

March 14, 2022

**VIA ELECTRONIC FILING**

Electronically filed in TPUC Docket  
Room on March 14, 2022 at 10:43 a.m.

Hon. Kenneth C. Hill, Chairman  
c/o Ectory Lawless, Docket Room Manager  
Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
[TPUC.DocketRoom@tn.gov](mailto:TPUC.DocketRoom@tn.gov)

**RE: *In Re: Petition of Tennessee-American Water Company Regarding The 2022  
Production Costs and Other Pass-Throughs Rider, TPUC Docket No. 22-00005***

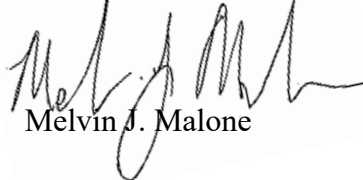
Dear Chairman Hill:

Attached for filing please find *Tennessee American Water Company's Responses to First  
Discovery Requests of the Consumer Advocate* 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: Tricia Sinopole, TAWC  
Karen Stachowski, Consumer Advocate Unit  
Vance Broemel, Consumer Advocate Unit

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

**IN RE:**

**PETITION OF TENNESSEE-AMERICAN  
WATER COMPANY REGARDING THE  
2022 PRODUCTION COSTS AND OTHER  
PASS-THROUGHS RIDER**

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**DOCKET NO. 22-00005**

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**TENNESSEE-AMERICAN WATER COMPANY’S RESPONSES  
TO FIRST DISCOVERY REQUESTS OF THE CONSUMER ADVOCATE**

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Tennessee-American Water Company (“TAWC”), by and through counsel, hereby submits its Responses to the First Discovery Requests propounded by the Consumer Advocate Unit in the Financial Division of the Attorney General’s Office (“Consumer Advocate”).

**GENERAL OBJECTIONS**

1. TAWC objects to all requests that seek information protected by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or restriction on disclosure.

2. TAWC objects to the definitions and instructions accompanying the requests to the extent the definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations, or orders of the Tennessee Public Utility Commission (“TPUC” or “Authority”).

3. The specific responses set forth below are based on information now available to TAWC, and TAWC reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information produced.

4. TAWC objects to each request to the extent that it is unreasonably cumulative or duplicative, speculative, unduly burdensome, irrelevant or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

5. TAWC objects to each request to the extent it seeks information outside TAWC's custody or control.

6. TAWC's decision, now or in the future, to provide information or documents notwithstanding the objectionable nature of any of the definitions or instructions, or the requests themselves, should not be construed as: (a) a stipulation that the material is relevant or admissible, (b) a waiver of TAWC's General Objections or the objections asserted in response to specific discovery requests, or (c) an agreement that requests for similar information will be treated in a similar manner.

7. TAWC objects to those requests that seek the identification of "any" or "all" documents or witnesses (or similar language) related to a particular subject matter on the grounds that they are overbroad and unduly burdensome and exceed the scope of permissible discovery.

8. TAWC objects to those requests that constitute a "fishing expedition," seeking information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence and is not limited to this matter.

9. TAWC does not waive any previously submitted objections to the Consumer Advocate's discovery requests.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO. 22-00005  
FIRST DISCOVERY REQUEST OF THE  
CONSUMER ADVOCATE UNIT**

**Responsible Witness: Tricia Sinopole**

**Question:**

- 1-1. Refer to *the Direct Testimony of Tricia N. Sinopole*, pp. 14-15 and File <TAW\_EXH\_TNS\_1\_011422.xlsx>, Tab “PCOP Cal Exhibit”, Line 15. It appears that the Company’s formula presented on Line 15 is inconsistent with the Direct Testimony of Tricia Sinopole presented on pages 14-15. Is it the Company’s intention to impute \$0 base revenues for Jasper Highlands or is it to impute \$162,656 within the base rate revenue? If the response to this request results in a change to the Company’s proposal, update the exhibits accordingly

