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August 3, 2020

VIA ELECTRONIC FILING

Hon. Kenneth C. Hill, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

RE: *Petition of Tennessee-American Water Company in Support of the Calculation of the 2020 Capital Recovery Riders Reconciliation, Docket No. 20-00028*

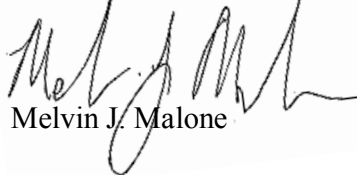
Dear Chairman Hill:

By agreement of the parties, please find attached for filing the *Supplemental Testimony of TAWC Witness Elaine K. Chambers* in the above-captioned docket, which summarizes the resolution of the remaining contested issues in this case.

As required, one (1) hard copy 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

Attachment

cc: Elaine Chambers, TAWC

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

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PETITIONER'S EXHIBIT EKC-3

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 20-00028

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 2020 CAPITAL RECOVERY RIDERS
RECONCILIATION (RECONCILIATION FOR CALENDAR YEAR 2019)**

SPONSORING PETITIONER'S EXHIBITS:

PETITIONER'S EXHIBIT – UPDATED CAPITAL RIDERS RECONCILIATION – EKC

PETITIONER'S EXHIBIT – UPDATED EARNINGS TEST – EKC

**PETITIONER'S EXHIBIT – UPDATED PROPOSED TARIFF SHEET NO. 12 – RIDERS
– EKC**

PETITIONER'S EXHIBIT – UPDATED ANNUAL APPROVED TARIFFS – EKC

PETITIONER'S EXHIBIT – LOBBYING SALARY CALCULATION - 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, Rates
6 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. I filed direct and rebuttal testimony.

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

12 A. By agreement of the parties in this case, the purpose of this testimony is to summarize and
13 explain a settlement with the Consumer Advocate’s Office and TAWC regarding the
14 calculation of the 2020 Capital Recovery Riders Reconciliation for the calendar year 2019.

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

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

17 Petitioner’s Exhibit – Updated Capital Riders Reconciliation – EKC

18 Petitioner’s Exhibit – Updated Earnings Test – EKC

19 Petitioner’s Exhibit – Updated Proposed Tariff Sheet No. 12 – Riders – EKC

20 Petitioner’s Exhibit – Updated Annual Approved Tariffs – EKC

21 Petitioner’s Exhibit – Lobbying Salary Calculation – EKC
22

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

25 A. Yes.

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

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

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

9 A. Yes.

10 **Q. DO THE PETITIONER'S EXHIBITS LISTED ABOVE ACCURATELY**
11 **SUMMARIZE SUCH DATA AND THE RESULTS OF ANALYSIS USING SUCH**
12 **DATA?**

13 A. Yes, they do.

14 **Q. PLEASE LIST THE REMAINING CONTESTED ISSUES IN THIS CASE THAT**
15 **HAVE BEEN RESOLVED BETWEEN THE COMPANY AND THE CONSUMER**
16 **ADVOCATE?**

17 A. As set forth in the Pre-filed Testimony of Consumer Advocate Witness Mr. Dittmore and
18 the Pre-filed Rebuttal Testimony of TAWC Witnesses Ms. Chambers and Mr. Stafford,
19 there were three (3) contested issues remaining: (1) the treatment regarding Construction
20 Work in Progress ("CWIP") and the related Allowance for Funds Used During
21 Construction ("AFUDC"); (2) the treatment of lobbying expenses; and (3) the treatment of
22 costs associated with the September 2019 main break. As set forth below, each of these
23 issues have been resolved by the parties.

