

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

**IN RE:**

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

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**Docket No. 22-00005**

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**DIRECT TESTIMONY OF**

**ALEX BRADLEY – PUBLIC VERSION**

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May 2, 2022

1 **Table of Contents**

2 **I. OVERVIEW OF TENNESSEE AMERICAN WATER'S PETITION**

3 **II. RESULTS OF MY REVIEW**

4 **Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION FOR**  
5 **THE RECORD.**

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

11 **Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**  
12 **PROFESSIONAL EXPERIENCE.**

13 **A2.** I received a Bachelor of Science in Business Administration with a major in Accountancy  
14 along with a Bachelor of Arts with a major in Political Science from Auburn University in  
15 2012. I have been employed by the Consumer Advocate since 2013. My duties include  
16 reviewing utility regulatory filings and preparing analysis used to support Consumer  
17 Advocate testimony and exhibits. I have completed multiple regulatory trainings  
18 sponsored by the National Association of Regulatory Utility Commissions held by  
19 Michigan State University.

20 **Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE**  
21 **TENNESSEE PUBLIC UTILITY COMMISSION ("TPUC" OR THE**  
22 **"COMMISSION")?**

1   **A3.**     Yes. I have previously testified in TPUC Docket Nos. 17-00108, 18-00009, 18-00107, 19-  
2             00010, 19-00034, 19-00042, 19-00043, 19-00057, 19-00062, 20-00028, 20-00049, 20-  
3             00086, 21-00006, and 21-00107.

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

5   **A4.**     I am testifying on behalf of the Consumer Advocate.

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

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

10  **Q6.     PLEASE PROVIDE A BRIEF OVERVIEW OF THE HISTORY AND INTENT OF**  
11  **THE PCOP RIDER.**

12  **A6.**     In 2014, the Commission approved TRA Docket No. 13-00130 which authorized TAWC  
13             to put into rates four alternative rate mechanisms.<sup>1</sup> One of the mechanisms approved by  
14             the Commission was the PCOP Rider which allows the Company pass-through recovery  
15             of its expenses for purchased power, chemicals, purchased water, wheeling cost, waste  
16             disposal and regulatory fees (collectively the “Pass-Through Expenses” or “PCOP  
17             Expenses”).<sup>2</sup> The PCOP Rider is designed to allow the Company recovery of these costs  
18             which are said to be out of its control and would, if they were to increase, reduce the  
19             opportunity for TAWC to earn its authorized rate of return.<sup>3</sup> As approved, the PCOP Rider  
20             compares the Company’s actual costs of the Pass-Through Expenses for the prior twelve-

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<sup>1</sup>   *Order Approving Amended Petition*, TPUC Docket No. 13-00130 (January 27, 2016).

<sup>2</sup>   *Id.* at p. 10.

<sup>3</sup>   *Id.*

month period to amounts authorized in the Company's last general rate case, TRA Docket No. 12-00049. This was adjusted in the resolution of TPUC Docket No. 21-00006 to incorporate the embedded amounts for the Company's Whitwell service territory.<sup>4</sup>

As authorized by Commission in TRA Docket No. 13-00130, the PCOP Rider is recovered as a percentage charge, applied to a customer's bill and is aggregated with the Company's other alternative rate mechanism riders. The history of the PCOP surcharge percentage since its inception is presented below in Table 1.<sup>5</sup>

<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	8/9/2021	0.20%
22-00005	11/30/2021	TBD	0.57%

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

**A7.** I reviewed the Company's Pre-Filed Testimony along with the exhibits and work papers supporting Proposed Sheet No. 12 – Riders – TNS filed in this docket. Additionally, I reviewed the discovery, testimonies, and orders filed in TPUC Docket No. 21-00006. Finally, I reviewed the Company's responses to the data requests submitted by the Consumer Advocate in this Docket.

<sup>4</sup> Order Approving PCOP Rider Expenses for December 1, 2019 Through November 30, 2020, as Revised, pp. 7-8, TPUC Docket No. 21-00006 (November 1, 2021).