**Response:**

It was the Company’s intent to include the \$162,656 within the base rate revenue on Line 15 of the PCOP Calc Exhibit tab. Including the \$162,656 within the base rate revenue does not result in a change to the Company’s proposal. As shown in the updated exhibit attachment TAW\_R\_CAPDDR1\_001\_032522\_Attachment, the PCOP percentage remains at 0.57% when including the \$162,656 in the Projected Annual Base Rate Revenue subject to PCOP.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO. 22-00005  
FIRST DISCOVERY REQUEST OF THE  
CONSUMER ADVOCATE UNIT**

**Responsible Witness: Tricia Sinopole**

**Question:**

- 1-2. Refer to two documents: (1) the Direct Testimony of Tricia N. Sinopole, <TAW\_EXH\_TNS\_1\_011422.xlsx> and (2) the Company's Response to Consumer Advocate DR No. 1-17, File <CONFIDENTIAL - 1-17 Attachment.xlsx> in TPUC Docket 20-00011. Confirm that the values for purchased water and power expenses for 2019 can be sourced from the confidential attachment instead of an estimate based on TAWC 2021 actual amounts.

**Response:**

The purchased water and power expense for 2019 is an estimate based on TAWC 2021 actuals amounts, as described on page 15, lines 1 to 12 in the Direct Testimony of Tricia N. Sinopole.

**Tennessee American Water**

**2021 PCOP Reconciliation**

**Workbook Name:** TAW\_R\_CAPDDR1\_001\_032522\_Attachment.xlsx

**Workbook Information:** This workbook calculates the PCOP surcharge percentage based on the reconciliation of PCOP related costs for the year December 2020 - November 2021.

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 2021.
5. Jasper Workpaper	5. Jasper Highlands adjustment calculation for each expense, water sales, and revenues included in calculation of PCOP.
6.	6.
7.	7.
8.	8.
9.	9.
10.	10.
11.	11.
12.	12.
13.	13.
14.	14.
15.	15.
16.	16.
17.	17.
18.	18.
19.	19.
20.	20.

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. 22-000XX  
For the Twelve Months Ending November 30, 2021  
PCOP Actual Expenses  
Link In Page

Description	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Total
Purchased Water	1,718	6,653	6,876	7,213	8,534	10,518	11,958	11,861	14,211	13,723	10,013	8,635	111,912
Purchased Power	174,069	177,799	176,100	176,713	181,893	192,764	205,635	205,771	216,194	198,633	194,759	201,835	2,302,167
Chemicals	95,968	75,006	77,669	98,146	89,752	96,434	90,672	98,914	121,297	112,998	86,572	79,342	1,122,769
Waste Disposal	22,571	17,536	51,973	14,489	42,822	18,823	21,843	49,931	13,679	53,233	25,413	42,593	374,906
TRA Inspection Fee (Amortized in 16530000)	17,084	17,084	17,084	17,084	17,084	17,084	17,084	17,084	17,084	17,084	17,084	17,084	205,014
Total	311,411	294,079	329,703	313,645	340,085	335,624	347,192	383,562	382,465	395,671	333,842	349,490	4,116,767

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

	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Total
System Delivery	960,070	954,016	914,620	1,013,138	1,001,527	1,101,630	1,052,198	1,086,991	1,100,861	1,022,777	1,031,723	952,720	12,192,271
Water Sales	673,583	686,564	638,219	668,351	757,750	749,754	813,054	884,623	851,175	842,364	786,772	690,756	9,042,964
2021 Under refund	287,714												

	Purchased Water 11/30/2021	Fuel & Power 11/30/2021	Chemicals 11/30/2021	Waste 11/30/2021	Total 11/30/2021	
<b>Whitwell Adjustment</b>						
Actual expenses included in this filing	\$798	\$ 94,737	\$ 11,900	\$ 138,276	\$245,710	<---Use to allocate base year total to each category for Workpaper
Settled upon base year expense from 21-00006	\$ 176,147					
Settled upon base year usage from 21-00006	1,527,738					
Base Revenues from 6/30/12 Whitwell Audited Financials	\$ 1,242,200					

<b>Jasper Highlands</b>						
Actual expenses included in this filing	\$ 72,209	\$ 15,890			\$88,100	<---Use to allocate base year total to each category for Workpaper

