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June 22, 2020

**VIA ELECTRONIC FILING**

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

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

**RE: *Petition of Tennessee-American Water Company Regarding The Production Costs and Other Pass-Throughs Rider, TPUC Docket No. 20-00008***

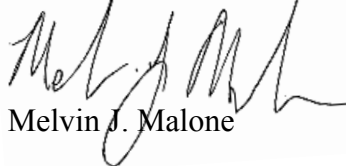
Dear Chairman Morrison:

Consistent with the deliberations in the above-captioned matter at the Tennessee Public Utility Commission's June 15, 2020, Conference, attached please find a revised Summary of Riders tariff page, with an effective date of June 15, 2020. An excel spreadsheet in support of the revised Summary of Riders tariff page is also attached.

As required, one (1) copy of this filing will be mailed to your office. 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

Attachments

cc: Elaine Chambers, TAWC

Karen H. Stachowski, Assistant Attorney General, Financial Division, Consumer Advocate Unit  
Daniel P. Whitaker III, Assistant Attorney General, Financial Division, Consumer Advocate Unit

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**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	14.28%
EDI	1.14%
<u>SEC</u>	<u>8.79%</u>
Subtotal of all Capital Recovery Riders	24.21%
QIIP Annual Reconciliation Percentage	-2.07%
EDI Annual Reconciliation Percentage	-0.50%
<u>SEC Annual Reconciliation Percentage</u>	<u>-1.12%</u>
Subtotal of all Capital Recovery Riders	-3.69%
Total of Capital Recovery Riders and Reconciliation Percentages	20.52%
Offset to Capital Recovery Riders for TCJA savings	-6.62%
Offset to Capital Recovery Riders for TCJA Excess ADIT	-11.72%
PCOP	-0.65% (I)

(I) Indicates Increase

ISSUED: June 15, 2020 EFFECTIVE: June 15, 2020

BY:



Darlene L. Williams  
PRESIDENT

109 Wiehl Street  
Chattanooga, Tennessee 37403

**Tennessee American Water**

**2019 PCOP Reconciliation**

**Workbook Name:** TAW\_EXH\_EKC\_1\_011520.xlsx

**Workbook Information:** This workbook calculates the PCOP surcharge percentage based on the reconciliation of PCOP related costs for the year December 2018 - November 2019.

Worksheet Name	Description / Purpose of Worksheet
1. Link In	1. Links in from each expense, authorized expense and sales from last rate case, current sales and system delivery and over-under collection.
2. PCOP Calc Exhibit	2. Calculation of the current PCOP rate.
3. Support Workpaper	3. Current expenses adjusted for Non-Revenue Water compared to authorized expenses from the last rate case.
4. Usage&Sysdel	4. Usage and system delivery for the 12 months ending November 2019.
5.	5.
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There are three (3) other worksheets that are left blank intentionally and are used to identify and separate the Other Support, Exhibit and Workpaper worksheets.

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Tennessee American Water Company  
Docket No. 20-000XX  
For the Twelve Months Ending November 30, 2019  
PCOP Actual Expenses  
[Link In Page](#)

Description	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Total
Purchased Water	1,678	1,029	789	942	1,803	1,992	3,655	3,805	376	3,245	2,216	2,980	24,509
Purchased Power	185,098	188,990	184,851	180,450	179,411	201,488	216,189	222,712	219,758	225,841	216,724	193,171	2,414,683
Chemicals	70,389	81,822	68,991	90,024	63,497	70,647	68,872	85,427	88,701	93,780	78,361	80,672	941,184
Waste Disposal	44,609	22,628	28,950	27,265	25,462	21,084	31,881	16,686	41,745	22,019	14,879	32,602	329,809
TRA Inspection Fee (Amortized in 16530000)	18,113	18,113	18,113	18,113	18,113	18,113	18,113	18,113	18,113	18,113	18,113	18,113	217,358
<b>Total</b>	<b>319,888</b>	<b>312,582</b>	<b>301,693</b>	<b>316,793</b>	<b>288,287</b>	<b>313,324</b>	<b>338,710</b>	<b>346,743</b>	<b>368,693</b>	<b>362,999</b>	<b>330,293</b>	<b>327,538</b>	<b>3,927,543</b>

## Amounts Approved in Docket 12-00049

Amounts Approved in Docket 12-00049	Total	
Purchased Power	2,678,772	From Docket 12-00049 Files - 'CAPD Exhibits for Revenue Requirement in TAWC Rate Case 12-00049-SETTLEMENT6.xlsx
Chemicals	986,930	
Purchased Water	51,331	
TRA Inspection Fee	131,826	
Waste Disposal	213,308	
Authorized Sales in 100 Gallons	100,578,654	From Docket 12-00049
Projection of Annual Revenues from Last Rate Order:	47,073,724	From Docket 12-00049

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Tennessee American Water Company  
Docket No. 20-000XX

Calculation of Production Costs and Other Pass-Throughs ("PCOP") Including Non-Revenue Water  
To Determine PCOP Tariff Rider  
Actuals for the Year Ending November 30, 2019

