

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

IN RE:)	
)	
PETITION OF TENNESSEE-AMERICAN)	
WATER COMPANY REGARDING)	
CHANGES TO THE QUALIFIED)	
INFRASTRUCTURE INVESTMENT)	Docket No. 22-00021
PROGRAM RIDER, THE ECONOMIC)	
DEVELOPMENT INVESTMENT RIDER,)	
AND THE SAFETY AND)	
ENVIRONMENTAL COMPLIANCE RIDER)	
AND IN SUPPORT OF THE CALCULATION)	
OF THE 2022 CAPITAL RECOVERY)	
RIDERS RECONCILIATION)	

PETITION TO INTERVENE

The Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney General (the “Consumer Advocate”), by and through Herbert H. Slatery III, Attorney General and Reporter for the State of Tennessee, pursuant to Tenn. Code Ann. § 65-4-118, respectfully petitions the Tennessee Public Utility Commission (“TPUC” or the “Commission”) to grant the Consumer Advocate’s intervention into this proceeding because consumers’ interests, rights, duties, or privileges may be determined or affected by the *Petition of Tennessee-American Water Company Regarding Changes to the Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider, and the Safety and Environmental Compliance Rider and in Support of the Calculation of the 2022 Capital Recovery Riders Reconciliation* (“*Petition*”). For cause, the Consumer Advocate would show as follows:

1. The Consumer Advocate is authorized by Tenn. Code Ann. § 65-4-118 to represent the interests of Tennessee consumers of public-utility services by initiating and intervening as a party in any matter or proceeding before the Commission in accordance with the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101, *et seq.*, and TPUC rules.

2. Tennessee-American Water Company (“TAWC” or the “Company”) is a public utility regulated by the Commission. It provides water utility services to approximately 83,000 consumers located in Chattanooga, Tennessee, and the surrounding areas.¹

3. The *Petition* filed by TAWC is a follow-up to a set of tariffs originally approved by Tennessee Regulatory Authority (“TRA”) on April 14, 2014, in TRA Docket No. 13-00130.² The Consumer Advocate intervened in that Docket and after extensive negotiation and discovery entered into a stipulation with TAWC on January 10, 2014, which formed part of the basis of the approval of certain tariffs by the Commission. These tariffs—including the Qualified Infrastructure Improvement Program Rider, the Economic Development Investment Rider, and the Safety and Environmental Compliance Rider, (collectively, these are known as the “Capital Riders”)—were approved under the “alternative ratemaking” statute, Tenn. Code Ann. §§ 65-5-103, *et seq.*³

4. After the approval of the Capital Riders in TRA Docket No. 13-00130, TAWC filed TPUC Docket Nos. 14-00121, 15-00029, 15-00111, 16-00022, 16-00126, 17-00020, 17-00124, 18-00022, 18-00120, 19-00031, 20-00028, 20-00128 and 21-00030, which sought to recover and then to reconcile, respectively, expenses under the Capital Riders. The Commission approved revised tariffs pursuant to those filings.

5. Under the tariffs approved in TRA Docket No. 13-00130, TAWC must file with the Commission, on or before March 1 of each year, a reconciliation for each of the Capital Riders from the previous calendar year, along with the accompanying support, in the manner set forth in

¹ *Petition* at p. 3, ¶ 1.

² 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.

³ *Id.* at p. 5, ¶ 7.

those tariffs.⁴ TAWC has now submitted its proposed reconciliation for the Capital Riders in this Docket.

6. In this *Petition*, the Company calculated that “as of December 2021, it earned an overall rate of return of 7.58%, above the Commission authorized rate of return of 7.23%”.⁵ As a result the “Earnings Test Adjustment results in a (\$1,079,560) adjustment to the reconciliation revenues.”⁶ Further, the average TAWC customer will see a decrease in their 2022 bills of \$1.80 for the remaining eight months, or approximately \$0.20 per month when the rate becomes effective.⁷ Also, in the *Petition*, the Company proposed the seven following calculation adjustments:⁸

- 1) All prior years’ cumulative data is being supported through the last year’s final approved schedules for calendar year 2020 in TPUC Docket 21-00030, as stated above.
- 2) TAWC has updated the workbook for the 2021 actual numbers and updated all formulas referencing these amounts.
- 3) The repairs percentages for tax year 2020 have been updated from last year’s filing to 63.40% for T&D plant and 12.85% for non-T&D.
- 4) The repairs percentages for tax year 2021 have been input as 37.51% for T&D plant and 19.60% for non-T&D.
- 5) The net operating loss carryforward (“NOLC”) has been updated for 2020 & 2021 to be \$2,023,968 and \$0, respectively.
- 6) The accumulated deferred income tax balance is based on a proration of days for the year 2021.
- 7) The 2021 capitalized incentive amount was included as a reduction to the revenue requirement.

7. The interests of consumers may be affected by determinations and orders made by TPUC with respect to the following; (i) the interpretation, application, and implementation of

⁴ *Id.* at p. 7, ¶ 12.

⁵ *Direct Testimony of Tricia N. Sinopole* at 28:7-9.

⁶ *Direct Testimony of Tricia N. Sinopole* at 28:9-11.

⁷ *Petition* at p. 8, ¶ 14 and *Direct Testimony of Tricia N. Sinopole* at 31:8-10.

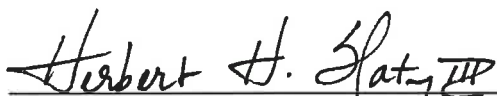
⁸ *Direct Testimony of Tricia N. Sinopole* at 9:13-10:4.

Tenn. Code Ann. § 65-5-103(a), Tenn. Code Ann. § 65-5-103(d), and other relevant statutory and regulatory provisions; (ii) the review and analysis of the Company's documentation, financial spreadsheets, and materials; and (iii) the interpretation, application, and/or implementation of the terms and conditions of the Commission's Orders in TPUC Docket Nos. 13-00130, 14-00121, 15-00029, 15-00111, 16-00022, 16-00126, 17-00020, 17-00124, 18-00022, 18-00120, and 19-00031, and 20-00028, as well as any related settlement agreements applicable to these dockets.

8. Only by participating as a party to this proceeding can the Consumer Advocate adequately carry out its statutory duty to represent the interests of Tennessee consumers.

Wherefore, the Consumer Advocate requests the Commission grant this *Petition to Intervene*.

RESPECTFULLY SUBMITTED,



HERBERT H. SLATTERY III (BPR No. 009077)

Attorney General and Reporter
State of Tennessee



KAREN H. STACHOWSKI (BPR No. 019607)

Senior Assistant Attorney General

VANCE L. BROEMEL (BPR No. 011421)

Senior Assistant Attorney General

Office of the Tennessee Attorney General

Financial Division, Consumer Advocate Unit

P.O. Box 20207

Nashville, Tennessee 37202-0207

Phone: (615) 741-2370

Fax: (615) 741-8151

Email: karen.stachowski@ag.tn.gov

Email: vance.broemel@ag.tn.gov


CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail, with
a courtesy copy by electronic mail upon:

Melvin J. Malone
Butler Snow LLP
The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201
melvin.malone@butlersnow.com

Tricia Sinopole
Director of Rates and Regulation – Tennessee and Kentucky
Kentucky American Water Company
2223 Duke Street
Alexandria, VA 22314
Tricia.Sinopole@amwater.com

This the 15th day of March, 2022.


KAREN H. STACHOWSKI
Senior Assistant Attorney General