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December 1, 2022

Electronically Filed in TPUC Docket Room on December 1, 2022 at 2:20 p.m.

VIA ELECTRONIC FILING

Hon. Herbert H. 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**

and

***In Re: Tennessee-American Water Company's Response to Commission's Investigation of Impacts of Federal Tax Reform on the Public Utility Revenue Requirements*, TPUC Docket No. 18-00039**

Dear Chairman Hilliard:

Consistent with the decisions of the Tennessee Public Utility Commission ("TPUC" or "Commission") in TPUC Docket Nos. 18-00039 and 22-00072, Tennessee-American Water Company ("TAWC" or "Company") will implement an update to the Excess Accumulated Deferred Income Tax ("ADIT") associated with the 2017 Tax Cut and Jobs Act ("TCJS") sur-credit ordered in Docket No. 18-00039 with the new rate to become effective January 1, 2023. This update will reflect the full amortization of the unprotected Excess ADIT.

In Docket No. 18-00039, the Commission ordered that the unprotected Excess ADIT be amortized over three (3) years and that the protected Excess ADIT be amortized using the Average Rate Assumption Method ("ARAM"). The amortization of the unprotected Excess ADIT will be complete on or before December 31, 2022. There remains, however, an adjustment of rates to reflect the continued amortization (normalization) of the protected Excess ADIT. This adjustment results in a reduction of the existing TCJA Excess ADIT adjustment from -4.54 to -0.23%. The calculation of this adjustment is included as **Attachment 1.**

In addition, consistent with the Settlement and Stipulation in TPUC Docket No. 22-00021, approved by the Commission on September 15, 2022, TAWC will also reset to zero,

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from its current level of -2.84%, the authorized reconciliation adjustment. This reset to zero adjustment will likewise become effective January 1, 2023.

Combined these two adjustments will result in a flow-through of the Capital Recovery Rider surcharge from 24.55% to 31.44% or 7.15 percentage points, which is what the surcharge would have been previously absent the unprotected Excess ADIT sur-credit, coupled with the reconciliation. The updated Capital Recovery Rider surcharge will result in an increase in the average customers monthly bill of $1.12, representing an increase of 4.16%. A revised Tariff Sheet **(Thirty-First Revised Sheet No. 12-Riders-2)** is attached as **Attachment 2**, with an effective date of January 1, 2023.

As set forth above, TAWC will implement the adjustments outlined herein effective January 1, 2023. 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

Tennessee American Water
Excess ADIT
Tariff Rate Calculation

2020 Rate	EADIT Amount	
Rate Year Amortization	$2,424,478.43	amortization amount includes adjustment for inverse sign from TPUC Staff discovery response
Gross-up Rate	1.35382116	
Grossed Up Amortization	$3,282,310.00	
EADIT Rate Base Offset	$745,993.36	IRS consistency rules
Authorized Pre-Tax Rate of Return	8.4515%	
Pre-Tax Rate Return on EADIT Amortization	$63,047.00	
Total 2020 EADIT Revenue Credit	$3,219,263.00	
Authorized Revenues For 2020 Credit (7/12th)	$27,459,672	
EADIT percentage to apply to bill for 2020	11.72%	EADIT rate will be required to expire at year end, 12/31/20

2021 Rate		
Rate Year Amortization	$1,791,162.77	amortization amount includes adjustment for inverse sign from TPUC Staff discovery response
Gross-up Rate	1.35382116	
Grossed Up Amortization	$2,424,914.00	
EADIT Rate Base Offset	$3,320,059.81	IRS consistency rules
Authorized Pre-Tax Rate of Return	8.4515%	
Pre-Tax Rate Return on EADIT Amortization	$280,593.00	
Total 2021 EADIT Revenue Credit	$2,144,321.00	
Service Charge and Volumetric Revenues as Per Docket No. 12-00049	$47,073,724	
EADIT percentage to apply to bill - Annual	4.56%	Annual rate to be applied on 1/1/2021 and to be updated in the next capital rider surcharge filing with 2021 ARAM amount.