	2017	2018	2019	2020	2021
Base Revenues from Jasper Highlands Audited Financials	\$ 178,650	\$ 258,971	\$ 316,873		
Normalized Actual Annual JH Revenues from TAWC Unaudited Financials				\$ 334,939	
Normalized Actual Annual JH PCOP Expenses from TAWC Unaudited Financials				\$ 106,481	
Actual Annual Water Sales from Jasper Highlands		86,255	98,969		
Normalized Actual Annual JH Water Sales from TAWC Unaudited Financials				140,642	



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**Tennessee American Water Company**  
**Docket No. 22-000XX**

**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, 2021**

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	\$4,290,024
2	Pro Forma Water Sales (WS) in 100 Gallons	102,164,815
3	Base Rate Cost per 100 Gallons WS (Line 1 / Line 2)	<u>\$0.04199</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	\$3,745,835
5	Over-Under Collection Adjustment	287,714
6	Review Period PCOP Costs Adjusted for Over-Under Collections	4,033,549
7	Actual Water Sales (100 Gallons)	<u>90,429,643</u>
8	Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 6 / Line 7)	\$0.04460
9	Base Rate Cost per 100 Gallons WS (Line 3)	<u>0.04199</u>
10	Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 9 - Line 8)	\$0.00261
11	Base Rate Case Water Sales 100 Gallons (Line 2)	<u>102,164,815</u>
12	Deferral Amount (Line 10 * Line 11)	<u>\$266,964</u>
<b><u>III. Calculation of Production Costs and Other Pass-Throughs ("PCOP") Tariff Rider</u></b>		
13	Total Deferred Amount (Line 12)	\$266,964
14	Total Deferred Amount Grossed Up for revenue taxes (Line 13 / (1.0-.03191) (**))	275,763
15	Projected Annual Base Rate Revenue subject to PCOP (*)	<u>48,478,580</u>
16	PCOP % (Line 14 / Line 15)	<u>0.57%</u>

(\*) The numbers are taken from the settlement agreement in Docket No. 12-00049 and include the Whitwell adjustment from Docket No. 21-00006, as well as a proposed adjustment for Jasper Highlands. The Projected Annual Base Rate Revenue subject to PCOP on Line 15 includes revenues from Docket No. 12-00049, as well as proposed adjustments to include Whitwell and Jasper Highlands base revenues.

(\*\*) The numbers are actuals for the year ended November 30, 2021 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. 22-000XX  
For the Twelve Months Ending November 30, 2021  
PCOP Actual Expenses

Line #	Description	A For the 12 Months Ending 11/30/2021	B **NRW Limited 12 Mos Ending 11/2021 (Column A, Lines 2 and 3 x Line 18 Recoverable %)	C Authorized Amount Per Docket 12-00049	D Whitwell Adjustment as Settled per Docket 21-00006	E Jasper Highlands Proposed Adjustment	F B - (C + D + E) Difference NRW Limited from Authorized Docket 12-00049	G Adjust Difference for TRA Fee Recovered Via SEC, EDI, or QIIP 12 Months Ending 11/30/2021	H F - G Adjusted Difference
1	Purchased Water Including Wheeling Charges	\$111,912	\$111,912	\$51,331	\$572	\$42,383	\$17,626	\$0	\$17,626
2	Purchased Power**	2,302,167	2,052,834	2,678,772	67,916	9,327	(\$703,181)		(703,181)
3	Chemicals**	1,122,769	1,001,169	986,930	8,531		\$5,709		5,709
4	Waste Disposal	374,906	374,906	213,308	99,128		\$62,469		62,469
5	TRA Inspection Fee	205,014	205,014	131,826	0		\$73,188		73,188
6									
7	Total	\$4,116,767	\$3,745,835	\$4,062,167	\$176,147	\$51,710	(\$544,189)	\$0	(\$544,189)
8									
9									
10	Water Sales in 100 Gallons	90,429,643	90,429,643	100,578,654	1,527,738	58,423		90,429,643	
11									
12	Cost per 100 Gallons (Line 7 / Line 10)	\$0.04552	\$0.04142	\$0.04039	\$0.11530	\$0.88509	\$0.00103	\$0.00000	\$0.00103
<b>Recoverable % for Production Costs</b>		<b>For the 12 Months Ending 11/30/2021</b>							
13	Water Sales	90,429,643							
14	System Delivery	121,922,705							
15	Non-Revenue-Unaccounted for Water % [1 - (Line 13 / Line 14)]	25.8%							
16	Non-Revenue-Unaccounted for Water % Authorized	15.0%							
17	Variance (If Line 15 > Line 16 then Line 15 - Line 16)	10.8%							
18	<b>Recoverable % (1 - Line 17)</b>	<b>89.2%</b>							

