

September 23, 2022

Electronically Filed in TPUC Docket Room
on September 23, 2022 at 11:13 a.m.

VIA ELECTRONIC FILING

Hon. Herb Hilliard, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

RE: *In Re: Joint Petition of Tennessee-American Water Company and Walker County Water and Sewerage Authority for Expedited Approval of a Special Contract, Docket No. 22-00049*

Dear Chairman Hilliard:

Attached for filing please find a substitute page to the *Rebuttal Testimony of Grady Stout*, which was filed on September 19, 2022, in the above-captioned matter.

For ease of reference, the correction to the *Rebuttal Testimony of Grady Stout* is as follows: on substitute page 2, lines 37-38, the phrase “*TAWC does not believe it is appropriate*” has been replaced with “*TAWC agrees it is not appropriate.*” With this correction on substitute page 2, the corrected sentence now reads: “*As the rates proposed in the Special Contract is a negotiated rate, TAWC agrees it is not appropriate to apply this sur-credit to Walker County.*”

Also, on corrected substitute page 2, line 38, the word “*Further,*” has been replaced with the word “*However.*” On corrected substitute page 2, line 40, the phrase “*that the sur-charge credits to customers not only*” has been replaced with “*that the sur-charge credits to customers includes not only.*” With these corrections on substitute page 2, the corrected sentence now reads: “*However, TAWC disagrees with a portion of Mr. Novak’s reasoning to the extent that the sur-charge credits to customers includes not only the impact from deferred taxes at higher rates, but also includes the impact of the tax reductions on an ongoing basis until such time as TAWC’s base rates are adjusted to reflect the tax rates in effect at that time.*”

Also, on corrected substitute page 2, line 42, the word “*However*” has been replaced with the word “*Nonetheless*”. With this correction on substitute page 2, the corrected sentence now reads: “*Nonetheless, TAWC accepts Mr. Novak recommendation to exclude the sur-charge credits from Walker County sales and that the Special Contract rate remain unchanged at \$1.75 per 1000 gallons.*”

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BUTLER SNOW LLP

Hon. Herbert H. Hilliard, Chairman

September 23, 2022

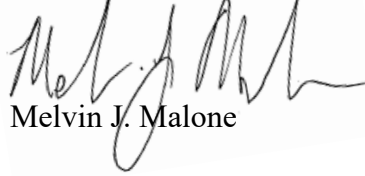
Page 2

A redlined copy of page 2 showing the corrections to the *Rebuttal Testimony of Grady Stout* is attached.

As required, the original plus four (4) hard copies 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

A handwritten signature in black ink, appearing to read "Melvin J. Malone", is written over a light gray rectangular background.

Melvin J. Malone

clw

Attachments

cc: Bob Lane, TAWC

Grady Stout, TAWC

Shannon Whitfield, WCWSA

Karen H. Stachowski, Consumer Advocate Division

Vance Broemel, Consumer Advocate Division

23 TAWC and Walker County Water and Sewerage Authority (“Walker County” or
24 “WCWSA”). Emanating from TPUC Docket No. 18-00039, *In Re: Tennessee-American*
25 *Water Company’s Response to Commission’s Investigation of Impacts of Federal Tax*
26 *Reform on the Public Utility Revenue Requirements*, the TCJA tax credit gives customers
27 sur-credits for reductions in the company’s revenue requirement to reflect the lower federal
28 income tax from passage and implementation of the TCJA. Pursuant to the *Order*
29 *Approving Stipulation and Settlement Resolving Phase One of the Docket* in Docket No.
30 18-00039, TAWC has offset its annual Capital Recovery Riders surcharge mechanism with
31 the TCJA sur-credits. Under Mr. Novak’s recommendation, the rate in the Special Contract
32 will remain \$1.75 per 1000 gallons.¹

33
34 **Q. IS THE COMPANY’S RATIONALE FOR ACCEPTING THE CA’S PROPOSAL**
35 **THE SAME AS THE CA’S RATIONALE AS EXPRESSED BY CA WITNESS**
36 **MR. NOVAK?**

37 A. Not exactly. As the rates proposed in the Special Contract is a negotiated rate, TAWC
38 agrees it is not appropriate to apply this sur-credit to Walker County. However, TAWC
39 disagrees with a portion of Mr. Novak’s reasoning to the extent that the sur-charge credits
40 to customers includes not only the impact from deferred taxes at higher rates, but also
41 includes the impact of the tax reductions on an ongoing basis until such time as TAWC’s
42 base rates are adjusted to reflect the tax rates in effect at that time. Nonetheless, TAWC
43 accepts Mr. Novak recommendation to exclude the sur-charge credits from Walker County
44 sales and that the Special Contract rate remain unchanged at \$1.75 per 1000 gallons.

¹ *Direct Testimony of Consumer Advocate Witness William H. Novak*, TPUC Docket No. 22-00049, p. 6, fn 8.

23 TAWC and Walker County Water and Sewerage Authority (“Walker County” or
24 “WCWSA”). Emanating from TPUC Docket No. 18-00039, *In Re: Tennessee-American*
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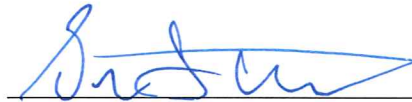
37 A. Not exactly. As the rates proposed in the Special Contract is a negotiated rate, TAWC ~~does~~
38 ~~not—believe~~agrees it is not appropriate to apply this sur-credit to Walker
39 County. ~~Further~~However, TAWC disagrees with a portion of Mr. Novak’s reasoning to
40 the extent that the sur-charge credits to customers includes not only the impact from
41 deferred taxes at higher rates, but also includes the impact of the tax reductions on an
42 ongoing basis until such time as TAWC’s base rates are adjusted to reflect the tax rates in
43 effect at that time. ~~However~~Nonetheless, TAWC accepts Mr. Novak recommendation to
44 exclude the sur-charge credits from Walker County sales and that the Special Contract rate
45 remain unchanged at \$1.75 per 1000 gallons.

¹ Direct Testimony of Consumer Advocate Witness William H. Novak, TPUC Docket No. 22-00049, p. 6, fn 8.

STATE OF Tennessee)
)
COUNTY OF Washington)

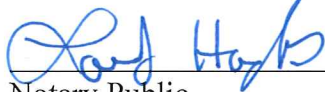
BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Grady Stout, being by me first duly sworn deposed and said that:

He 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, his testimony would be as set forth in his pre-filed testimony in this matter.



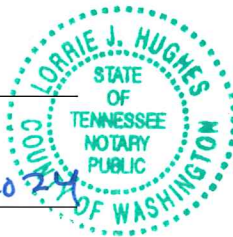
Grady Stout

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



Notary Public

My Commission Expires: 8-5-2024



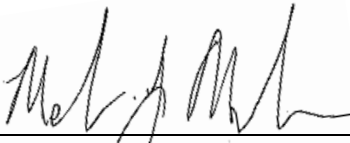
CERTIFICATE OF SERVICE

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

Vance L. Broemel, Esq.
Senior Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate Division
P.O. Box 20207
Nashville, TN 37202-0207
Vance.Broemel@ag.tn.gov

Karen H. Stachowski, Esq.
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This the 23rd day of September 2022.



Melvin J. Malone