<sup>5</sup> Table 1 shows the non-cumulative impact of the PCOP Rider since inception.

**I. OVERVIEW OF TENNESSEE AMERICAN WATER'S PETITION**

**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, 2021, compared to the amounts authorized in the Company's last general rate case and adjusted to account for the embedded costs in the Company's Whitwell and Jasper Highlands service territories. A comparison of the gross amount of Pass-Through Expenses from the Company's last general rate case adjusted and for the twelve months ending November 30, 2021, is shown below in Table 2.

<b>Table 2 - Comparison of Expenses to Baseline Amounts</b>			
<b>Expense:</b>	<b>Authorized Amount per Dockets 12-00049, 21-00006, and Co. proposal</b>	<b>For the 12 Months Ending 11/30/2021</b>	<b>Difference From Baseline Cost</b>
Chemicals	\$ 995,461	\$ 1,122,769	\$ 127,308
Fuel & Purchased Power	2,756,015	2,302,167	(453,848)
Waste Disposal	312,436	111,912	(200,524)
Purchased Water	94,286	374,906	280,619
TPUC Inspection Fee	131,826	205,014	73,188
<b>Total</b>	<b>\$ 4,290,024</b>	<b>\$ 4,116,767</b>	<b>\$ (173,257)</b>

As shown in Table 2 above, the gross amount of Pass-Through Expenses incurred for the 12 months ending November 2021 were less than the gross amount of Pass-Through Expenses in the Company's last general rate case, as adjusted.

**Q9. HOW DOES THE AMOUNT OF PASS-THROUGH EXPENSES COMPARE TO THE COMPANY'S LAST APPROVED PCOP, IN TPUC DOCKET NO. 21-00006?**

**A9.** A comparison of the requested gross amount of Pass-Through Expenses for the current PCOP Rider, set in TPUC Docket No. 21-00006, and the gross amount of Pass-Through

Expenses incurred in the current review period are presented below in Table 3. As shown below the \$4,116,767 in PCOP expenses requested in this Docket results in an overall decrease of \$13,889 when compared with the total gross PCOP expenses in the Company's last PCOP filing, TPUC Docket No. 21-00006.

<b>Table 3 - 24 Month Difference by Expense Type</b>			
<b>Expense:</b>	<b>For the 12 Months Ending 11/30/20</b>	<b>For the 12 Months Ending 11/30/21</b>	<b>Difference From Previous Cost</b>
Chemicals	\$ 1,208,637	\$ 1,122,769	\$ (85,868)
Fuel & Purchased Power	2,242,544	2,302,167	59,623
Waste Disposal	407,085	111,912	(295,173)
Purchased Water	27,005	374,906	347,901
TPUC Inspection Fee	217,597	205,014	(12,583)
<b>SubTotal</b>	<b>\$ 4,102,868</b>	<b>\$ 4,116,767</b>	<b>\$ 13,899</b>
Recoverable %	<b>86.5%</b>	<b>89.2%</b>	<b>2.7%</b>
<b>Net PCOP Expense</b>	<b>\$ 3,636,606</b>	<b>\$ 3,745,834</b>	<b>\$ 109,228</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.

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

**A11.** The Non-Revenue Water ("NRW") 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

1 ratepayers. The purpose of the NRW is to ensure compliance with the Commission's water  
2 loss policies.

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

4 **A12.** As shown in Exhibit TNS-1, the Company's NRW calculation is 25.8% or 10.8% greater  
5 than the baseline amount of 15%. The effect of this water loss over the baseline amount  
6 results in a recoverability factor of 89.2% of the Fuel & Purchased Power Expense and  
7 Chemicals Expense incurred over the Review Period.

8 **Q13. WHAT DOES THE 89.2% RECOVERABILITY FACTOR MEAN IN TERMS OF**  
9 **DOLLARS?**

10 **A13.** The 89.2% NRW reduces the recoverable amount of Purchased Power Expense by  
11 \$249,333 and the recoverable amount of Chemicals Expense by \$21,600, for a total  
12 reduction in recoverable PCOP rider expenses of \$370,933. The total amount of  
13 recoverable Pass-Through Expenses is reduced from \$4,16,767 to \$3,745,835.

