

BUTLER | SNOW

May 23, 2022

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

Electronically Filed in TPUC Docket
Room on May 23, 2022 at 3:00 p.m.

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

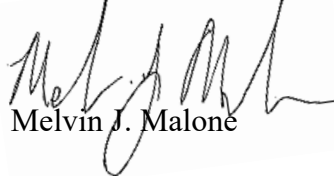
Dear Chairman Hill:

Attached for filing please find *Supplemental Testimony of Tricia N. Sinopole* on behalf of Tennessee-American Water Company 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

*The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201*

MELVIN J. MALONE
615.651.6705
melvin.malone@butlersnow.com

*T 615.651.6700
F 615.651.6701
www.butlersnow.com*

BUTLER SNOW LLP

64446250.v1

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 22-00005

SUPPLEMENTAL TESTIMONY

OF

TRICIA N. SINOPOLE

ON

CHANGES TO THE PRODUCTION COSTS AND OTHER PASS-THROUGHS RIDER

SPONSORING PETITIONER'S REVISED EXHIBITS:

PETITIONER'S REVISED EXHIBIT – PCOP CALC – TNS

PETITIONER'S REVISED EXHIBIT – PCOP AVG IMPACT – TNS

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

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

2 **A.** My name is Tricia N. Sinopole, and my business address is 2223 Duke Street Alexandria,
3 VA 22314.

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 of
6 Rates and Regulatory for Tennessee and Kentucky.

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

10 **A.** Yes.

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

12 **A.** The purpose of this supplemental testimony is support revisions to the calculations of the
13 2022 PCOP filing, for the review period of December 2020 through November 2021 based
14 on the testimony of Alex Bradley and the mutually satisfactory compromise resolution
15 reached with the Consumers’ Advocate Unit (“CAU”).

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

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

18 **Petitioner’s Revised Exhibit – PCOP Calc – TNS**

19 **Petitioner’s Revised Exhibit – PCOP Avg Impact – TNS**

20 **Petitioner’s Revised Exhibit – Proposed Tariff Sheet No. 12 – Riders – TNS**

21
22 **Q. PLEASE EXPLAIN THE RESOLUTION REACHED BETWEEN THE CAU AND**
23 **TAWC?**

24 **A.** The CAU and TAWC have agreed to include a prospective adjustment for authorized
25 amounts related to Jasper Highlands, per the testimony of Alex Bradley.

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

2 **A.** With including a prospective adjustment for Jasper Highlands, the revised PCOP rider
3 calculation results in an annualized revenue increase of \$262,324, or a surcharge of .54%.
4 This is an increase of \$170,034 from the previously approved amount of \$92,290. The
5 previously approved PCOP Rider is .20%, and this new proposed PCOP Rider is a
6 change of .34%. This is reflected in the exhibit attached to this testimony as **Petitioner's**
7 **Revised Exhibit - PCOP Calc– TNS.**

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

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

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

14 **A.** The typical residential customer living in the City of Chattanooga and using an average of
15 4,154 gallons per month will see a PCOP surcharge on their bill of \$0.12 per month, or
16 \$1.44 per year from the PCOP Rider. This is a change from the previous PCOP Rider
17 which was a surcharge on their monthly bill of \$0.04. A summary of this information is
18 attached to my testimony as **Petitioner's Revised Exhibit - PCOP Avg Impact – TNS.**

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

20 Yes. Tennessee American understands that the purpose of the legislation was, in part, to
21 encourage timely recovery of expenses to enhance financial stability, while reducing the
22 costs to consumers and utilities for regulatory review and implementation and promoting

1 rate gradualism for consumers. TAWC believes the approved Production Costs and
2 Other Pass-throughs Rider is achieving that goal.

3 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

4 **A.** Yes.