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

**Tennessee American Water Usage**  
**Docket No. 22-000XX**  
**12 Months Ending November 2021**

	<b>Water Usage</b>	<b>System Delivery</b>	<b>NRW %</b>
2020 Dec	673,583	960,070	29.84%
2021 Jan	686,564	954,016	28.03%
2021 Feb	638,219	914,620	30.22%
2021 Mar	668,351	1,013,138	34.03%
2021 Apr	757,750	1,001,527	24.34%
2021 May	749,754	1,101,630	31.94%
2021 Jun	813,054	1,052,198	22.73%
2021 Jul	884,623	1,086,991	18.62%
2021 Aug	851,175	1,100,861	22.68%
2021 Sep	842,364	1,022,777	17.64%
2021 Oct	786,772	1,031,723	23.74%
2021 Nov	690,756	952,720	27.50%
	9,042,964	12,192,271	25.83%
		Average	25.94%

**Tennessee American Water Company**  
**Docket No. 22-000XX**  
**For the Twelve Months Ending November 30, 2021**  
**Jasper Highlands Acquisition Adjustment Calc**

	Estimated JH Financials 2016	Estimated JH Financials 2017	Actuals JH Financials 2018	Actuals JH Financials 2019	Normalized TAWC Actual 2021	Actuals 4 Year CAGR 2018-2021
Water Sales	58,423	70,988	86,255	98,969	140,642	17.7%
Revenues	\$ 162,656	\$ 178,650	\$ 258,971	\$ 316,873	\$ 334,939	9.0%
Purchased Water and Fuel & Power Expense <sup>1</sup>	\$ 51,710	\$ 56,795	\$ 82,329	\$ 100,737	\$ 106,481	9.0%
Purchased Water and Fuel & Power % of Revenue	31.8%	31.8%	31.8%	31.8%	31.8%	
Base Rate Cost per 100 Gallons WS	\$ 0.8851	\$ 0.8001	\$ 0.9545	\$ 1.0179	\$ 0.7571	

<sup>1</sup> 2018 and 2019 purchased water and fuel and power expense is calculated by multiplying each year's revenues by 31.8%, which was derived by taking 2021 normalized actual 2021 purchased water and fuel and power expenses as a percent of revenues.

STATE OF Tennessee )  
 )  
COUNTY OF Hamilton )

BEFORE ME, the undersigned, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Tricia Sinopole, 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 duly sworn, verifies that the data requests and discovery responses are accurate to the best of her knowledge.

Tricia Sinopole  
Tricia Sinopole

Sworn to and subscribed before me  
this 14<sup>th</sup> day of March, 2022.

Kathryn Robinson  
Notary Public

My Commission Expires: 10/20/2024



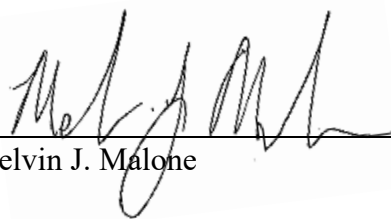
CERTIFICATE OF SERVICE

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, Esq.  
Senior Assistant Attorney General  
Office of the Tennessee Attorney General  
Financial Division, Consumer Advocate Unit  
P.O. Box 20207  
Nashville, TN 37202-0207  
[Karen.Stachowski@ag.tn.gov](mailto:Karen.Stachowski@ag.tn.gov)

Vance L. Broemel, Esq.  
Senior Assistant Attorney General  
Office of the Tennessee Attorney General  
Financial Division, Consumer Advocate Unit  
P.O. Box 20207  
Nashville, TN 37202-0207  
[Vance.Broemel@ag.tn.gov](mailto:Vance.Broemel@ag.tn.gov)

This the 14<sup>th</sup> day of March 2022.



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Melvin J. Malone