14 **Q14. ARE THERE ANY OTHER ADJUSTMENTS MADE TO THE RECOVERABLE**  
15 **PASS-THRU EXPENSES?**

16 **A14.** Consistent with the decision in TPUC Docket No. 21-00006, the Company added \$176,147  
17 of PCOP expenses to the base rate case PCOP expenses, 1,527,738 hundred gallons to base  
18 rate case water sales, and \$1,242,200 to base rate revenues. These adjustments are to  
19 account for these PCOP expenses that are contained within the base rates of customers in  
20 the Company's Whitwell service territory.

21 **Q15. HAS THE COMPANY PROPOSED ANY ADDITIONAL CHANGES TO THESE**  
22 **ADJUSTMENTS?**

1 **A15.** Yes. The Company proposed to add \$51,710 of PCOP expenses to the calculation of base  
2 rate case PCOP expense. This has the effect of increasing the benchmark costs to which  
3 the test period costs are compared. This is in response to my concerns in TPUC Docket  
4 21-00006 regarding embedded water treatment expenses contained within the base rates of  
5 customers in the Company's Jasper Highlands and Whitwell service territories.  
6 Additionally, the Company proposes to add 58,423 hundred gallons to the calculation of  
7 base rate water sales.

8 **Q16. WHAT IS THE EFFECT OF THESE ADJUSTMENTS?**

9 **A16.** The effect of the Company's proposals results in a decrease in the overall PCOP recovery  
10 of \$157,107<sup>6</sup> for this case. Inclusion of the Company's proposal alters the PCOP  
11 calculation in three ways. First, the proposed inclusion of Whitwell and Jasper Highlands  
12 base rate case PCOP expenses increases the amount of base rate embedded costs from  
13 \$4,062,167<sup>7</sup> to \$4,290,024. Second the inclusion of Whitwell and Jasper Highlands base  
14 rate water sales increases the amount of base period water sales from 100,578,654<sup>8</sup> hundred  
15 gallons to 102,164,815 hundred gallons. Taken together, these adjustments increase the  
16 embedded base rate cost of PCOP expenses per 100 Gallons from \$0.04039 to \$0.04199.  
17 This \$0.04119 is used to determine the incremental increase/decrease in review period  
18 PCOP expenses per 100 Gallons. Finally, the inclusion of the base revenues from the  
19 Whitwell service territory increases the projected annual base rate revenues from

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<sup>6</sup> Not accounting for grossing up for revenue taxes.

<sup>7</sup> Supplemental Testimony of Elaine K. Chambers, File <TAW\_EXH\_EKC\_1.011521\_Revised.xlsx>, Tab "PCOP Calc Exhibit" at Ln. 1, TPUC Docket No. 21-00006 (April 7, 2021). Due to a change in TAWC staffing, Todd P. Wright filed testimony adopting Ms. Chambers' direct and supplemental testimony. *Pre-Filed Direct Testimony of Todd Wright Adopting Pre-Filed Direct and Supplemental Testimony of Elaine K. Chambers*, TPUC Docket No. 21-00006 (June 30, 2021).

<sup>8</sup> *Id.* at File <TAW\_EXH\_EKC\_1.011521\_Revised.xlsx>, Tab "PCOP Calc Exhibit" at Ln. 2.



1       \$47,073,724<sup>9</sup> to \$48,315,924. This increases the amount of revenues that the calculation  
2       of the percentage charge for the PCOP is derived from resulting in a reduction in required  
3       PCOP recoveries.

