>(\$1,624,386)</u>	<u>(\$924,215)</u>	<u>(\$811,735)</u>	<u>(\$1,286,693)</u>	<u>(\$736,463)</u>
C/ Per order								
	Cash working capital Lead Lag Study	\$591,674	\$591,674	\$591,674	\$591,674	\$591,674	\$591,674	\$591,674
	Incidental collection	(116,192)	(116,192)	(116,192)	(116,192)	(116,192)	(116,192)	(116,192)
	Average cash	0	0	0	0	0	0	0
	Other components	2,934,402	2,934,402	2,934,402	2,934,402	2,934,402	2,934,402	2,934,402
	Working Capital	\$3,409,884	\$3,409,884	\$3,409,884	\$3,409,884	\$3,409,884	\$3,409,884	\$3,409,884
	Rate of Return - 2018	7.71%						
	Authorized Rate of Return	7.23%	(Schedule 1 Exhibit to Settlement Agreement Docket No. 12-00049)					
	Authorized Adjusted Net Operating Income	\$ 12,545,254						
	Actual 2018 Adjusted Net Operating Income	\$ 13,385,851						
	Above or (Below) Earnings	\$ 840,598						
	Gross-up Income Tax Rate	1.35382116						
	Revenue Requirement	\$ 1,138,019						

Line #		Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	13Mth Average
1	Additions:							
2	Plant in Service	\$317,016,258	\$317,597,616	\$318,937,485	\$319,267,736	\$321,146,916	\$323,576,583	\$316,882,891
3	Plant Under Construction	6,368,646	7,982,161	9,259,264	10,856,004	12,432,467	11,539,185	6,747,572
4	Property Held For Future Use	0	0	0	0	0	0	0
5	Materials and Supplies	893,955	903,629	888,955	901,010	906,941	893,746	905,145
6	Other Additions:							
7	Leased Utility Plant	0	0	0	0	0	0	0
8	Unamortized Painting - net	0	0	0	0	0	0	0
9	Working Capital C/	3,409,884	3,409,884	3,409,884	3,409,884	3,409,884	3,409,884	3,409,884
10								
11	Total Additions	\$327,688,743	\$329,893,290	\$332,495,588	\$334,434,634	\$337,896,208	\$339,419,398	\$327,945,492
12								
13								
14	Deductions:							
15	Accumulated Depreciation and Amortization	\$87,690,126	\$87,958,823	\$88,430,971	\$88,820,761	\$89,365,424	\$88,650,720	86,971,786
16	Accumulated Deferred Income Taxes	47,349,168	47,621,917	47,304,125	47,097,532	47,117,245	47,199,183	47,120,351
17	Unamortized Investment Credit - Pre 1971	4,969	4,711	4,453	4,195	3,937	3,679	5,227
18	Customer Deposits	0	0	0	0	0	0	0
19	Other Deductions:							
20	Contributions in Aid of Construction	17,741,283	17,736,418	17,710,742	17,685,065	17,815,319	17,797,628	17,590,138
21	Customer Advances for Construction	3,634,327	3,650,517	3,655,599	3,642,093	3,786,124	3,769,777	3,637,497
22	All Other A/	(950,743)	(889,239)	(506,225)	(681,326)	(430,575)	417,800	(896,155)
23								
24								
25								
26	Total Deductions	\$155,469,130	\$156,083,147	\$156,599,665	\$156,568,320	\$157,657,474	\$157,838,787	\$154,428,845
27								
28	Rate Base	\$172,219,613	\$173,810,143	\$175,895,923	\$177,866,314	\$180,238,734	\$181,580,611	\$173,516,647
29								13Mth Average Rate Base
30	Net Operating Income	\$1,421,593	\$1,436,824	\$964,782	\$945,312	\$887,761	\$503,816	\$12,265,548
31	Adjustments to NOI	0	0	0	0	0	0	0
32	Allowance for funds used during construction	21,751	27,373	26,385	26,919	30,462	20,897	247,133
33	Adjustment to reflect effective federal	0	0	0	0	0	0	0
34	Income tax rate (debt assigned to parent)	21,948	22,110	22,355	22,583	22,923	23,054	264,469
35	Interest on customer deposits	0	0	0	0	0	0	0
36	Incentive Compensation	42,770	42,770	42,770	42,770	42,770	42,770	513,245
37	Lobbying Expenses						95,456	95,456
38								
39	Adjusted Net Operating Income	\$1,508,062	\$1,529,078	\$1,056,292	\$1,037,585	\$983,917	\$685,994	\$13,385,851
40								12Mths Net Operating Income
41								
42	Rate of return B/	10.51%	10.56%	7.21%	7.00%	6.55%	4.53%	7.71%

Petitioner's Exhibit – Earnings Test – Revised 11_04_19 - EKC-2
Docket No. 19-00031
Page 4 of 4

A/ All Other

Tennessee-American Water Company
Docket No. 19-00031
Lobbying Expense Adjustment to Earnings Test

	2018
	<u>Lobbying Costs</u>
Company Response to CA Data Request 2--8	\$100,335
Less: Non-operating Expense Provided for Account 75840000	<u>4,879</u>
Amount in Operating Expense	<u><u>\$95,456</u></u>

TENNESSEE-AMERICAN WATER COMPANY

TPUC NO. 19
Fifteenth Revised Sheet No. 12-Riders-1

CLASSIFICATION OF SERVICE

SUMMARY OF RIDERS

1. Applicability

In addition to the other charges provided for in this Tariff under Service Classifications Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, and Private Fire, a Qualified Infrastructure Improvement Program ("QIIP") Rider, an Economic Development Investment Program Rider ("EDI"), a Safety and Environmental Compliance Program Rider (SEC"), and Production Costs and Other Pass-Throughs Rider ("PCOP") will apply to customers in all service areas.