Line Number	Description	Amount
<b><u>I. Calculation of the Base Rate Cost of Production Costs and Other Pass-Throughs as authorized in the Base Rate case (*):</u></b>		
1	Pro Forma Production Costs and Other Pass-Throughs	\$4,062,167
2	Pro Forma Water Sales (WS) in 100 Gallons	100,578,654
3	Base Rate Cost per 100 Gallons WS (Line 1 / Line 2)	<u>\$0.04039</u>
<b><u>II. Deferral calculation - Actual Non-Revenue Water Cost Production Costs and Other Pass-Throughs (adjusted for 15% NRW) vs. the Base Rate Cost (**):</u></b>		
4	Actual Production Costs and Other Pass-Throughs	\$3,488,871
5	Over-Under Collection Adjustment	43,494
6	Review Period PCOP Costs Adjusted for Over-Under Collections	3,532,365
7	Actual Water Sales (100 Gallons)	<u>94,297,560</u>
8	Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 6 / Line 7)	\$0.03746
9	Base Rate Cost per 100 Gallons WS (Line 3)	<u>0.04039</u>
10	Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 9 - Line 8)	(\$0.00293)
11	Base Rate Case Water Sales 100 Gallons (Line 2)	<u>100,578,654</u>
12	Deferral Amount (Line 10 * Line 11)	<u>(\$294,514)</u>
<b><u>III. Calculation of Production Costs and Other Pass-Throughs ("PCOP") Tariff Rider</u></b>		
13	Total Deferred Amount (Line 12)	(\$294,514)
14	Total Deferred Amount Grossed Up for revenue taxes (Line 13 / (1.0-.03191) (**))	(304,222)
15	Projected Annual Base Rate Revenue subject to PCOP (*)	<u>47,073,724</u>
16	PCOP % (Line 14 / Line 15)	<u>-0.65%</u>

(\*) The numbers are taken from the settlement agreement in Docket No. 12-00049

(\*\*) The numbers are actuals for the year ended November 30, 2019 including Non-Revenue Water for Purchased Power and Chemicals

(\*\*\*) Assumes Gross Receipts Tax @ 3.0%, Uncollectibles @ 1.0571%, and Forfeited Discount Rate @ -0.8661%

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Tennessee American Water Company  
Docket No. 20-000XX  
For the Twelve Months Ending November 30, 2019  
PCOP Actual Expenses

Line #	Description	A	B	C	D	E	F
			**NRW Limited		C - B	Adjust Difference for	E - D
		For the 12	12 Mos Ending 11/2018	Authorized	Difference	TRA Fee Recovered Via	Adjusted
		Months Ending	(Column A, Lines 2 and 3	Amount Per	NRW Limited	SEC, EDI, or QIIP	Difference
		11/30/2019	x Line 18 Recoverable %)	Docket 12-00049	from Authorized	12 Months Ending	
					Docket 12-00049	11/30/2019	
1	Purchased Water Including Wheeling Charges	\$24,509	\$24,509	\$51,331	(\$26,822)	\$0	(\$26,822)
2	Purchased Power**	2,414,683	2,099,041	2,678,772	(579,731)		(579,731)
3	Chemicals**	941,184	818,155	986,930	(168,775)		(168,775)
4	Waste Disposal	329,809	329,809	213,308	116,501		116,501
5	TRA Inspection Fee	217,358	217,358	131,826	85,532		85,532
6							
7	Total	\$3,927,543	\$3,488,871	\$4,062,167	(\$573,296)	\$0	(\$573,296)
8							
9							
10	Water Sales in 100 Gallons	94,297,560	94,297,560	100,578,654		94,297,560	
11							
12	Cost per 100 Gallons (Line 7 / Line 10)	\$0.04165	\$0.03700	\$0.04039	(\$0.00339)	\$0.00000	(\$0.00339)

Recoverable % for Production Costs		For the 12
		Months Ending
		11/30/2019
13	Water Sales	94,297,560
14	System Delivery	131,099,553
15	Non-Revenue-Unaccounted for Water % [1 - (Line 13 / Line 14)]	28.1%
16	Non-Revenue-Unaccounted for Water % Authorized	15.0%
17	Variance (If Line 15 > Line 16 then Line 15 - Line 16)	13.1%
18	Recoverable % (1 - Line 17)	86.9%

\*\*Non-Revenue Unaccounted for Water is only applied to purchased power and chemicals.

**Tennessee American Water Usage**  
**Docket No. 20-000XX**  
**12 Months Ending November 2019**

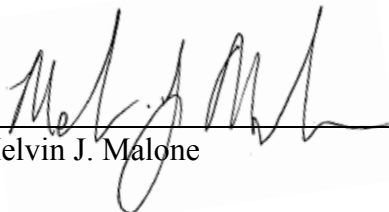
	<b>Water Usage</b>	<b>System Delivery</b>	<b>NRW %</b>
2018 Dec	621,988	1,005,233	38.12%
2019 Jan	767,484	1,044,201	26.50%
2019 Feb	735,912	936,375	21.41%
2019 Mar	638,444	1,024,006	37.65%
2019 Apr	698,980	1,030,388	32.16%
2019 May	804,195	1,200,831	33.03%
2019 Jun	815,854	1,118,478	27.06%
2019 Jul	785,229	1,193,824	34.23%
2019 Aug	965,191	1,190,087	18.90%
2019 Sep	898,864	1,186,940	24.27%
2019 Oct	970,105	1,164,677	16.71%
2019 Nov	727,510	1,014,915	28.32%
	9,429,756	13,109,955	28.07%
		Average	28.20%

## **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 Generals  
Economic and Regulatory Section  
Financial Division, Consumer Advocate Unit  
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[Karen.Stachowski@ag.tn.gov](mailto:Karen.Stachowski@ag.tn.gov)

This the 22<sup>nd</sup> day of June, 2020.



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Melvin J. Malone