4       **Q17. AS MENTIONED EARLIER, THE PCOP IS EXPRESSED AS A PERCENTAGE**  
5       **OF A CUSTOMER’S BILL. HOW DOES THE AMOUNT OF RECOVERABLE**  
6       **PCOP EXPENSES GO FROM A DOLLAR AMOUNT TO A PERCENTAGE**  
7       **RATE?**

8       **A17.** The calculation of the PCOP percentage rate is a multistep formula. First, the amount of  
9       NRW limited Pass-Through Expenses plus or minus any over-under collection from the  
10      prior PCOP is divided by the review period actual water sales (in 100 gallons) to determine  
11      the review period PCOP cost per 100 gallons. The review period PCOP cost per 100  
12      gallons is then compared to the PCOP cost per 100 gallons from the Company’s last base  
13      rate case (using the adjusted PCOP Expenses and water sales from that period) to determine  
14      the incremental change in PCOP Expenses per 100 gallons. This incremental change is  
15      then multiplied by the adjusted water sales (in 100 gallons) from the Company’s last rate  
16      case to determine the deferral amount. The deferral amount is then grossed up for revenue  
17      taxes. This grossed up amount is then divided by the total adjusted revenue as set in the  
18      Company’s last rate case to determine a percentage. For an illustrative example of this  
19      calculation see Table 4 below:

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<sup>9</sup> *Id.* at File <TAW\_EXH\_EKC\_1.011521\_Revised.xlsx>, Tab “PCOP Calc Exhibit” at Ln. 15.

<b>Table 4 - Company's Proposed Calculation of PCOP Rider Percentage</b>	
	<b>22-00005</b>
	<b>Amount</b>
Actual Production Costs and Other Pass-Throughs	\$3,745,835
Over-Under Collection Adjustment	287,714
Review Period PCOP Costs Adjusted for Over-Under Collections	4,033,549
Actual Water Sales (100 Gallons)	90,429,643
Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS	\$0.04460
Base Rate Cost per 100 Gallons WS	0.04199
Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS	\$0.00261
Base Rate Case Water Sales 100 Gallons	102,164,815
Deferral Amount	\$266,964
Total Deferred Amount	\$266,964
Total Deferred Amount Grossed Up for revenue taxes	275,763
Projected Annual Base Rate Revenue subject to PCOP	48,315,924
PCOP %	<b>0.57%</b>

**Q18. EXPLAIN WHY THE PROPOSED 2021 PCOP PERCENTAGE IS A POSTIVE ADJUSTMENT?**

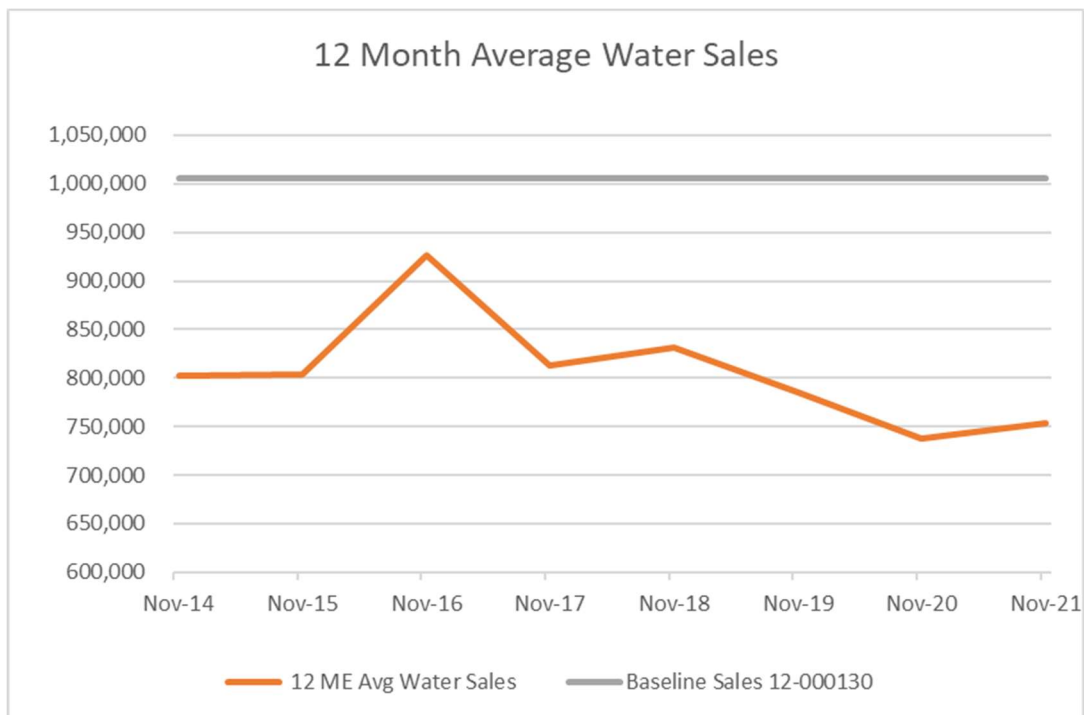
**A18.** Even though the NRW limited PCOP expenses and the prior period under recovery are less than the baseline amount set in TPUC Docket No. 12-00049 and adjusted to contain Whitwell and Jasper Highlands embedded amounts, the current proposed PCOP, for the second time since its inception, is a positive surcharge. While water sales for this review period are higher than the prior year, the amount of sales is still less than the base rate case amount of water sales.