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	Amount
<u>I. Calculation of the Base Rate Cost of Production Costs and Other Pass-Throughs as authorized in the Base Rate case (*):</u>		
1	Pro Forma Production Costs and Other Pass-Throughs	\$4,303,804
2	Pro Forma Water Sales (WS) in 100 Gallons	102,182,076
3	Base Rate Cost per 100 Gallons WS (Line 1 / Line 2)	<u>\$0.04212</u>
<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>		
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>0.04212</u>
10	Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 9 - Line 8)	\$0.00249
11	Base Rate Case Water Sales 100 Gallons (Line 2)	<u>102,182,076</u>
12	Deferral Amount (Line 10 * Line 11)	<u>\$253,954</u>
<u>III. Calculation of Production Costs and Other Pass-Throughs ("PCOP") Tariff Rider</u>		
13	Total Deferred Amount (Line 12)	\$253,954
14	Total Deferred Amount Grossed Up for revenue taxes (Line 13 / (1.0-.03191) (**))	262,324
15	Projected Annual Base Rate Revenue subject to PCOP (*)	<u>48,315,924</u>
16	PCOP % (Line 14 / Line 15)	<u>0.54%</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%

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	2021 Authorized Capital Surcharges at 30.09%	2022 PCOP at 0.54%	2021 Recon QIIP Surcharge -0.25%	2021 Recon EDI Surcharge at 0.56%	2021 Recon SEC Surcharge at -1.25%	2022 Proposed Capital 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>	\$6.49	\$0.12	(\$0.05)	\$0.12	(\$0.27)	<u>(\$0.20)</u>	\$6.41	(\$1.43)	(\$0.98)	<u>\$4.00</u>
3														
4	Lookout Mountain	\$15.66	\$12.39	<u>\$28.05</u>	\$8.44	\$0.15	(\$0.07)	\$0.16	(\$0.35)	<u>(\$0.26)</u>	\$8.33	(\$1.86)	(\$1.27)	<u>\$5.20</u>
5														
6	Lakeview	\$15.66	\$9.16	<u>\$24.82</u>	\$7.47	\$0.13	(\$0.06)	\$0.14	(\$0.31)	<u>(\$0.23)</u>	\$7.37	(\$1.64)	(\$1.13)	<u>\$4.60</u>
7														
8	Suck Creek	\$30.60	\$16.12	<u>\$46.72</u>	\$14.06	\$0.25	(\$0.12)	\$0.26	(\$0.58)	<u>(\$0.44)</u>	\$13.87	(\$3.09)	(\$2.12)	<u>\$8.66</u>
9														
10	Whitwell - Inside	\$20.45	\$10.30	<u>\$30.75</u>	\$9.25	\$0.17	(\$0.08)	\$0.17	(\$0.38)	<u>(\$0.29)</u>	\$9.13		(\$1.40)	<u>\$7.73</u>
11														
12	Whitwell - Outside	\$23.37	\$12.56	<u>\$35.93</u>	\$10.81	\$0.20	(\$0.09)	\$0.20	(\$0.45)	<u>(\$0.34)</u>	\$10.67		(\$1.63)	<u>\$9.04</u>
13														
14	Jasper Highlands	\$52.15	\$21.67	<u>\$73.82</u>	\$22.21	\$0.40	(\$0.18)	\$0.41	(\$0.92)	<u>(\$0.69)</u>	\$21.92			<u>\$21.92</u>

Note:

Authorized Capital Surcharges, QIIP, EDI, SEC Riders are effective 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	-0.63%
EDI Annual Reconciliation Percentage	0.55%
<u>SEC Annual Reconciliation Percentage</u>	<u>-1.45%</u>
Subtotal of all Capital Recovery Riders	-1.53%
Total of Capital Recovery Riders and Reconciliation Percentages	28.56%
Offset to Capital Recovery Riders for TCJA savings	-6.62%
Offset to Capital Recovery Riders for TCJA Excess ADIT	-4.54%
PCOP	0.54% (I)

(I) Indicates Increase

(D) Indicates Decrease

ISSUED: May 23, 2022 EFFECTIVE: June 23, 2022

BY:


Grant A. Evitts
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

STATE OF Tennessee)
)
COUNTY OF Hamilton)

BEFORE ME, the undersigned authority, 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 if present before the Commission and duly sworn, her testimony would be as set forth in her pre-filed testimony in this matter.

Tricia Sinopole
Tricia Sinopole

Sworn to and subscribed before me
this 19th day of May, 2022.

Kathryn Robinson
Notary Public

My Commission Expires: 10/20/2024



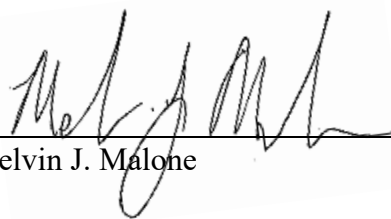
CERTIFICATE OF SERVICE

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

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

This the 23rd day of May 2022.



Melvin J. Malone