

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

**IN RE:**

**PETITION OF TENNESSEE-AMERICAN  
WATER COMPANY REGARDING THE  
2021 PRODUCTION COSTS AND OTHER  
PASS-THROUGHS RIDER**

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**Docket No. 21-00006**

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**DIRECT TESTIMONY OF**

**ALEX BRADLEY**

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MAY 3, 2021

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7 **Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION FOR**  
8 **THE RECORD.**

9 **A1.** My name is Alex Bradley. My business address is Office of the Tennessee Attorney  
10 General, John Sevier State Office Building, 500 Dr. Martin L. King Jr. Blvd, Nashville,  
11 Tennessee 37243. I am an Accounting and Tariff Specialist employed by the Consumer  
12 Advocate Unit in the Financial Division of the Tennessee Attorney General's Office  
13 ("Consumer Advocate").

14 **Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**  
15 **PROFESSIONAL EXPERIENCE.**

16 **A2.** I received a Bachelor of Science in Business Administration with a major in Accountancy  
17 along with a Bachelor of Arts with a major in Political Science from Auburn University in  
18 2012. I have been employed by the Consumer Advocate Unit in the Financial Division of  
19 the Tennessee Attorney General's Office since 2013. My duties include reviewing utility  
20 regulatory filings and preparing analysis used to support Consumer Advocate testimony  
21 and exhibits. I have completed multiple regulatory trainings sponsored by the National  
22 Association of Regulatory Utility Commissions held by Michigan State University.

23 **Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE**  
24 **TENNESSEE PUBLIC UTILITY COMMISSION (TPUC OR THE**  
25 **"COMMISSION")?**

26 **A3.** Yes. I have previously testified in TPUC Docket Nos. 17-00108, 18-00009, 18-00107,  
27 19-00010, 19-00034, 19-00042, 19-00043, 19-00057, 19-00062, 20-00028, 20-00049, and  
28 20-00086.

29 **Q4. ON WHOSE BEHALF ARE YOU TESTIFYING?**

1 **A4.** I am testifying on behalf of the Consumer Advocate Unit in the Financial Division of the  
2 Tennessee Attorney General’s Office.

3 **Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

4 **A5.** My testimony will discuss the supporting calculations, general history, and my concerns  
5 regarding Tennessee American Water’s (TAWC or the “Company”) Production Costs and  
6 Other Pass-Throughs (PCOP) Rider.

7 **Q6. PLEASE PROVIDE A BRIEF OVERVIEW OF THE HISTORY AND INTENT OF**  
8 **THE PCOP RIDER.**

9 **A6.** In 2014, the Commission approved the Company’s petition in TRA<sup>1</sup> Docket No. 13-00130  
10 which authorized TAWC to put into rates four alternative rate mechanisms. One of the  
11 mechanisms approved by the Commission was the PCOP Rider which allows the Company  
12 pass-through recovery of its expenses for purchased power, chemicals, purchased water,  
13 wheeling cost, waste disposal and regulatory fees (collectively the Pass-Through Expenses  
14 or PCOP Expenses). The PCOP Rider is designed to allow the Company recovery of these  
15 costs which are said to be out of its control and would, if they were to increase, reduce the  
16 opportunity for TAWC to earn its authorized rate of return. As approved, the PCOP Rider  
17 compares the Company’s actual costs of the Pass-Through Expenses for the prior twelve-  
18 month period to amounts authorized in the Company’s last general rate case, TRA Docket  
19 No. 12-00049.

20 As set out in the Commission Order in TRA Docket No. 13-00130, the PCOP Rider is  
21 recovered as a percentage charge that is applied to a customer’s bill and is aggregated with  
22 the Company’s other alternative-rate-mechanism riders. The history of the PCOP  
23 surcharge percentage since its inception is presented below in Table 1.<sup>2</sup>

24 *[Table on Next Page]*

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<sup>1</sup> The Tennessee Regulatory Authority, or TRA, is the predecessor agency to the TPUC, just as the Tennessee Public Service Commission predated the TRA. While the nomenclature has changed, the scope and function of these entities has remained essentially the same.