1 **Q. MR. DITTEMORE INITIALLY PROPOSED TO REMOVE ADDITIONAL**
2 **AMOUNTS FOR LOBBYING FROM THE EARNINGS TEST. DID THE**
3 **COMPANY AGREE WITH MR. DITTEMORE’S PROPOSAL?**

4 A. No. As set forth in my Rebuttal Testimony, TAWC did not agree with Mr. Dittimore’s
5 proposal or his recommendation. However, based on good faith, cooperative discussions
6 with the Consumer Advocate’s Office, and in the interest of avoiding further litigation,
7 TAWC has agreed to remove 20% of the salary of the employee that was registered as a
8 lobbyist. For the purposes of settlement alone, and with no precedential value, TAWC has
9 assumed - even though the Government Affairs position was vacant and some, but not all,
10 of the duties and responsibilities of the position were being temporarily and partially
11 handled by another employee – that the standard established by the Commission in Docket
12 No. 10-00189 is applicable. The calculation of TAWC’s lobbying expense under this
13 settlement methodology is attached as **Petitioner’s Exhibit – Lobbying Expense**
14 **Calculation – EKC**. In sum, TAWC has agreed to apply the 20% standard to the employee
15 who was registered as a lobbyist for the Company. Please note that the stipend is \$4,800
16 in this exhibit, which is consistent with the original discovery. There was an inadvertent
17 error when I answered the TPUC staff data request and said the stipend was \$4,200.

18 **Q. MR. DITTEMORE ALSO PROPOSED THAT THE SEPTEMBER 12, 2019 MAIN**
19 **BREAK COSTS BE REMOVED FROM THE EARNINGS TEST IN THIS**
20 **PROCEEDING? DID THE COMPANY AGREE WITH THIS**
21 **RECOMMENDATION?**

22 A. No. As set forth in the Pre-filed Rebuttal Testimony of TAWC Witness Kurt A. Stafford,
23 TAWC believes the main break costs were properly included in this earnings test.

1 However, based on good faith, cooperative discussions with the Consumer Advocate's
2 Office and in the interest of avoiding further litigation, TAWC has agreed to defer the costs
3 of the main break to the next Capital Recovery Rider filing. For the purposes of settlement
4 alone, and with no precedential value, the updated earnings test without the main break
5 costs is attached as **Petitioner's Exhibit – Updated Earnings Test – EKC.**

6 **Q. HAVE THE PARTIES ALSO AGREED ON THE TREATMENT OF CWIP AND**
7 **AFUDC IN THIS CASE?**

8 A. Yes. The parties have agreed that the treatment originally employed by TAWC in the
9 Petition is accepted.

10 **Q. WITH THE TWO MODIFICATIONS ABOVE, WHAT IS THE TOTAL**
11 **RECONCILIATION FACTOR SUBMITTED BY THE COMPANY BASED ON**
12 **THIS SETTLEMENT?**

13 A. The factor submitted by the Company is 4.08% which is found on **Petitioner's Exhibit –**
14 **Updated Capital Riders Reconciliation – EKC.** Also attached is **Petitioner's Exhibit –**
15 **Updated Proposed Tariff Sheet No. 12 – Riders – EKC** and **Petitioner's Exhibit –**
16 **Updated Annual Approved Tariffs – EKC,** which have been updated with the new
17 capital riders reconciliation percentage of 4.08%.