**Q19. CAN YOU ELABORATE ON WATER SALES?**

**A19.** Yes, I can. As shown above the review period had 90,429,643 (100 gallons) in actual water sales. This is 1,937,574 (100 gallons) more water sales than the amount of water sales in the prior PCOP filing, TPUC Docket No. 21-00006. However, the review period water sales are still 11,735,172 (100 gallons) less than the adjusted base period water sales that the calculation of the PCOP is compared against.

**Q20. HOW ARE WATER SALES TRENDING?**

**A20.** As shown below, water sales have trended up since the conclusion of the Company's last PCOP case. However, the review period represents the second lowest amount of water sales since the inception of the PCOP and are still below the amount of baseline water sales from Docket 12-00049.



1 **II. RESULTS OF MY REVIEW**

2 **Q21. DID YOU REVIEW THE CALCULATIONS SUPPORTING THE PROPOSED**  
3 **PCOP SURCHARGE IN THIS FILING?**

4 **A21.** Yes. I reviewed TAWC's filing and supporting documentation. I also prepared data  
5 requests for information not contained in the original filing.

6 **Q22. WHAT WERE THE GENERAL RESULTS OF YOUR REVIEW?**

7 **A22.** Overall, I found that the Company's PCOP filing included the actual production  
8 expenditures (minus any fees or penalties), water system delivery/sales, along with the  
9 applicable support. Also, I found that the PCOP calculation generally reflected the  
10 methodologies established in TRA Docket No. 13-00130 and the settlement. However, I  
11 do have concerns regarding the Company's proposed adjustment for Jasper Highlands.

12 **Q23. CAN YOU ELABORATE OF YOUR CONCERN?**

13 **A23.** Yes. Although I appreciate the effort undertaken by the Company; a different approach is  
14 necessary. The Jasper Highlands service territory has grown quite dramatically since 2016.  
15 Per the records provided in TPUC Docket No. 20-00011, Jasper Highlands had  
16 approximately 70 lots paying for water services in 2017. Comparatively, by February 2021  
17 the Company was serving approximately 212 customers in the Jasper Highlands service  
18 territory. Therefore, to accurately capture the amount of PCOP expenses embedded in the  
19 base rates of Jasper Highland, a different calculation is necessary in order to scale the  
20 amount of production expenditures embedded in base rates.

21 **Q24. WHAT IS THE PURPOSE OF YOUR JASPER HIGHLANDS CALCULATION?**

**A24.** The purpose of my calculation is to scale the embedded PCOP expenses recovered through Jasper Highlands rates for the significant amount of customer growth experienced in the service territory since 2017. My calculation uses the actual production related expenses incurred for Jasper Highlands that were included in the files of the acquisition docket for Jasper Highlands, TPUC Docket No. 20-00011. As shown in the table below, I calculated that the yearly production cost per customer for 2017 was approximately \$309 a year. I selected 2017 because it was the first year of data available to me that contained the customer counts and usage of the service territory. Applying the \$309 in production cost per customer to the February 2021 customer count of the Jasper Highlands system returns approximately \$65,490 in production costs being recovered in the current rates of Jasper Highlands.