<sup>2</sup> Table 1 shows the non-cumulative impact of the PCOP Rider since inception, the surcharge rate shown for this docket is the revised rate as proposed by TAWC in Elaine Chamber’s Supplemental Testimony and Exhibits filed on April 7, 2021.

<b>Table 1 - PCOP Surcharge Rate Since Inception</b>			
<b>Docket Number</b>	<b>12 Months Ending</b>	<b>Effective Date</b>	<b>Surcharge Rate</b>
13-00130	11/30/2013	4/15/2014	-1.15%
15-00001	11/30/2014	8/17/2015	-0.73%
15-00131	11/30/2015	5/10/2016	-0.36%
16-00148	11/30/2016	7/11/2017	-0.89%
18-00009	11/30/2017	5/15/2018	-1.25%
19-00010	11/30/2018	7/15/2019	-1.10%
20-00008	11/30/2019	6/15/2020	-0.65%
21-00006	11/30/2020	TBD	0.44%

**Q7. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION FOR THIS TESTIMONY?**

**A7.** I have reviewed the Company's Pre-Filed Testimony along with the exhibits and work papers supporting <Proposed Sheet No. 12 – Riders – EKC> filed in this docket. Additionally, I reviewed the testimonies and orders filed in TPUC Docket Nos. 13-00130, 15-00001, 15-00131, 16-00148, 18-00009, and 19-00010. Finally, I have reviewed the Company's responses to the data requests submitted by the Consumer Advocate in this Docket.

**I. OVERVIEW OF TENNESSEE AMERICAN WATER'S PETITION AND RESPONSES TO DISCOVERY**

**Q8. PLEASE DESCRIBE THE RELIEF SOUGHT IN THIS DOCKET.**

**A8.** TAWC is petitioning the Commission to approve a new PCOP Rider surcharge based on the actual Pass-Through Expenses incurred during the twelve months ended November 30, 2020, compared to the amounts authorized in the Company's last general rate case. A comparison of the gross amount of Pass-Through Expenses from the Company's last general rate case and for the twelve months ending November 30, 2020 are shown below in Table 2.

<b>Table 2 - Comparison of Expenses to Baseline Amounts</b>			
<b>Expense:</b>	<b>Authorized Amount per Docket 12-00049</b>	<b>For the 12 Months Ending 11/30/20</b>	<b>Difference From Baseline Cost</b>
Chemicals	\$ 986,930	\$ 1,208,637	\$ 221,707
Fuel & Purchased Power	2,678,772	2,242,544	(436,228)
Waste Disposal	213,308	407,085	193,777
Purchased Water	51,331	27,005	(24,326)
TPUC Inspection Fee	131,826	217,597	85,771
<b>Total</b>	<b>\$ 4,062,167</b>	<b>\$ 4,102,868</b>	<b>\$ 40,701</b>

As shown in Table 2, the gross amount of Pass-Through Expenses incurred for the 12 months ending November 2020 was more than the gross amount of Pass-Through Expenses in the Company's last general rate case.

**Q9. HOW DOES THE AMOUNT OF PASS-THROUGH EXPENSES COMPARE TO THE COMPANY'S LAST APPROVED PCOP, IN TPUC DOCKET NO. 19-00010?**

**A9.** A comparison of the requested gross amount of Pass-Through Expenses for the current PCOP Rider, set in TPUC Docket No. 20-00008, and the gross amount of Pass-Through Expenses incurred in the current review period is presented below in Table 3. As shown below the \$4,102,868 in PCOP expenses requested in this docket results in an overall increase of \$175,325 when compared with the total gross PCOP expenses in the Company's last PCOP filing, TPUC Docket No. 20-00008.

