

BUTLER | SNOW

June 30, 2021

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 Regarding The 2021 Production Costs and Other Pass-Throughs Rider, TPUC Docket No. 21-00006*

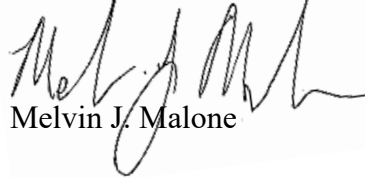
Dear Chairman Hill:

Attached for filing please find the *Supplemental Testimony of Todd P. Wright* in the above-captioned matter.

As required, one (1) hard 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

clw

Attachments

cc: Todd Wright, TAWC

Karen H. Stachowski, Consumer Advocate Unit

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PETITIONER'S REVISED EXHIBIT TPW-4

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 21-00006

SUPPLEMENTAL TESTIMONY

OF

TODD P. WRIGHT

ON

CHANGES TO THE PRODUCTION COSTS AND OTHER PASS-THROUGHS RIDER

SPONSORING PETITIONER'S REVISED EXHIBITS:

PETITIONER'S REVISED EXHIBIT – PCOP CALC – TPW

PETITIONER'S REVISED EXHIBIT – PCOP AVG IMPACT – TPW

**PETITIONER'S REVISED EXHIBIT – PROPOSED TARIFF SHEET NO. 12 – RIDERS
– TPW**

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

2 **A.** My name is Todd P. Wright, and my business address is One Water Street, Camden, New
3 Jersey 08102.

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

5 **A.** I am employed by American Water Works Service Company (“AWW”) as Senior Manager
6 in Regulatory Services. Upon the resignation of Elaine K. Chambers, I have assumed the
7 Interim Director, Rates and Regulatory on a temporary basis for Tennessee and Kentucky
8 until the position is filled.

9 **Q. DID YOU SUBMIT TESTIMONY IN THIS PROCEEDING ON BEHALF OF**
10 **TENNESSEE-AMERICAN WATER COMPANY (“TENNESSEE-AMERICAN”,**
11 **“TAWC” OR THE “COMPANY”)?**

12 **A.** Yes. I have adopted the Pre-filed Direct Testimony of Elaine K. Chambers submitted in
13 this case on January 15, 2021 on behalf of Tennessee-American Water Company
14 (“Tennessee American,” “TAWC” or “Company”). I have also adopted the Pre-filed
15 Supplemental Testimony of Elaine K. Chambers submitted in this case on April 1, 2021
16 on behalf of Tennessee-American Water Company Tennessee American. On June 21st,
17 2021, I submitted rebuttal testimony in this docket.

18 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

19 **A.** The purpose of this supplemental testimony is support revisions to the calculations of the
20 2021 PCOP filing, for the review period of December 2019 through November 2020 based
21 on the testimonies of Alex Bradley and the resolution reached with the Consumers’
22 Advocate Unit (“CAU”).

1 **Q. ARE YOU SPONSORING ANY REVISED EXHIBITS?**

2 **A.** Yes. I am sponsoring the following revised exhibits:

3 **Petitioner's Revised Exhibit – PCOP Calc – TPW**

4 **Petitioner's Revised Exhibit – PCOP Avg Impact – TPW**

5 **Petitioner's Revised Exhibit – Proposed Tariff Sheet No. 12 – Riders – TPW**

6
7 **Q. PLEASE EXPLAIN THE SETTLEMENT REACHED BETWEEN THE CAU AND**
8 **TAWC?**

9 **A.** The CAU and TAWC have agreed to include a prospective adjustment for authorized
10 amounts related to the City of Whitwell, per the testimony of Alex Bradley, and to remove
11 any adjustments related to Jasper Highlands' amounts.

12 **Q. WILL JASPER HIGHLANDS BE ADDRESSED IN FUTURE PCOP RIDERS?**

13 **A.** Yes. The CAU and the Company have agreed to address this in the next PCOP filing in
14 2022.

15 **Q. WHAT ABOUT THE CONCERN RAISED BY MR. BRADLEY RELATED TO**
16 **APPLICABILITY OF PCOP COSTS TO ALL SERVICE AREAS?**

17 **A.** The CAU and the Company have agreed to discuss this concern going forward as TPUC
18 Docket No. 19-00103 is addressing similar concerns regarding the capital rider
19 mechanisms.

20 **Q. WHAT IS THE REVISED PCOP RIDER?**

21 **A.** With including a prospective adjustment for Whitwell, the revised PCOP rider calculation
22 results in an annualized revenue increase of \$92,290, or a surcharge of .20%. This is an
23 increase of \$396,512 from the previously approved refund of \$304,222. The previously
24 approved PCOP Rider is -.65%, and this new proposed PCOP Rider is a change of .85%.

