

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 23- 00007

DIRECT TESTIMONY

OF

ROBERT C. LANE

ON

CHANGES TO THE PRODUCTION COSTS AND OTHER PASS-THROUGHS RIDER

SPONSORING PETITIONER'S EXHIBITS:

PETITIONER'S EXHIBIT – PCOP CALC – RCL

PETITIONER'S EXHIBIT – PCOP AVG IMPACT – RCL

PETITIONER'S EXHIBIT – CURRENT TARIFF SHEET NO. 12 – RIDERS – RCL

PETITIONER'S EXHIBIT – PROPOSED TARIFF SHEET NO. 12 – RIDERS - RCL

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A.** My name is Robert (Bob) C. Lane, and my business address is 109 Wiehl Street,
3 Chattanooga, Tennessee 37403.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 **A.** I am employed by American Water Works Service Company (“Service Company”).
6 Service Company is a wholly owned subsidiary of American Water Works Company, Inc.
7 (“American Water”) that provides services to Tennessee-American Water Company
8 (“TAWC” or “Company”) and its affiliates. My current role is Sr. Manager, Rates and
9 Regulatory for Tennessee and Kentucky.

10 **Q. WHAT ARE YOUR DUTIES AS SR. MANAGER, RATES AND REGULATORY?**

11 **A.** My primary responsibilities consist of preparing, reviewing, and managing regulatory
12 filings and related activities for Tennessee American Water. My responsibilities include
13 the preparation of, and collaboration on, support documentation, exhibits and work papers
14 in support of rate applications and other regulatory filings, as well as responses in discovery
15 and on-going filing requirements for Tennessee-American. Additional duties include
16 providing support and collaboration on regulatory policy, support and analysis for different
17 cost recovery mechanisms, participation in process improvements to support regulatory
18 accounting requirements, and data compilation for compliance reporting.

19 **Q. PLEASE STATE YOUR PROFESSIONAL AND EDUCATIONAL**
20 **BACKGROUND.**

21 **A.** I received both a Bachelor of Arts in Economics and Master of Arts in Economics from
22 New Mexico State University.

1 Prior to my current position, I was the Director of Rates and Regulatory Affairs for
2 New Mexico Gas Company from 2020 to 2022 where I led the Rates Analysis and
3 Regulatory Affairs Group and was responsible for all filings made before the Public
4 Regulation Commission. Prior to joining New Mexico Gas Company, I served in various
5 capacities for Sempra Energy, San Diego Gas and Electric (“SDG&E”) and SoCal Gas.
6 From 2015 to 2018 I served as the Manager – Compliance in the Enterprise Risk
7 Management and Compliance Department pf San Diego Gas and Electric leading San
8 Diego Gas’ and Electric’s and SoCal Gas’ enterprise compliance program and as liaison
9 with Sempra Energy Corporate Compliance. From 2010 to 2014 I served as the Director,
10 FERC, CAISO and Regulatory Compliance for SDG&E and SoCal Gas where I managed
11 regulatory affairs with the Federal Energy Regulatory Commission (FERC), coordinated
12 policy interactions with the California Independent System Operator (CAISO), and federal
13 reliability standards compliance assurance program. In 2010 I was the Director of
14 Regulatory Strategy for SDG&E and SoCal Gas where I developed and implemented
15 regulatory strategies to advance SDG&E’s and SoCal Gas’s regulatory agenda before the
16 state and federal regulators. From 2007 to 2010 I was the Manager of Corporate Regulatory
17 Strategy for Sempra Energy where I provided regulatory and policy analysis and advice
18 for the Sempra Energy family of Companies, including regulated electric and gas utilities,
19 renewable businesses and natural gas infrastructure business units. Prior to this, at the
20 California Public Utilities Commission (“CPUC”) where I served as the Chief Staff to
21 CPUC Commissioner John Bohn from 2005 to 2007, the Advisor for Policy and Planning
22 for Governor Schwarzenegger from 2004 to 2005 and a Senior Policy Advisor to CPUC
23 Commissioner Jessie J. Knight from 1993 to 2000. In addition, from 1988 to 1993, I held

several positions as a Regulatory Analyst in the CPUC's Division of Ratepayer Advocates, Advisory and Compliance Division and the Division of Strategic Planning.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION?

A. Yes. I submitted testimony in TPUC Docket No. 22-00021 and TPUC Docket No 22-0072

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER REGULATED JURISDICTIONS?

A. Yes. I have presented testimony to the California Public Utilities Commission and Federal Energy Regulatory Commission ("FERC").