2022 Rate		
Rate Year Amortization	$1,778,656.29	amortization amount includes adjustment for inverse sign from TPUC Staff discovery response
Gross-up Rate	1.35382116	
Grossed Up Amortization	$2,407,983.00	
EADIT Rate Base Offset	$5,104,969.34	IRS consistency rules
Authorized Pre-Tax Rate of Return	8.4515%	
Pre-Tax Rate Return on EADIT Amortization	$431,444.00	
Total 2022 EADIT Revenue Credit	$1,976,539.00	
Service Charge and Volumetric Revenues as Per Docket No. 12-00049	$47,073,724	
EADIT percentage to apply to bill - Annual	4.20%	Annual rate to be applied on 1/1/2022 and to be updated in the next capital rider surcharge filing with 2022 ARAM amount.

2023 Rate		
Rate Year Amortization	$467,807.82	amortization amount includes adjustment for inverse sign from TPUC Staff discovery response
Gross-up Rate	1.35382116	
Grossed Up Amortization	$633,328.00	
EADIT Rate Base Offset	$6,228,201.40	IRS consistency rules
Authorized Pre-Tax Rate of Return	8.4515%	
Pre-Tax Rate Return on EADIT Amortization	$526,373.00	
Total 2022 EADIT Revenue Credit	$106,955.00	
Service Charge and Volumetric Revenues as Per Docket No. 12-00049	$47,073,724	
EADIT percentage to apply to bill - Annual	0.23%	Annual rate to be applied on 1/1/2023 and to be updated in the next capital rider surcharge filing with 2022 ARAM amount.

2020 EADIT Rate Base

Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total	
						346,354.06	346,354.06	346,354.06	346,354.06	346,354.06	346,354.06	346,354.07	2,424,478.43	$0.00
0.00	0.00	0.00	0.00	0.00	0.00	346,354.06	692,708.12	1,039,062.18	1,385,416.24	1,731,770.30	2,078,124.36	2,424,478.43	745,993.36	Average

2021 EADIT Rate Base

Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total	
0.00	149,263.56	149,263.56	149,263.56	149,263.56	149,263.56	149,263.56	149,263.56	149,263.56	149,263.56	149,263.56	149,263.56	149,263.56	1,791,162.77	$0.00
2,424,478.43	2,573,741.99	2,723,005.56	2,872,269.12	3,021,532.69	3,170,796.25	3,320,059.81	3,469,323.38	3,618,586.94	3,767,850.51	3,917,114.07	4,066,377.63	4,215,641.20	3,320,059.81	Average

2022 EADIT Rate Base

Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total	
0.00	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	1,778,656.29	$0.00
4,215,641.20	4,363,862.56	4,512,083.91	4,660,305.27	4,808,526.63	4,956,747.99	5,104,969.34	5,253,190.70	5,401,412.06	5,549,633.42	5,697,854.78	5,846,076.13	5,994,297.49	5,104,969.34	Average

2023 EADIT Rate Base

Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total	
0.00	38,983.98	38,983.98	38,983.98	38,983.98	38,983.98	38,983.98	38,983.98	38,983.98	38,983.98	38,983.98	38,983.98	38,983.98	467,807.82	$0.00
5,994,297.49	6,033,281.48	6,072,265.46	6,111,249.45	6,150,233.43	6,189,217.42	6,228,201.40	6,267,185.39	6,306,169.37	6,345,153.36	6,384,137.34	6,423,121.33	6,462,105.31	6,228,201.40	Average