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

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

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 12/31/2019

Line Number	Description	Qualified Infrastructure Investment Program QIIP Average YTD 12/31/2019			Economic Development Investment EDI Average YTD 12/31/2019			Safety and Environmental Compliance SEC Average YTD 12/31/2019			Total Average YTD 12/31/2019		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
1	Additions Subject to Rider:	\$47,530,740	\$49,542,272	(\$2,011,532)	\$1,982,068	\$2,893,001	(\$910,933)	\$27,746,290	\$27,467,267	\$279,023	\$77,259,098	\$79,902,541	(\$2,643,443)
2	Plus: Cost of Removal less Salvage	6,591,993	6,795,685	(203,692)	1,686	1,904	(218)	3,405,514	2,974,425	431,089	9,999,193	9,772,014	227,179
3	Less: Contributions in Aid to Construction (CIAC)	2,303,204	2,284,346	18,858	75,665	22,345	53,321	0	0	0	2,378,870	2,306,691	72,178
4	Less: Deferred Income Taxes	6,649,350	6,767,381	(118,031)	190,654	207,305	(16,652)	4,164,527	4,042,525	122,002	11,004,530	11,017,211	(12,681)
5	Less: Accumulated Depreciation	2,601,908	2,575,012	26,896	59,983	72,280	(12,297)	2,153,017	2,095,219	57,798	4,814,908	4,742,511	72,397
6	Net Investment Supplied Additions:	\$42,568,270	\$44,711,217	(\$2,142,946)	\$1,657,452	\$2,592,975	(\$935,524)	\$24,834,261	\$24,303,949	\$530,312	\$69,059,983	\$71,608,141	(\$2,548,158)
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:	\$3,597,637	\$3,778,747	(\$181,110)	\$140,079	\$219,144	(\$79,065)	\$2,098,856	\$2,054,037	\$44,819	\$5,836,572	\$6,051,928	(\$215,356)
10													
11	Depreciation Expense on Additions:	1,075,715	959,335	116,380	27,079	38,723	(11,644)	791,792	736,617	55,175	1,894,586	1,734,675	159,911
12													
13	Property and Franchise Taxes Associated:	569,341	574,282	(4,941)	26,780	39,062	(12,282)	345,502	347,250	(1,748)	941,623	960,594	(18,971)
14													
15	Revenues:	5,242,694	5,312,364	(69,670)	193,937	296,929	(102,992)	3,236,150	3,137,904	98,246	8,672,781	8,747,197	(74,416)
16													
17	Revenue Taxes	3.19%	3.19%		3.19%	3.19%		3.19%	3.19%		3.19%	3.19%	
18	Capital Riders Revenues with Revenue Taxes	5,415,502	5,487,469	(71,967)	200,330	306,716	(106,387)	3,342,819	3,241,335	101,484	8,958,651	9,035,521	(76,869)
19													
20	APP Revenue Reduction	(4,558)	(4,558)		(168)	(168)		(4,700)	(4,700)		(9,426)	(9,426)	
21													
22	Total Capital Riders Revenues with Revenue Taxes & APP	\$5,410,944	\$5,482,911	(\$71,967)	\$200,162	\$306,548	(\$106,387)	\$3,338,120	\$3,236,635	\$101,484	\$8,949,225	\$9,026,095	(\$76,869)
23													
24													
25	Actual Capital Riders Revenues Billed		\$4,953,694			\$224,334			\$2,942,001			\$8,120,029	
26													
27	(Over)/Under Capital Riders Revenue Billings		529,217			82,214			294,635			906,066	
28	Budget to Actual Adjustment		(71,967)			(106,387)			101,484			(76,869)	
29	2018 Reconciliation Amount		(403,036)			(112,806)			(324,484)			(840,326)	
30	Earnings Test Adjustment		(851,964)			(38,582)			(505,982)			(1,396,528)	
31	Interest (Prime - 4.75%)		(18,947)			(4,170)			(10,316)			(33,433)	
32													
33	Reconciliation Amount		(\$816,696)			(\$179,731)			(\$444,662)			(\$1,441,090)	
34													
35	Authorized Capital Riders Revenues (9/12th)		\$35,305,293			\$35,305,293			\$35,305,293			\$35,305,293	
36													
37	Current Reconciliation Factor Percentage		-2.31%			-0.51%			-1.26%			-4.08%	
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 #18-00120 which was approved on 8/12/2019.

Earnings Test - Calculation methodology from Earnings Test workpaper

Tennessee American Water Company
2019 Reconciliation of Capital Riders
Earnings Test