	Year	Billed Usage	Water Sales Revenue	Purchased Water	Purchased Power	Total PCOP	Customer Count	Customer Count Source:	Yearly Purchased Water per Customer	Yearly Purchased Power per Customer	Yearly PCOP per Customer
A/	2017	3,379,792		\$ 16,362	\$ 5,241	\$ 21,603	70	C/	\$ 234	\$ 75	\$ 309
B/	2021	7,568,400	\$ 334,939	\$ 72,503	\$ 15,890	\$ 88,100	212	D/			
	*										
	Estimated Purchased Water embedded in base rates				\$ 49,602						
	Estimated Purchased Power embedded in base rates				\$ 15,888						
	<b>Total Estimated PCOP embedded in base rates</b>				<b>\$ 65,490</b>						
A/	20-00011 - REVISED CONFIDENTIAL Exhibit DB-3 - Jasper Highlands Water System - Financial Statements 2017.xlsx										
B/	CO. Exh. tab Jasper Workpaper										
C/	20-00011, Confidential attachment Dr 1-13										
D/	Tab "JH Bill Analysis"										
*	Assumption: Usage is February 2021 billed usage * 12										

**Q25. WHAT WAS THE EFFECT OF THIS ADJUSTMENT?**

**A25.** As shown in Exhibit AB-1, I recommend a PCOP Rider that results in an annualized revenue increase of \$262,324, or a surcharge of 0.54%. This is \$13,439 less than the Company proposal, or a surcharge difference of -0.03%

**Q26. DOES THIS COMPLETE YOUR TESTIMONY?**

1   **A26.** Yes, it does. However, I reserve the right to incorporate any new data that may  
2           subsequently become available.

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT 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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**AFFIDVAIT OF ALEX BRADLEY**

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I, Alex 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**

Sworn to and subscribed before me

This 2nd day of May, 2022.



**NOTARY PUBLIC**

My Commission Expires:

September 28, 2022



Exhibit AB-1

Office of the Tennessee Attorney General, Financial Division, Consumer Advocate Unit  
Tennessee American Water Company  
Docket No. 22-00005

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	Company Amount	CA Amount	Difference
<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	\$4,303,804	\$13,780
2	Pro Forma Water Sales (WS) in 100 Gallons	102,164,815	102,182,076	17,261
3	Base Rate Cost per 100 Gallons WS (Line 1 / Line 2)	<u>\$0.04199</u>	<u>\$0.04212</u>	<u>\$0.00013</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	\$3,745,835	\$0
5	Over-Under Collection Adjustment	287,714	\$287,714	0
6	Review Period PCOP Costs Adjusted for Over-Under Collections	4,033,549	4,033,549	0
7	Actual Water Sales (100 Gallons)	90,429,643	90,429,643	0
8	Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 6 / Line 7)	\$0.04460	\$0.04460	\$0.00000
9	Base Rate Cost per 100 Gallons WS (Line 3)	0.04199	0.04212	0.00013
10	Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 9 - Line 8)	\$0.00261	\$0.00249	(\$0.00013)
11	Base Rate Case Water Sales 100 Gallons (Line 2)	102,164,815	102,182,076	17,261
12	Deferral Amount (Line 10 * Line 11)	<u>\$266,964</u>	<u>\$253,954</u>	<u>(\$13,010)</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	\$253,954	(\$13,010)
14	Total Deferred Amount Grossed Up for revenue taxes (Line 13 / (1.0-.03191) (**))	275,763	262,324	(13,439)
15	Projected Annual Base Rate Revenue subject to PCOP (*)	48,315,924	48,494,574	178,650
16	PCOP % (Line 14 / Line 15)	<u>0.57%</u>	<u>0.54%</u>	<u>-0.03%</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%