<b>Table 3 - 24 Month Difference by Expense Type</b>			
<b>Expense:</b>	<b>For the 12 Months Ending 11/30/19</b>	<b>For the 12 Months Ending 11/30/20</b>	<b>Difference From Baseline Cost</b>
Chemicals	\$ 941,184	\$ 1,208,637	\$ 267,453
Fuel & Purchased Power	2,414,683	2,242,544	(172,139)
Waste Disposal	329,809	407,085	77,276
Purchased Water	24,509	27,005	2,496
TPUC Inspection Fee	217,358	217,597	239
<b>SubTotal</b>	<b>\$ 3,927,543</b>	<b>\$ 4,102,868</b>	<b>\$ 175,325</b>
Recoverable %	<b>86.9%</b>	<b>86.5%</b>	-0.438%
<b>Net PCOP Expense</b>	<b>\$ 3,488,871</b>	<b>\$ 3,636,606</b>	<b>\$ 147,734</b>

**Q10. DOES THE PCOP RIDER ALLOW FOR A FULL RECOVERY OF THESE COSTS?**

**A10.** It does not. As set out in the Tariff, the Company must adjust Fuel & Purchased Power Expenses and Chemicals Expenses by a Non-Revenue Water Limiter (NRW).

**Q11. WHAT IS THE NON-REVENUE WATER LIMITER?**

**A11.** The Non-Revenue Water Limiter is the percentage of actual water system sales to water system delivery (water loss) compared to the same percentage from the Company's last rate case. Any water loss, expressed as a percentage, exceeding the amount set in the company's last base rate case results in a limitation of the amount of the Fuel & Purchased

Power expense and the Chemicals Expense the Company can recover from ratepayers. The purpose of the NRW is to ensure compliance with the Commission's water loss policies.

**Q12. WHAT WAS THE NRW IN THE CURRENT TPUC DOCKET?**

**A12.** As shown in <Revised Exhibit EKC-1>, the Company's NRW calculation is 28.5% or 13.5% greater than the baseline amount of 15%. The effect of this water loss over the baseline amount results in a recoverability factor of 86.5% of the Fuel & Purchased Power Expense and Chemicals Expense incurred over the review period.

**Q13. WHAT DOES THE 86.5% RECOVERABILITY FACTOR MEAN IN TERMS OF DOLLARS?**

**A13.** The 86.5% NRW reduces the recoverable amount of Purchased Power Expense by \$302,972 and the recoverable amount of Chemicals Expense by \$163,289, for a total reduction in recoverable PCOP rider expenses of \$466,261. The total amount of recoverable Pass-Through Expenses is reduced from \$4,102,867 to \$3,636,606.

**Q14. AS MENTIONED EARLIER, THE PCOP IS EXPRESSED AS A PERCENTAGE OF A CUSTOMER'S BILL. HOW DOES THE AMOUNT OF RECOVERABLE PCOP EXPENSES GO FROM A DOLLAR AMOUNT TO A PERCENTAGE RATE?**

**A14.** The calculation of the PCOP percentage rate is a multistep formula. First, the amount of NRW limited Pass-Through Expenses, plus or minus any over-under collection from the prior PCOP is divided by the review periods actual water sales (in 100 gallons) to determine the review period PCOP cost per 100 gallons. The review period PCOP cost per 100 gallons is then compared to the PCOP cost per 100 gallons from the Company's last base rate case (using PCOP Expenses and water sales from that period) to determine the incremental change in PCOP Expenses per 100 gallons. That incremental change is then multiplied by the water sales (in 100 gallons) from the Company's last rate case to determine the deferral amount. The deferral amount is then grossed up for revenue taxes. That grossed up amount is then divided by the total revenue as set in the Company's last rate case to determine a percentage. For an illustrative example of this calculation see Table 4 below. [Table on Next Page]

<b>Table 4 - Company's Proposed Calculation of PCOP Rider Percentage</b>	
	<b>21-00006</b>
	<b>Amount</b>
Actual Production Costs and Other Pass-Throughs	\$3,636,606
Over-Under Collection Adjustment	114,026
Review Period PCOP Costs Adjusted for Over-Under Collections	3,750,632
Actual Water Sales (100 Gallons)	88,492,069
Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS	\$0.04238
Base Rate Cost per 100 Gallons WS	0.04039
Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS	\$0.00200
Base Rate Case Water Sales 100 Gallons	100,578,654
Deferral Amount	\$200,740
Total Deferred Amount	\$200,740
Total Deferred Amount Grossed Up for revenue taxes	207,357
Projected Annual Base Rate Revenue subject to PCOP	47,073,724
PCOP %	<b>0.44%</b>

**Q15. EXPLAIN WHY THE PROPOSED 2020 PCOP PERCENTAGE IS A POSTIVE ADJUSTMENT?**

**A15.** Even though the NRW limited PCOP expenses and the prior period under recovery are less than the baseline amount set in TRA Docket No. 12-00049, the current proposed PCOP is a positive surcharge for the first time since the mechanism's inception. This can be attributed to a reduction in water sales experienced by the Company during the review period.