Line #	Notes / Changes from Monthly Reports	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019
1	Additions:							
2	Plant in Service	\$323,576,583	\$323,385,404	\$325,001,157	\$327,762,703	\$330,250,564	\$331,704,028	\$331,906,532
3	Plant Under Construction	11,539,185	12,964,163	13,016,075	13,721,459	12,485,692	12,935,242	14,439,058
4	Property Held For Future Use	0	0	0	0	0	0	0
5	Materials and Supplies	893,746	882,154	874,820	908,948	854,108	769,601	753,618
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	\$339,419,398	\$340,641,605	\$342,301,936	\$345,802,994	\$347,000,248	\$348,818,755	\$350,509,092
12								
13								
14	Deductions:							
15	Accumulated Depreciaton and Amortization	\$88,650,720	\$88,512,533	\$89,005,154	\$89,005,250	\$89,791,110	\$90,269,642	\$89,957,251
16	Accumulated Deferred Income Taxes	47,199,183	47,227,591	47,242,130	47,260,374	47,310,842	47,335,026	47,836,755
17	Unamortized Investment Credit - Pre 1971	3,679	3,421	3,163	2,905	2,647	2,389	2,131
18	Customer Deposits	0	0	0	0	0	0	0
19	Other Deductions:							
20	Contributions in Aid of Construction	17,797,628	17,779,209	17,757,232	17,731,255	17,800,987	17,817,968	17,949,801
21	Customer Advances for Construction	3,769,777	3,743,568	3,731,217	3,714,572	3,718,519	3,582,598	3,759,521
22	All Other A/	417,800	(1,347,522)	(1,336,304)	(338,404)	(2,066,820)	(992,015)	(1,170,877)
23								
24								
25								
26	Total Deductions	\$157,838,787	\$155,918,800	\$156,402,592	\$157,375,952	\$156,557,286	\$158,015,608	\$158,334,582
27								
28	Rate Base	\$181,580,611	\$184,722,805	\$185,899,344	\$188,427,042	\$190,442,962	\$190,803,147	\$192,174,510
29								
30	Net Operating Income		\$780,273	\$822,424	\$689,222	\$1,025,025	\$1,242,577	\$1,256,464
31	Adjustments to NOI		0	0	0	0	0	0
32	Allowance for funds used during construction		35,241	37,007	39,397	36,482	38,862	61,526
33	Adjustment to reflect effective federal		0	0	0	0	0	0
34	Income tax rate (debt assigned to parent)		23,736	23,888	24,212	24,471	24,518	24,694
35	Interest on customer deposits		0	0	0	0	0	0
36	Incentive Compensation		27,972	27,886	75,406	27,534	27,534	88,119
37	Lobbying Expenses							
38	Lobbying - Salary							
39	Deferral of Operating Costs - Main Break							
40								
41	Adjusted Net Operating Income		\$867,222	\$911,205	\$828,237	\$1,113,512	\$1,333,491	\$1,430,803
42								
43								
44	Rate of return B/		5.63%	5.88%	5.27%	7.02%	8.39%	8.93%

Tennessee American Water Company
2019 Reconciliation of Capital Riders
Earnings Test

Line #	Notes / Changes from Monthly Reports	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019
A/ All Other								
Acquisition adjustment		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accounts payable applicable to CWIP	October Updated	1,376,183	(386,287)	(399,819)	635,494	(1,037,895)	(1,214)	(82,067)
Unpaid for materials and supplies	October Updated	(2,428)	(6,616)	16,798	16,084	(8,672)	33,948	(17,381)
Taxes on CIAC-DEF. FIT & SIT		(955,954)	(954,619)	(953,283)	(989,982)	(1,020,253)	(1,024,749)	(1,071,429)
		<u>\$417,800</u>	<u>(\$1,347,522)</u>	<u>(\$1,336,304)</u>	<u>(\$338,404)</u>	<u>(\$2,066,820)</u>	<u>(\$992,015)</u>	<u>(\$1,170,877)</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		<u>2,934,402</u>	<u>2,934,402</u>	<u>2,934,402</u>	<u>2,934,402</u>	<u>2,934,402</u>	<u>2,934,402</u>	<u>2,934,402</u>
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 - 2019		7.77%						
Authorized Rate of Return		7.23%	(Schedule 1 Exhibit to Settlement Agreement Docket No. 12-00049)					
Authorized Adjusted Net Operating Income		\$13,858,464						
Actual 2019 Adjusted Net Operating Income		\$14,890,009						
Above or (Below) Earnings		\$1,031,545						
Gross-up Income Tax Rate		1.3538212						
Revenue Requirement		\$1,396,528						