This is reflected in the exhibit attached to this testimony as **Petitioner's Revised Exhibit - PCOP Calc- TPW.**

Q. HAS TENNESSEE AMERICAN FILED A TARIFF ADDRESSING THE PROPOSED PCOP RIDER?

A. Yes. A new tariff Twenty-Fifth Revised Sheet No. 14 – Riders – 1 reflects the PCOP Rider and is attached to my testimony as **Petitioner's Revised Exhibit - Proposed Sheet No. 12- Riders – TPW.**

Q. WHAT IS THE IMPACT TO THE AVERAGE CUSTOMER BILL?

A. The typical residential customer living in the City of Chattanooga and using an average of 4,154 gallons per month will see a PCOP surcharge on their bill of \$0.04 per month, or \$.48 per year from the PCOP Rider. This is a change from the previous PCOP Rider which was a decrease in their monthly bill of \$0.14. A summary of this information is attached to my testimony as **Petitioner's Revised Exhibit - PCOP Avg Impact – TPW.**

Q. IS THE PCOP RIDER STILL IN THE PUBLIC INTEREST?

Yes. Tennessee American understands that the purpose of the legislation was, in part, to encourage timely recovery of expenses to enhance financial stability, while reducing the costs to consumers and utilities for regulatory review and implementation and promoting rate gradualism for consumers. TAWC believes the approved Production Costs and Other Pass-throughs Rider is achieving that goal.

Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?

A. Yes.

Tennessee American Water Company
Docket #21-00006
Calculation of Production Costs and Other Pass-Throughs ("PCOP") Including Non-Revenue Water
To Determine PCOP Tariff Rider

Petitioner's Revised Exhibit - PCOP Calc - TPW

Number	Description	Whitwell Adjustment	Docket # 21-00006 Amount
<u>I. Calculation of the Base Rate Cost of Production Costs and Other Pass-Throughs as authorized in the Base Rate case (*):</u>			
en's Ridge Support			
1	Pro Forma Production Costs and Other Pass-Throughs	\$176,147	\$4,238,314
2	Pro Forma Water Sales (WS) in 100 Gallons	1,527,738	102,106,392
3	Base Rate Cost per 100 Gallons WS (Line 1 / Line 2)	\$0.11530	\$0.04151

II. Deferral calculation - Actual Non-Revenue Water Cost Production Costs and Other Pass-Throughs vs. the Base Rate Cost ():**

4	Actual Production Costs and Other Pass-Throughs		\$3,636,606
5	Over-Under Collection Adjustment		\$114,026
6	Review Period PCOP Costs Adjusted for Over-Under Collections		\$3,750,632
7	Actual Water Sales (100 Gallons)		88,492,069
8	Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 6 / Line 7)		\$0.04238
9	Base Rate Cost per 100 Gallons WS (Line 3)		\$0.04151
10	Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 9 - Line 8)		\$0.00088
11	Base Rate Case Water Sales 100 Gallons (Line 2)		102,106,392
12	Deferral Amount (Line 10 * Line 11)		\$89,345

III. Calculation of Production Costs and Other Pass-Throughs ("PCOP") Tariff Rider

13	Total Deferred Amount (Line 12)		\$89,345
14	Total Deferred Amount Grossed Up for revenue taxes (Line 13 / (1.0-.03191) (***)		\$92,290
15	Projected Annual Base Rate Revenue subject to PCOP (*)		47,073,724
16	PCOP % (Line 14 / Line 15)		0.20%

Tennessee American Water Company
Production Costs and Other Pass-Throughs
Average Residential Bill Impact
5/8" Meter and Usage of 5.55 CCF (or 41.54 100 Gallons)