2. The Percentage of Riders and Reconciliations

For the Riders defined in the tariffs:

QIIP	11.65%
EDI	0.65%
<u>SEC</u>	<u>6.88%</u>
Subtotal of all Capital Recovery Riders	19.18%
QIIP Annual Reconciliation Percentage	-1.14% (D)
EDI Annual Reconciliation Percentage	-0.32% (D)
<u>SEC Annual Reconciliation Percentage</u>	<u>-0.92% (D)</u>
Subtotal of all Capital Recovery Riders	-2.38%
Total of Capital Recovery Riders and Reconciliation Percentages	16.80% (D)
Offset to Capital Recovery Riders for TCJA savings	-6.62%
PCOP	-1.10%

(D) Indicates Decrease

ISSUED: October 29, 2019 EFFECTIVE: November 4, 2019

BY:


Darlene L. Williams
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

Petitioner's Exhibit – Annual Approved Tariffs – Revised 11_04_19 - EKC-5
Docket No. 19-00031

**Authorization of Tennessee American Water Capital Recovery Riders
Since Last Rate Case (Docket No. 12-00049)**

TPUC Docket No.	Effective Date	Rider	Authorized Annual Change	Total Cumulative Rider	Reconciliation Authorized	Individual Authorized Rider Total	Capital Riders Cumulative Total	TCJA Offset	Impact to Bill
13-00130	4/15/2014	QIIP	0.790%	0.790%	0.000%	0.790%			
		EDI	0.180%	0.180%	0.000%	0.180%			
		SEC	0.110%	0.110%	0.000%	0.110%			
		Total	1.080%		0.000%		1.080%	0.00%	1.080%
14-00121	6/30/2015	QIIP	1.340%	2.130%	0.000%	2.130%			
		EDI	-0.130%	0.050%	0.000%	0.050%			
		SEC	3.430%	3.540%	0.000%	3.540%			
		Total	4.640%		0.000%		5.720%	0.00%	5.720%
15-00029*	11/1/2015	QIIP	0.000%	2.130%	0.254%	2.384%			
		EDI	0.000%	0.050%	-0.150%	-0.100%			
		SEC	0.000%	3.540%	0.064%	3.604%			
		Total	0.000%	5.720%	0.168%		5.888%	0.00%	5.888%
15-00111	3/15/2016	QIIP	2.430%	4.560%	0.000%	4.560%			
		EDI	0.050%	0.100%	0.000%	0.100%			
		SEC	2.180%	5.720%	0.000%	5.720%			
		Total	4.660%		0.000%		10.380%	0.00%	10.380%
16-00022*	10/11/2016	QIIP	0.000%	4.560%	1.166%	5.726%			
		EDI	0.000%	0.100%	-0.178%	-0.078%			
		SEC	0.000%	5.720%	-0.118%	5.602%			
		Total	0.000%		0.870%		11.250%	0.00%	11.250%
16-00126	3/14/2017	QIIP	2.960%	7.520%	0.000%	7.520%			
		EDI	0.240%	0.340%	0.000%	0.340%			
		SEC	0.370%	6.090%	0.000%	6.090%			
		Total	3.570%		0.000%		13.950%	0.00%	13.950%
17-00020*	8/16/2017	QIIP	0.000%	7.520%	1.763%	9.283%			
		EDI	0.000%	0.340%	-0.031%	0.309%			
		SEC	0.000%	6.090%	-0.826%	5.264%			
		Total	0.000%		0.906%		14.856%	0.00%	14.856%
17-00124	4/10/2018	QIIP	2.530%	10.050%	0.000%	10.050%			
		EDI	0.070%	0.410%	0.000%	0.410%			
		SEC	-0.120%	5.970%	0.000%	5.970%			
		Total	2.480%		0.000%		16.430%	0.00%	16.430%
18-00022*	12/17/2018	QIIP	0.000%	10.050%	1.542%	11.592%			
		EDI	0.000%	0.410%	-0.081%	0.329%			
		SEC	0.000%	5.970%	-0.628%	5.342%			
		Total	0.000%		0.833%		17.263%	0.00%	17.263%
18-00120	9/1/2019	QIIP	1.600%	11.650%	0.000%	11.650%			
		EDI	0.240%	0.650%	0.000%	0.650%			
		SEC	0.910%	6.880%	0.000%	6.880%			
		Total	2.750%		0.000%		19.180%	-6.62%	12.560%
19-00031	11/4/2019	QIIP	0.000%	11.650%	-1.140%	10.510%			
		EDI	0.000%	0.650%	-0.320%	0.330%			
		SEC	0.000%	6.880%	-0.920%	5.960%			
		Total	0.000%		-2.380%		16.800%	-6.62%	10.180%

* Reconciliations are only effective until December 31 of the year authorized by the TPUC.

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 29th day of October, 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 P. Whitaker III
Karen H. Stachowski
Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate Unit, Financial Division
P.O. Box 20207
Nashville, TN 37202-0207
Daniel.Whitaker@ag.tn.gov
Karen.Stachowski@ag.tn.gov

This the 29th day of October, 2019.



Melvin J. Malone