Tennessee American Water Company
2019 Reconciliation of Capital Riders
Earnings Test

Line #		Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	13Mth Average
1	Additions:							
2	Plant in Service	\$337,289,140	\$338,715,127	\$340,638,230	\$342,786,124	\$343,971,154	\$354,113,607	\$334,700,027
3	Plant Under Construction	11,455,504	12,120,384	11,978,571	12,315,732	13,066,414	4,461,363	12,038,372
4	Property Held For Future Use	0	0	0	0	0	0	0
5	Materials and Supplies	783,604	833,733	802,498	882,099	903,398	894,617	848,996
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	\$352,938,132	\$355,079,128	\$356,829,183	\$359,393,839	\$361,350,850	\$362,879,471	\$350,997,279
12								
13								
14	Deductions:							
15	Accumulated Depreciaton and Amortization	\$90,679,830	\$91,339,021	\$91,459,447	\$91,915,483	\$92,530,680	\$92,898,032	90,462,627
16	Accumulated Deferred Income Taxes	47,973,336	48,225,950	49,120,306	49,580,517	50,030,174	50,390,967	48,210,242
17	Unamortized Investment Credit - Pre 1971	1,873	1,615	1,357	1,099	841	583	2,131
18	Customer Deposits	0	0	0	0	0	0	0
19	Other Deductions:							
20	Contributions in Aid of Construction	17,904,877	17,930,669	17,920,734	17,905,393	17,881,967	17,870,292	17,849,847
21	Customer Advances for Construction	3,802,900	3,938,572	4,043,980	4,272,314	4,210,890	4,185,427	3,882,604
22	All Other A/	(1,442,033)	(1,346,897)	(773,067)	(899,602)	(848,271)	(2,028,247)	(1,090,174)
23								
24								
25								
26	Total Deductions	\$158,920,783	\$160,088,930	\$161,772,757	\$162,775,204	\$163,806,281	\$163,317,054	\$159,317,278
27								
28	Rate Base	\$194,017,349	\$194,990,198	\$195,056,426	\$196,618,635	\$197,544,569	\$199,562,417	\$191,680,001
29								
30	Net Operating Income	\$1,382,452	\$1,433,275	\$1,494,024	\$1,434,595	\$993,956	\$734,141	\$13,288,428
31	Adjustments to NOI	0	0	0	0	0	0	0
32	Allowance for funds used during construction	41,903	38,708	61,561	42,621	43,117	50,782	527,207
33	Adjustment to reflect effective federal	0	0	0	0	0	0	0
34	Income tax rate (debt assigned to parent)	24,931	25,056	25,064	25,256	25,384	25,643	296,853
35	Interest on customer deposits	0	0	0	0	0	0	0
36	Incentive Compensation	29,023	28,715	79,996	29,169	35,716	114,988	592,058
37	Lobbying Expenses						85,920	85,920
38	Lobbying - Salary						18,000	18,000
39	Deferral of Operating Costs - Main Break						81,543	81,543
40								
41	Adjusted Net Operating Income	\$1,478,309	\$1,525,754	\$1,660,645	\$1,531,641	\$1,098,173	\$1,111,017	\$14,890,009
42								
43								
44	Rate of return B/	9.14%	9.39%	10.22%	9.35%	6.67%	6.68%	7.77%