Line Number	Area	Meter Fee	Volumetric Charges	Bill Before Surcharges	2020 Authorized Capital Surcharges at 24.21%	2021 PCOP at 0.20%	2021 QIIP Surcharge 4.86%	2020 Recon QIIP Surcharge 2.39%	2021 EDI Surcharge at 0.11%	2020 Recon EDI Surcharge -0.51%	2021 SEC Surcharge at 0.91%	2020 Recon SEC Surcharge 0.62%	2021 Proposed Capital Rider Adjustments	Total Proposed Surcharges	2021 TCJA Credit at -6.62%	2021 TCJA EADIT Credit at -4.54%	Total Proposed Surcharges & TCJA Credit
1																	
2	Chattanooga	\$13.96	\$7.60	<u>\$21.56</u>	\$5.22	\$0.04	\$1.05	\$0.52	\$0.02	(\$0.11)	\$0.20	\$0.13	<u>\$1.81</u>	<u>\$7.07</u>	<u>(\$1.43)</u>	<u>(\$0.98)</u>	<u>\$4.66</u>
3																	
4	Lookout Mountain	\$15.66	\$12.39	<u>\$28.05</u>	\$6.79	\$0.05	\$1.36	\$0.67	\$0.03	(\$0.14)	\$0.26	\$0.17	<u>\$2.35</u>	<u>\$9.19</u>	<u>(\$1.86)</u>	<u>(\$1.27)</u>	<u>\$6.06</u>
5																	
6	Lakeview	\$15.66	\$9.16	<u>\$24.82</u>	\$6.01	\$0.05	\$1.21	\$0.59	\$0.03	(\$0.13)	\$0.23	\$0.15	<u>\$2.08</u>	<u>\$8.14</u>	<u>(\$1.64)</u>	<u>(\$1.13)</u>	<u>\$5.37</u>
7																	
8	Suck Creek	\$30.60	\$16.12	<u>\$46.72</u>	\$11.31	\$0.09	\$2.27	\$1.12	\$0.05	(\$0.24)	\$0.43	\$0.29	<u>\$3.92</u>	<u>\$15.32</u>	<u>(\$3.09)</u>	<u>(\$2.12)</u>	<u>\$10.11</u>
9																	
10	Whitwell - Inside	\$20.45	\$10.30	<u>\$30.75</u>	\$7.45	\$0.06	\$1.49	\$0.73	\$0.03	(\$0.16)	\$0.28	\$0.19	<u>\$2.56</u>	<u>\$10.07</u>		<u>(\$1.40)</u>	<u>\$8.67</u>
11																	
12	Whitwell - Outside	\$23.37	\$12.56	<u>\$35.93</u>	\$8.70	\$0.07	\$1.75	\$0.86	\$0.04	(\$0.18)	\$0.33	\$0.22	<u>\$3.02</u>	<u>\$11.79</u>		<u>(\$1.63)</u>	<u>\$10.16</u>
13																	
14	Jasper Highlands	\$52.15	\$21.67	<u>\$73.82</u>	\$17.87	\$0.14	\$3.59	\$1.76	\$0.08	(\$0.38)	\$0.67	\$0.46	<u>\$6.18</u>	<u>\$24.19</u>			<u>\$24.19</u>

Note:
Authorized Capital Surcharges, QIIP, EDI, SEC Riders are effective January 1, 2020 and January 1, 2021.
PCOP rider reflects current filing.

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	19.14%
EDI	1.25%
<u>SEC</u>	<u>9.70%</u>
Subtotal of all Capital Recovery Riders	30.09%
QIIP Annual Reconciliation Percentage	2.39%
EDI Annual Reconciliation Percentage	-0.51%
<u>SEC Annual Reconciliation Percentage</u>	<u>0.62%</u>
Subtotal of all Capital Recovery Riders	2.50%
Total of Capital Recovery Riders and Reconciliation Percentages	32.59%
Offset to Capital Recovery Riders for TCJA savings	-6.62%
Offset to Capital Recovery Riders for TCJA Excess ADIT	-4.54%
PCOP	0.20% (I)

(I) Indicates Increase

ISSUED: June 30, 2021 EFFECTIVE: July 13, 2021

BY:


Grant A. Evitts
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

STATE OF NEW JERSEY)
)
COUNTY OF CAMDEN)

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

He 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, his testimony would be as set forth in his pre-filed testimony in this matter.

Todd P Wright
Todd P. Wright

Sworn to and subscribed before me
this 30th day of June 2021.

Ann G. Alfano

 Notary Public

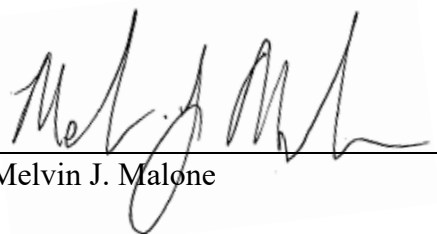
My Commission Expires: 04/15/2025, Commission # 50014130

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:

Karen H. Stachowski
Assistant Attorney General
Office of the Tennessee Attorney General
Financial Division, Consumer Advocate Unit
P.O. Box 20207
Nashville, Tennessee 37202-0207
karen.stachowski@ag.tn.gov

This the 30th day of June, 2021.



Melvin J. Malone