Tennessee American Water
Excess ADIT
Tariff Rate Calculation

2020 Rate	**EADIT Amount**	
Rate Year Amortization	$2,424,478.43	amortization amount includes adjustment for inverse sign from TPUC Staff discovery response
Gross-up Rate	1.35382116	
Grossed Up Amortization	$3,282,310.00	
EADIT Rate Base Offset	$745,993.36	IRS consistency rules
Authorized Pre-Tax Rate of Return	8.4515%	
Pre-Tax Rate Return on EADIT Amortization	$63,047.00	
Total 2020 EADIT Revenue Credit	$3,219,263.00	
Authorized Revenues For 2020 Credit (7/12th)	$27,459,672	
EADIT percentage to apply to bill for 2020	11.72%	EADIT rate will be required to expire at year end, 12/31/20

2021 Rate		
Rate Year Amortization	$1,786,219.75	amortization amount includes adjustment for inverse sign from TPUC Staff discovery response
Gross-up Rate	1.35382116	
Grossed Up Amortization	$2,418,222.00	
EADIT Rate Base Offset	$3,317,588.30	IRS consistency rules
Authorized Pre-Tax Rate of Return	8.4515%	
Pre-Tax Rate Return on EADIT Amortization	$280,384.00	
Total 2021 EADIT Revenue Credit	$2,137,838.00	
Service Charge and Volumetric Revenues as Per Docket No. 12-00049	$47,073,724	
EADIT percentage to apply to bill - Annual	4.54%	Annual rate to be applied on 1/1/2021 and to be updated in the next capital rider surcharge filing with 2021 ARAM amount.

2022 Rate		
Rate Year Amortization	$1,778,656.29	amortization amount includes adjustment for inverse sign from TPUC Staff discovery response
Gross-up Rate	1.35382116	
Grossed Up Amortization	$2,407,983.00	
EADIT Rate Base Offset	$5,100,026.33	IRS consistency rules
Authorized Pre-Tax Rate of Return	8.4515%	
Pre-Tax Rate Return on EADIT Amortization	$431,026.00	
Total 2022 EADIT Revenue Credit	$1,976,957.00	
Service Charge and Volumetric Revenues as Per Docket No. 12-00049	$47,073,724	
EADIT percentage to apply to bill - Annual	4.20%	Annual rate to be applied on 1/1/2022 and to be updated in the next capital rider surcharge filing with 2022 ARAM amount.

2020 EADIT Rate Base

Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total	
						346,354.06	346,354.06	346,354.06	346,354.06	346,354.06	346,354.06	346,354.07	2,424,478.43	$0.00
0.00	0.00	0.00	0.00	0.00	0.00	346,354.06	692,708.12	1,039,062.18	1,385,416.24	1,731,770.30	2,078,124.36	2,424,478.43	745,993.36	Average

2021 EADIT Rate Base

Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total	
0.00	148,851.65	148,851.65	148,851.65	148,851.65	148,851.65	148,851.65	148,851.65	148,851.65	148,851.65	148,851.65	148,851.65	148,851.65	1,786,219.75	$0.00
2,424,478.43	2,573,330.08	2,722,181.72	2,871,033.37	3,019,885.01	3,168,736.66	3,317,588.30	3,466,439.95	3,615,291.60	3,764,143.24	3,912,994.89	4,061,846.53	4,210,698.18	3,317,588.30	Average

2022 EADIT Rate Base

Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total	
0.00	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	148,221.36	1,778,656.29	$0.00
4,210,698.18	4,358,919.54	4,507,140.89	4,655,362.25	4,803,583.61	4,951,804.97	5,100,026.33	5,248,247.68	5,396,469.04	5,544,690.40	5,692,911.76	5,841,133.11	5,989,354.47	5,100,026.33	Average

Tennessee American Water
Excess ADIT
Years 2018, 2019 & 2020
Response to PUC Staff DR 1_003