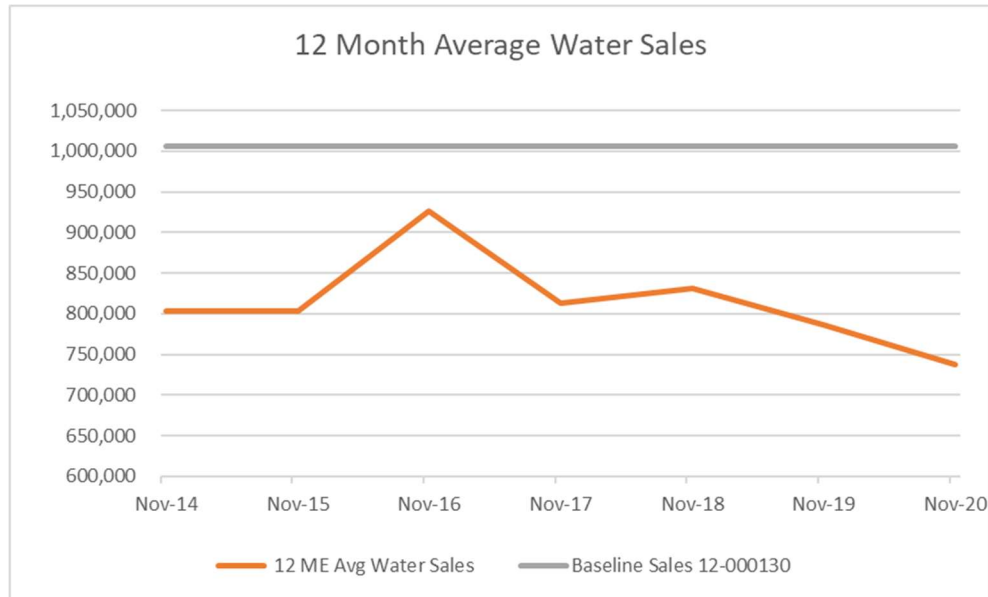
**Q16. CAN YOU ELABORATE ON THE DECREASE IN WATER SALES?**

**A16.** Yes, I can. As shown above the review period had 88,492,069 (100 gallons) in actual water sales. This is 5,805,491 (100 gallons) less water sales than the amount of water sales in the prior PCOP filing, TPUC Docket No. 20-00008, or 5.77% of total water sales in the base amount established in TRA Docket No. 12-00049.

**Q17. ARE THE WATER SALES TRENDING DOWNWARD?**

**A17.** Yes, since November 2018 water sales have declined steadily.

[Table on Next Page]



**Q18. WHAT DOES THIS MEAN FOR RATEPAYERS?**

**A18.** It means that while water sales have decreased, the cost to produce and supply that water has increased on a cost-per-100 gallons since the decision in TRA Docket No. 12-00049.

**II. OVERVIEW OF OPERATIONAL CHANGES SINCE THE CONCLUSION OF TPUC DOCKET NOS. 12-00049 AND 13-00130.**

**Q19. HAS THE OPERATIONAL FOOTPRINT OF TAWC CHANGED?**

**A19.** Yes, the Company has sold a service territory and acquired numerous new customers and service territories.

**Q20. WHAT SERVICE TERRITORY WAS SOLD?**

**A20.** Walden's Ridge was sold in 2015.<sup>3</sup>

**Q21. WHAT IS THE EFFECT OF THIS SALE WITHIN THE CALCULATION OF THE PCOP?**

**A21.** As stated earlier in my testimony, the PCOP rider is determined by taking the NRW limited PCOP expenses (grossed up for taxes) and divided by the projected annual revenues from the Company's last rate case, TRA Docket No. 12-00049. In that case the projected annual

<sup>3</sup> *Tennessee-American Water Company's Responses to First Discovery Requests of the Consumer Advocate*, Response to DR No. 1-5, TPUC Docket No. 21-00006 (March 26, 2021).



revenues were \$47,073,724 which included \$554,062 in revenues associated with the Walden's Ridge System that the Company no longer serves.

