

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:)
)
PETITION OF TENNESSEE AMERICAN)
WATER COMPANY REGARDING THE)
2022 INVESTMENT AND RELATED)
EXPENSES UNDER THE QUALIFIED) Docket No. 22-00072
INFRASTRUCTURE INVESTMENT)
PROGRAM RIDER, THE ECONOMIC)
DEVELOPMENT INVESTMENT RIDER,)
AND THE SAFETY AND ENVIRONMENTAL)
COMPLIANCE RIDER)

PETITION TO INTERVENE

The Consumer Advocate Division in the Office of the Tennessee Attorney General (the “Consumer Advocate”), by and through counsel, 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 the 2022 Investment and Related Expenses Under the Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider, and the Safety and Environmental Compliance Rider* (“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 Commission rules.

2. Tennessee American Water Company (“TAWC” or the “Company”) is a public

utility regulated by the Commission and engaged in the business of providing “residential, commercial, industrial, and municipal water service, including public and private fire protection service, to Chattanooga and surrounding areas, including approximately 83,874 customers.”¹ The Company is a “wholly-owned subsidiary of American Water Works Company, Inc., which is the largest water holding company in the United States, providing water and wastewater services to fifteen (15) million people in forty-six (46) states and the District of Columbia.”²

3. The Company’s principal place of business is located at 109 Wiehl Street, Chattanooga, TN 37403.³

4. The Company’s Petition is a follow-up to a set of tariffs originally approved by TPUC on April 14, 2014, in TPUC Docket No. 13-00130. The Consumer Advocate intervened in that docket and, after extensive negotiation and discovery, entered into a stipulation and settlement with the Company 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 (“QIIP”), the Economic Development Investment Rider (“EDI”), and the Safety and Environmental Compliance Rider (“SEC”) (collectively, the QIIP, EDI, and SEC are referred to herein as the “Capital Riders”)—were approved under the “alternative ratemaking” statute, Tenn. Code Ann. §§ 65-5-103, *et seq.*⁴

5. After the approval of the Capital Riders in TPUC Docket No. 13-00130, the Company filed TPUC Docket Nos. 14-00121, 15-00029, 15-00111, 16-00022, 16-00126, 17-00020, 17-00124, 18-00022, 18-00120, 19-0039, 19-00105, 20-00028, 20-00128, 21-00030, and

¹ *Petition of Tennessee American Water Company Regarding the 2022 Investment and Related Expenses Under the Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider, and the Safety and Environmental Compliance Rider*, p. 3, ¶ 1, TPUC Docket No. 22-00072 (July 8, 2022).

² *Id.* at p. 3, ¶ 2.

³ *Id.* at p. 3, ¶ 3.

⁴ *Order Approving Amended Petition*, TPUC Docket No. 13-00130 (January 27, 2016).

22-00021, which sought to recover and then to reconcile, respectively, expenses under the Capital Riders. The Commission approved revised tariffs pursuant to those filings.

6. As a result of TPUC Docket No. 18-00120, the Commission directed its Staff to open a separate docket to investigate whether the structure and mechanics of the Capital Riders should be changed based on issues identified by the Consumer Advocate's witness, including but not limited to (a) the Company having an excess rate base resulting in over recovery of the Capital Riders, (b) the Capital Riders mechanism changing to a single annual filing and becoming more fair and administratively efficient, and (c) the problems with utilizing a budget to set current rates.⁵ The investigation docket was opened on March 31, 2020, with the assignment of Party Staff.⁶ Since the opening of the investigation docket, assigned Party Staff, TAWC, and the Consumer Advocate have engaged in discussions and information sharing in pursuit of a resolution.

7. Pursuant to its tariff, the Company is permitted to file with TPUC on or before December 1 of each year projections for each of the Capital Riders for the upcoming calendar year in the manner set forth in those tariffs. This Petition represents the anticipated "on or before December 1 filing" outlining TAWC's Capital Riders projections for 2022, with an effective date of August 8, 2022.⁷ The Company explained that this late filing was due to its active engagement:

in ongoing, good faith and cooperative discussions with the parties of record in TPUC Docket No. 19-00103 and because the parties had made substantial progress in addressing the outstanding issues and concerns raised in Docket No. 19-00103. . . . Given that the parties, in the Company's estimation, were fast-approaching a potential overall resolution of Docket No. 19-00103, and keenly aware of the positions previously expressed by the intervening party in TPUC Docket Nos. 18-00120 and 20-00128 with respect to TAWC's annual Capital Recovery Riders filing, it was TAWC's understanding at that time that submitting a Capital Recovery Rider filing on or before December 1, 2021 would have disrupted and

⁵ *Order Approving Petition as Amended*, pp. 11, 21-22, TPUC Docket No. 18-00120 (November 8, 2019).

⁶ *Designation of Staff Participating as a Party*, TPUC Docket No. 19-00103 (March 21, 2020). Party Staff included Ryan McGehee, David Foster, and Joe Shirley. *Id.* Michelle Mairs was added as Party Staff on December 6, 2021. *Designation of Staff Participating as a Party*, TPUC Docket No. 19-00103 (December 6, 2021).

⁷ Petition at pp. 7-9, ¶ 10-12.

undermined the good faith, cooperative dialogue and progress that the parties had carefully cultivated over nearly two (2) years and maybe even jeopardized any hope of a mutually satisfactory resolution among the parties.⁸

8. In its Petition, the Company proposes a rate increase for “a typical residential customer living in the City of Chattanooga, and using an average of 4,154 gallons per month, the current increase in the proposed Capital Recovery Riders would represent an increase in their bill of \$1.30 per month, or \$15.60 per year.”⁹

9. The interests of consumers, including without limitation the proposed increase in rates to be paid by TAWC’s consumers under the Petition, may be affected by determinations and orders made by the Commission with respect to (i) the interpretation, application, and implementation of Tenn. Code Ann. §§ 65-5-103(a), 65-5-103(d), and other relevant statutory and regulatory provisions; and (ii) the review and analysis of the documentation, financial spreadsheets, and materials provided by TAWC.

10. 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*.

[*Intentionally blank – Signature pages follow*]

⁸ Petition at pp. 6-8, ¶ 10.

⁹ Direct Testimony of Tricia N. Sinopole at 29:13-18, TPUC Docket No. 22-00072 (July 8, 2022).

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
Consumer Advocate Division
500 Dr. Martin L. King Jr. Blvd.,
Nashville, TN 37243
Telephone: (615) 741-2370
Email: karen.stachowski@ag.tn.gov
Email: vance.broemel@ag.tn.gov

TPUC Docket No. 22-00072

Consumer Advocate's Petition to Intervene

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 email, upon:

Melvin Malone, Esq.
Butler Snow, LLP
The Pinnacle at Symphony Place
150 3rd Ave South, Suite 1600
Nashville, TN 37201
Phone: (615) 651-6705
Email: melvin.malone@butlersnow.com

Tricia Sinopole
Tennessee-American Water
109 Wiehl Street
Chattanooga, TN 37403
Phone: (704) 706-3898
Email: tricia.sinopole@amwater.com

On this the 3rd day of August 2022.



KAREN H. STACHOWSKI
Senior Assistant Attorney General