

August 17, 2022

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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: 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, TPUC Docket No. 22-00072*

Dear Chairman Hilliard:

Consistent with the decisions of the Tennessee Public Utility Commission (“TPUC” or “Commission”) in TPUC Docket No. 18-00039, and as outlined in the Pre-filed Direct Testimony of Tricia Sinopole on behalf of Tennessee-American Water Company (“TAWC” or “Company”) in TPUC Docket No. 22-00072,¹ the Company is implementing an update to the TCJA savings sur-credit ordered in Docket No. 18-00039 with the new rate to become effective September 1, 2022. As explained further below, this update will reflect the removal of the Deferred Base Rate Tax Saving adjustment that ends August 31, 2022.

In Docket No. 18-00039, the Commission approved the *Stipulation and Settlement Agreement Regarding Phase One Issues* filed on July 24, 2019. In approving the settlement, the Commission directed TAWC to offset its annual Capital Recovery Riders surcharge mechanism by the sum of the annual level of Base Rates Tax Savings (\$2,035,031), plus, for a three-year period beginning in September 2019 through August 2022, one-third of the outstanding balance of Deferred Base Rates Tax Savings accrued from January 1, 2018 through August 31, 2019 which is equal to one-third of the estimated \$3,237,169. Since the three-year period of the outstanding balance of deferred Base Rates Tax Savings accrued ends on August 31, 2022, effective September 1, 2022, TAWC is updating its TCJA savings offset to reflect only the amount of Base Rates Tax Savings (\$2,035,031).

¹ *Pre-Filed Direct Testimony of TAWC Witness Tricia N. Sinopole*, pp. 28-29, TPUC Docket No. 22-00072 (July 8, 2022).

Hon. Herb Hilliard, Chairman

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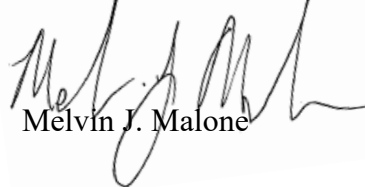
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This update results in a reduction of the TJAC sur-credit from -6.62% to -4.32% reflecting the elimination of the deferred Base Rate Tax Savings amount as that has been fully refunded to customers. The updated surcharge will result in an increase to customers monthly bill of \$.50 (50 cents), which represents a 1.86% change in monthly bills for the average customer using 4,154 gallons per month. **Attachment 1** provides support for the calculation of the new TCJA sur-credit. A revised Tariff Sheet (**Thirtieth Revised Sheet No. 12-Riders-2**) is attached as **Attachment 2**, with an effective date of September 1, 2022.

As set forth above, TAWC will implement this update effective September 1, 2022. 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



Melvin J. Malone

Attachments

cc: Bob Lane, TAWC

Karen H. Stachowski, Consumer Advocate Unit

Vance Broemel, Consumer Advocate Unit

ATTACHMENT 1

Tennessee American Water Company
Calculation/Reconciliation of Annual TCJA Income Tax Expense Savings
Docket No. 22-00072
Attachment 1

	<u>Amount</u>	<u>Source</u>
Estimated Balance of Deferred Income Tax Expense Savings - January 1, 2018 to August 31, 2019	(\$3,237,169)	Docket #18-00039 - TAWC Response to CA Request 2-3 Accrued from the \$2.035M below of annual tax expense savings
Amortization Period in Years	<u>3</u>	
Annual Amortization of Deferred Income Tax Expense Savings	(1,079,056)	
Annual Income Tax Expense Savings - Gross of Tax	<u>(2,035,031)</u>	Docket #18-00039 - Bridwell Testimony, p 5
Annual TCJA Income Tax Expense Savings	<u><u>(\$3,114,087)</u></u>	
Service Charge and Volumetric Revenues as Per Docket No. 12-00049	<u><u>\$47,073,724</u></u>	
TCJA Offset Percentage to Apply to Bill September 2019 to August 2022	<u><u>-6.62%</u></u>	
TCJA Offset Percentage to Apply to Bill After August 2022	<u><u>-4.32%</u></u>	
TCJA Offset Actual Passback from September 2019 to August 2022	(\$8,194,123)	(a)

(a) TCJA Offset Actual Passback includes the (\$3,237,169) for the Deferred Income Tax Savings.

ATTACHMENT 2

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	24.22%
EDI	1.91%
SEC	9.97%
Subtotal of all Capital Recovery Rider	36.10%
QIIP Annual Reconciliation Percentage	-1.17%
EDI Annual Reconciliation Percentage	1.01%
SEC Annual Reconciliation Percentage	-2.68%
Subtotal of all Capital Recovery Riders	-2.84%
Total of Capital Recovery Riders and Reconciliation Percentages	33.26%
Offset to Capital Recovery Riders for TCJA savings	-4.32% (I)
Offset to Capital Recovery Riders for TCJA Excess ADIT	-4.54%
PCOP	0.54%

(I) Indicates Increase

(D) Indicates Decrease

ISSUED:	September 1, 2022	EFFECTIVE:	September 1, 2022
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BY:


Grant A. Evitts
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

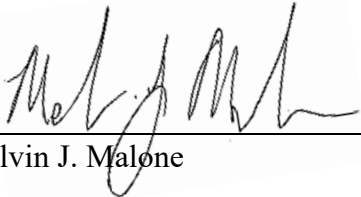
CERTIFICATE OF SERVICE

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

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This the 17th day of August 2022.



Melvin J. Malone