**Q22. WHAT SERVICE TERRITORIES HAVE BEEN ACQUIRED?**

**A22.** The Company acquired Jasper Highlands<sup>4</sup> in 2021 and Whitwell<sup>5</sup> in 2013. Per my analysis, this increased the Company's customer base by approximately 180 residential customers for Jasper Highlands and approximately 2,680 residential customers for Whitwell.

**Q23. HAVE PER-CLASS REVENUES CHANGED SINCE THE CONCLUSION OF THESE DOCKETS?**

**A23.** Yes. A comparison of the Projected Revenues by Customer Class from the Order in the last rate case, TRA Docket No. 12-00049, to the revenues for the year ending 2020 show that revenues have shifted to the Residential and Private Fire Service classes and away from the Industrial and Other Public Authorities classes.

Line No.			A/ 12-00049 Settlement Target Revenues	12-00049 Percentage of Sales Revenue	B/ 2020 Revenues	2020 Percentage of Sales Revenue
1	Residential	\$	20,205,423	42.92%	\$ 21,231,674	45.85%
2	Commercial		14,934,291	31.73%	14,814,367	31.99%
3	Industrial		4,270,456	9.07%	3,710,392	8.01%
4	Other Public Authority		3,648,239	7.75%	2,979,268	6.43%
5	Other Water Utility		16,116	0.03%	4,745	0.01%
	Special Contract -Sale for Resale					
6	Fort Oglethorpe		489,579	1.04%	432,402	0.93%
7	Catoosa County		227,441	0.48%	178,061	0.38%
8	Signal Mountain		453,907	0.96%	417,630	0.90%
9	Walden's Ridge		554,062	1.18%	0	0.00%
10	Private Fire Service		2,274,210	4.83%	2,534,759	5.47%
11	Total Water Sales	\$	47,073,724		\$ 46,303,298	
A/ 12-00049, Settlement Exh, Sch 16						
B/ 21-00006, DR 2-1, attachment TAW_R_CAPDDR2_001_041221_Attachment						

<sup>4</sup> Order Approving Asset Purchase Agreement and Granting Certificate of Convenience and Necessity, TPUC Docket No. 20-00011 (February 26, 2021).

<sup>5</sup> Order Approving Purchase Agreement, Franchise Water Agreement and Certificate of Public Convenience and Necessity, TRA Docket No. 12-00157 (October 15, 2013).

**Q24. WHAT DOES THIS SHIFT IN BASE REVENUES MEAN FOR THE RECOVERY OF PCOP EXPENSES?**

**A24.** As currently designed, it means that more of the PCOP will be collected from Residential ratepayers, as they currently make up approximately 46% of revenues, as compared to the projected 43% from the decision in the base rate case.

**Q25. ARE THERE ANY INTERCLASS ISSUES WITHIN THE RESIDENTIAL CLASS REGARDING PCOP RECOVERY?**

**A25.** Yes, as shown below the average proposed PCOP rider amount varies greatly from each service territory. Additionally, the service territories acquired since the completion of TRA Docket No. 12-00049 have rates that have not been through the process of a general rate case to determine appropriateness.

Area	Service Charge - 5/8" Meter	Volumetric Charge	Average Bill Before Surcharges	21-00006 Proposal (Revised) at 0.44%	Bills	Projected PCOP Revenues	Projected % of PCOP Revenues	Volumes (100 Gallons)	% of Volumes
Chattanooga	\$ 13.96	\$ 7.60	\$ 21.56	\$ 0.09	761,978	\$ 72,353	85.30%	29,158,487	87.24%
Lookout Mountain	\$ 15.66	\$ 12.39	\$ 28.05	\$ 0.12	23,398	\$ 2,891	3.41%	1,510,757	4.52%
Lakeview	\$ 15.66	\$ 9.16	\$ 24.82	\$ 0.11	32,754	\$ 3,581	4.22%	1,236,307	3.70%
Suck Creek	\$ 30.60	\$ 16.12	\$ 46.72	\$ 0.21	2,743	\$ 565	0.67%	110,200	0.33%
Whitwell Inside	\$ 20.45	\$ 10.30	\$ 30.75	\$ 0.14	8,611	\$ 1,166	1.38%	328,688	0.98%
Whitwell Outside	\$ 23.37	\$ 12.56	\$ 35.93	\$ 0.16	23,576	\$ 3,731	4.40%	1,010,608	3.02%
Jasper Highlands	\$ 52.15	\$ 3.51	\$ 55.66	\$ 0.25	2,159	\$ 529	0.62%	69,600	0.21%