13Mth Average Rate Base

See Lobby Salary Exhibit attached

O&M costs from CA Exhibit DND-5

12Mths Net Operating Income

**Tennessee American Water Company
2019 Reconciliation of Capital Riders
Earnings Test**

Line #	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	13Mth Average
A/ All Other							
Acquisition adjustment	\$0	\$0	\$0	\$0	\$0	\$0	
Accounts payable applicable to CWIP	(369,520)	(166,601)	310,943	355,663	507,630	(675,579)	
Unpaid for materials and supplies	132	(4,859)	85,094	(29,152)	(21,083)	17,014	
Taxes on CIAC-DEF. FIT & SIT	(1,072,645)	(1,175,437)	(1,169,104)	(1,226,113)	(1,334,818)	(1,369,682)	
	(\$1,442,033)	(\$1,346,897)	(\$773,067)	(\$899,602)	(\$848,271)	(\$2,028,247)	
C/ Per order							
Cash working capital Lead Lag Study	\$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)	
Average cash	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	
Working Capital	\$3,409,884	\$3,409,884	\$3,409,884	\$3,409,884	\$3,409,884	\$3,409,884	
Rate of Return - 2019							
Authorized Rate of Return							
Authorized Adjusted Net Operating Income							
Actual 2019 Adjusted Net Operating Income							
Above or (Below) Earnings							
Gross-up Income Tax Rate							
Revenue Requirement							

TENNESSEE-AMERICAN WATER COMPANY

TPUC NO. 19

Twenty-First 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:

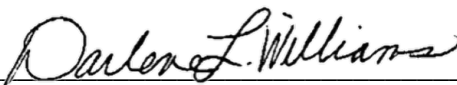
QIIP	14.28%
EDI	1.14%
<u>SEC</u>	<u>8.79%</u>
Subtotal of all Capital Recovery Riders	24.21%
QIIP Annual Reconciliation Percentage	-2.31% (D)
EDI Annual Reconciliation Percentage	-0.51% (D)
<u>SEC Annual Reconciliation Percentage</u>	<u>-1.26% (D)</u>
Subtotal of all Capital Recovery Riders	-4.08%
Total of Capital Recovery Riders and Reconciliation Percentages	20.13% (D)
Offset to Capital Recovery Riders for TCJA savings	-6.62%
Offset to Capital Recovery Riders for TCJA Excess ADIT	-11.72%
PCOP	-0.65%

(D) Indicates Decrease

ISSUED: August 4, 2020

EFFECTIVE: August 10, 2020

BY:


 Darlene L. Williams
 PRESIDENT

109 Wiehl Street
 Chattanooga, Tennessee 37403

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*	12/9/2019	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%
19-00105	1/1/2020	QIIP	2.630%	14.280%	0.000%	14.280%			
		EDI	0.490%	1.140%	0.000%	1.140%			
		SEC	1.910%	8.790%	0.000%	8.790%			
		Total	5.030%		0.000%		24.210%	-6.62%	17.590%
20-000XX*	4/1/2020	QIIP	0.000%	14.280%	-2.310%	11.970%			
		EDI	0.000%	1.140%	-0.510%	0.630%			
		SEC	0.000%	8.790%	-1.260%	7.530%			
		Total	0.000%		-4.080%		20.130%	-6.62%	13.510%

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

Tennessee American Water Company
Docket 20-00028
2019 Reconciliation of Capital Riders
Calculation of Lobbying - Salary

Confidential

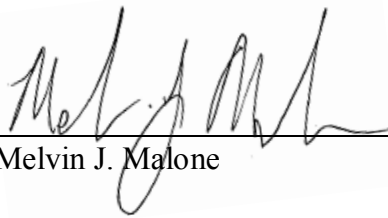
Line No.	Item	Amount	Source
Direct Lobbying			
1	Total Salary of TAWC Registered Lobbyist	\$100,983	Labor & APP in Confidential Response to CA Request 1-2 c
2	Less: Portion of Incentive Compensation Removed	<u>(6,693)</u>	
3	Adjusted Salary of TAWC Registered Lobbyist	\$94,290	
4	Imputed Lobbying Percentage	<u>20%</u>	TPUC Order Docket 10-00189
5			
6	Direct Lobbying Costs - Internal TAWC Labor	<u>\$18,858</u>	
7			
8	Other Welfare - Stipend	<u>\$4,800</u>	
9			
10	Adjusted Compensation of TAWC Registered Lobbyist	<u>\$23,658</u>	
11			
12	Adjusted Compensation of TAWC Registered Lobbyist net of tax	<u>\$17,475</u>	

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
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

This the 3rd day of August, 2020.



Melvin J. Malone