		Total Net Excess	Protected / Unprotected	Non Plant / Non Power Tax Amortization Period	Per Company 2018 Excess	Per Company 2019 Excess	Per Company 2020 Excess		PUC1_003 2018 Excess	PUC1_003 2019 Excess	PUC1_003 2020 Excess	Per 5/11 Hearing 2020 Excess	
Net Excess Amortization from Powertax (Rpt 259)													
Method / Life	ARAM	13,196,175	Protected		363,518	372,267	400,935	ARAM	363,518	372,267	400,935	1,136,720	three years
Cost of Removal	ARAM	552,564	Uncertain		0	0	0	ARAM	0	0	0	0	three years
Repairs	ARAM	4,757,620	Unprotected		123,584	141,299	110,508	3 yr	1,585,873	1,585,873	1,585,873	1,585,873	first year
Taxable CIAC	ARAM	(403,370)	Protected		(22,436)	(22,436)	(22,437)	ARAM	(22,436)	(22,436)	(22,437)	(67,309)	three years
All Other	ARAM	268,862	Unprotected		64,034	85,657	46,173	3 yr	89,621	89,621	89,621	89,621	first year
Powertax		**18,371,852**			**528,700**	**576,786**	**535,179**		**2,016,576**	**2,025,325**	**2,053,992**	**2,744,905**	
Federal NOL	Proportional to ARAM	(801,599)	Uncertain		23,969	28,685	25,412	ARAM	23,969	28,685	25,412	(78,066)	three years
Plant Customer Advances	Proportional to ARAM	(460,203)	Unprotected		(13,244)	(14,876)	(14,264)	3 yr	(153,401)	(153,401)	(153,401)	(153,401)	first year
Plant CWIP	Proportional to ARAM	11,763	Unprotected		339	380	365	3 yr	3,921	3,921	3,921	3,921	first year
CIAC WIP	Proportional to ARAM	(5,619)	Unprotected		(162)	(182)	(174)	3 yr	(1,873)	(1,873)	(1,873)	(1,873)	first year
Plant 481	Proportional to ARAM	110,156	Unprotected		3,170	3,561	3,414	3 yr	36,719	36,719	36,719	36,719	first year
Total Subject to ARAM		**17,226,349**			**542,771**	**594,354**	**549,932**		**1,925,910**	**1,939,375**	**1,964,770**	**2,552,205**	
All Other Non Plant	Amortization	(383,178)	Unprotected	20	(19,159)	(19,159)	(19,159)	3 yr	(127,726)	(127,726)	(127,726)	(127,726)	first year
Total Federal and State Excesses		**16,843,171**			**523,613**	**575,196**	**530,773**		**1,798,184**	**1,811,649**	**1,837,044**	**2,424,478**	
												estimate	
											1,786,220		
											estimate for 2021		

2020: the discovery request included the inverse sign on tl

Calculation of EADIT Credit

		Per Company	PUC1_003
Catch up amortization	1-1-18 to 12-31-19	1,098,808	3,609,833
Gross Up		1,487,590	4,887,068
Rate Year Amortization	1-1-20 to 12-31-20	530,773	1,837,044
Gross Up		718,572	2,487,029
Total 2020 Credit		2,206,162	7,374,098
Authorized Revenues		47,073,724	47,073,724
EADIT percentage to apply to bill		4.69%	15.66%
Docket # 19-00105			
Tarriff percentage authorized		24.21%	24.21%
EADIT percentage adjustment		-4.69%	-15.66%
Tariff percentage with 2020 EADIT		19.52%	8.55%

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	0.00% (I)
EDI Annual Reconciliation Percentage	0.00% (D)
SEC Annual Reconciliation Percentage	0.00% (I)
Subtotal of all Capital Recovery Riders	0.00%
Total of Capital Recovery Riders and Reconciliation Percentages	36.10% (I)
Offset to Capital Recovery Riders for TCJA savings	-4.32%
Offset to Capital Recovery Riders for TCJA Excess ADIT	-0.23%(I)
PCOP	0.54%

(I) Indicates Increase
(D) Indicates Decrease

ISSUED: **December 1, 2022** **EFFECTIVE:** **January 1, 2023**

BY: Grant A. Evitts

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 1st day of December 2022.

Melvin J. Malone