**Q26. DO YOU HAVE PROBLEMS WITH THE ASSIGNMENT OF THE PCOP EXPENSES TO ANY SERVICE AREAS?**

**A26.** Yes, I have concerns about the PCOP expenses charged to both the Jasper Highlands and Whitwell service territories of TAWC.

**Q27. DISCUSS YOUR CONCERNS WITH THE APPLICABILITY OF THE PCOP TO JASPER HIGHLANDS CUSTOMERS.**

**A27.** I agree with Mr. Novak's opinion in TPUC Docket No. 20-00011 about the appropriateness of applying the PCOP to customers located within the Jasper Highlands service territory. Under the Company's proposal, Jasper Highlands customers, for instance, will be paying the highest PCOP rider, \$0.25 per month as opposed to \$0.09 cents for a typical customer within the Chattanooga service territory. Additionally, these customers are not receiving

1 the treated water for which the PCOP recovers incremental cost; instead, the customers are  
2 supplied with water purchased from South Pittsburg<sup>6</sup>.

3 **Q28. DO YOU HAVE ANY OTHER CONCERNS ABOUT THE APPROPRIATENESS**  
4 **OF CHARGING THE PCOP RIDER TO JASPER HIGHLANDS CUSTOMERS?**

5 **A28.** Yes, I have concerns regarding the possibility of double recovery of expenses within the  
6 PCOP in future filings. The PCOP allows for the recovery of the Company's incremental  
7 purchased water expenses incurred since the conclusion of TRA Docket No. 12-00049.  
8 We simply do not know what the incremental cost of purchased water expense is for Jasper  
9 Highlands. Nor do we have a baseline level of purchased water costs embedded in Jasper  
10 Highlands' current rate structure. While I understand that the Commission found it  
11 reasonable to charge the PCOP Rider to Jasper Highlands customers, as purchased water  
12 is an allowable expense in TPUC Docket No. 20-00011<sup>7</sup>, my concern remains. In the same  
13 docket, the Commission allowed the Company to continue charging the base rates set by  
14 the prior owner, Thunder Air. While these rates have not been reviewed for  
15 appropriateness in the framework of a general rate case, general business theory would  
16 conclude that the rates set by Thunder Air were set at a price point to recover the purchased  
17 water expense associated with the system.

18 **Q29. DISCUSS YOUR CONCERNS WITH HOW THE PCOP IS CHARGED TO**  
19 **WHITWELL CUSTOMERS.**

20 **A29.** Like my concerns regarding the Jasper Highlands service territory, I have concerns  
21 regarding the possible double recovery of expenses from Whitwell consumers resulting  
22 from the base adopted by the Company in the acquisition approved in TRA Docket No. 12-  
23 00157. These rates have not been reviewed in the context of a base rate case before this  
24 Commission and theoretically the rates should have included production and treatment  
25 costs before the acquisition by TAWC. Like Jasper Highlands' none of the Whitwell  
26 production costs embedded in its base rates are considered in the calculation of the total  
27 incremental TAWC production costs eligible for PCOP recovery. The result of this is that

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<sup>6</sup> *Tennessee-American Water Company's Responses to Second Discovery Requests of the Consumer Advocate*, Response to Consumer Advocate DR No. 2-2, TPUC Docket No. 21-00006 (April 12, 2021).

<sup>7</sup> *Order Approving Asset Purchase Agreement and Granting Certificate of Convenience and Necessity*, p. 19, TPUC Docket No. 20-00011 (February 26, 2021).

the baseline level of PCOP costs collected in rates is understated, producing an excessive PCOP surcharge.

**Q30. DO YOU HAVE ANY RECOMMENDATIONS REGARDING THE EMBEDDED PRODUCTION COSTS IN WHITWELL AND JASPER HIGHLANDS RATES?**

**A30.** As discussed above, the baseline charges from the Company's last rate case do not include any Whitwell or Jasper Highlands production costs. Therefore, it is necessary to remove an estimate of the Whitwell and Jasper Highlands production costs in the test period to arrive at an accurate comparison of actual production costs to production costs recovered in rates. As shown below, I have removed the estimated Whitwell and Jasper Highland portion of the production costs by applying the ratio of consumption for those service territories to total consumption for the TAWC system.

<b>Residential Class</b>	<b>Volumes</b>	<b>Percent</b>	
Chattanooga	3,899,015	86.94%	A/
Lookout Mtn.	202,015	4.50%	A/
Lakeview	165,317	3.69%	A/
Suck Creek	14,736	0.33%	A/
Inside Whitwell	43,951	0.98%	A/
Outside Whitwell	135,136	3.01%	A/
Jasper Highlands	24,456	0.55%	B/
<b>Total:</b>	<b>4,484,627</b>	<b>100.00%</b>	
<b>Total Incremental Production Costs:</b>	<b>\$3,636,606</b>	C/	
<b>Estimated Embedded Production Costs:</b>			
Inside Whitwell	\$35,640		
Outside Whitwell	\$109,583		
Jasper Highlands	\$19,832		
<b>Total:</b>	<b>\$165,055</b>		
<b>Net Incremental Production Costs:</b>	<b>\$3,471,551</b>		
A/ Docket 21-00006, Workpaper_Billing Determinants - 2020.xlsx (volumetric blocks [CGL])			
B/ Docket 20-00011, Direct Testimony of Hal Novak, Attachment WHN-2 (CONFIDENTIAL)			
C/ Docket 20-00011, TAW_EXH_EKC_1_011521_Revised.xlsx			

**III. RESULTS OF MY REVIEW**

**Q31. DID YOU REVIEW THE CALCULATIONS SUPPORTING THE PROPOSED PCOP SURCHARGE IN THIS FILING?**

1 **A31.** Yes, I reviewed TAWC's filing and supporting documentation. I also prepared data  
2 requests for information not contained in the original filing. Additionally, I reviewed the  
3 provided invoices to determine if the invoiced total was exclusive of late fees and penalties  
4 and the applicable bill date.

5 **Q32. WHAT WERE THE GENERAL RESULTS OF YOUR REVIEW?**

6 **A32.** Overall, I found that the Company's PCOP filing included the actual production  
7 expenditures (minus any fees or penalties), water system delivery/sales, along with the  
8 applicable support. I also found that the PCOP calculation generally reflected the  
9 methodologies established in TRA Docket No. 13-00130. However, as stated earlier in my  
10 Testimony, I do have concerns that some of the PCOP framework is becoming stale.  
11 Additionally, I have concerns regarding the applicability and the amount charged to the  
12 customer's residing within the Jasper Highlands and Whitwell service territories. As such,  
13 I recommend that the net incremental production costs be reduced by \$165,055 (as shown  
14 above).

15 **Q33. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 **A33.** Yes, however, I reserve the right to correct, amend, or add to my testimony if new  
17 information becomes available or if I identify an error.



## 21-00006 affidavit-signed.pdf

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### E-Signature Summary

**E-Signature Notary: Terra Allen (TNA)**

May 03, 2021 10:24:52 -6:00 [BD6BECA93873] [35.132.207.22]

terra.allen@ag.tn.gov



IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF TENNESSEE-  
AMERICAN WATER COMPANY  
REGARDING THE 2021 PRODUCTION  
COSTS AND OTHER PASS-  
THROUGHS RIDER

DOCKET NO. 21-00006

AFFIDAVIT

I, Alexander Bradley, on behalf of the Consumer Advocate Unit of the Attorney General's Office hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Unit.

Alex Bradley  
ALEX BRADLEY

Sworn to and subscribed before me

This 3<sup>rd</sup> day of May, 2021

Terra Allen  
Signed on 2021/05/03 10:24:52 -6:00

NOTARY PUBLIC



My Commission Expires: \_\_\_\_\_