Q. WHAT IS THE PURPOSE OF THE PETITION TAWC HAS FILED?

A. On April 14, 2014, the Tennessee Public Utility Commission ("Commission" or "TPUC") approved four new alternative rate mechanisms for TAWC in TPUC Docket No. 13-00130, effective April 15, 2014. Three of these alternative rate mechanisms were capital program riders ("Capital Recovery Riders") and one was a rider for production costs and other pass-throughs. The three Capital Recovery Riders are a Qualified Infrastructure Investment Program ("QIIP") Rider, an Economic Development Investment ("EDI") Rider, and a Safety and Environmental Compliance ("SEC") Rider. The QIIP Rider, the EDI Rider and the SEC Rider are commonly referred to as the Capital Recovery Riders. The Capital Recovery Riders are based on certain categories of forward-looking capital expenditures that are projected or forecasted annually for the upcoming investment period. The Production Costs and Other Pass-throughs Rider ("PCOP"), on the other hand, is based on a historical annual review period.

1 The purpose of TAWC’s Petition, which this testimony accompanies (the
2 “Petition”), is to provide the required information and supporting documentation for the
3 2022 historical review period of December 1, 2021, through November 30, 2022, to comply
4 with the previously approved PCOP rider tariff, which as noted above was approved in
5 TPUC Docket No. 13-00130 and adjusted in Docket Nos. 15-00001, 15-00131, 16-00148,
6 18-00009, 19-00010, 20-00008, 21-00006, and 22-00005. The information provided in my
7 testimony is consistent with Tenn. Code Ann. § 65-5-103 *et seq.*, the decisions made in
8 TPUC Docket No. 13-00130 and with any adjustments ordered by the Commission in
9 TPUC Docket Nos. 15-00001, 15-00131, 16-00148, 18-00009, 19-00010, 20-00008, 21-
10 00006, and 22-00005.

11 **Q. CAN YOU ELABORATE ON THE PRODUCTION COSTS AND OTHER PASS-**
12 **THROUGHS RIDER TARIFF THAT WAS APPROVED BY THE TPUC ON**
13 **APRIL 14, 2014?**

14 A. Yes. The PCOP Rider includes the concept of an annual review of certain categories of
15 operational expenses during the historical review period. The PCOP differs from the
16 Capital Recovery Riders in that the PCOP is based upon actual historical expenses, rather
17 than forward-looking projections. The PCOP is a tariff rate adjustment mechanism for
18 recovery from, or crediting to, customers incremental changes in essential, non-
19 discretionary expenses, including purchased power expense, purchased chemical expense,
20 purchased water expense, wheeling charge expense, waste disposal expense and TPUC
21 inspection fees that are above or below the level authorized for recovery in the most recent
22 rate case. At the end of a 12-month period, the PCOP looks at that historical period and
23 compares the actual production expenses to the amount of production expenses authorized

1 in the most recent rate case, which for TAWC is TPUC Docket No. 12-00049. The “initial”
2 PCOP Rider year or review period pursuant to the April 14, 2014, approval of the agency
3 was the attrition year period from that previous rate case of December 1, 2012 through
4 November 30, 2013, as compared to the actual amount of production expenses that
5 occurred between December 1, 2012 through November 30, 2013. The approved tariff in
6 Docket No. 13-00130 then identified each following review period as subsequent 12-month
7 periods. The table below summarizes the approved PCOP dockets and review periods:

Docket	Review Period
	December 1, 2012 – November 30, 2013
15-00001	December 1, 2013 – November 30, 2014
15-00131	December 1, 2014 – November 30, 2015
16-00148	December 1, 2015 – November 30, 2016
18-00009	December 1, 2016 – November 30, 2017
19-00010	December 1, 2017 – November 30, 2018
20-00008	December 1, 2018 – November 30, 2019
21-00006	December 1, 2019 – November 30, 2020
22-00005	December 1, 2020 – November 30, 2022

8
9
10 The “current” review period that is the subject of this Petition is from December 1, 2021
11 through November 30, 2022. This Petition includes the current review period expenses,
12 compared to the amounts approved in TAWC’s last general rate case.

13 **Q. IS THERE A SECOND STEP TO THE PCOP RECONCILIATION PROCESS?**

14 A. Yes. The first step is a reconciliation adjustment of the authorized expenses to the actual
15 amount of expenses. The second step is then a reconciliation adjustment of the amount of
16 revenues for the previous year under the PCOP that was projected to be collected or
17 refunded. TAWC looks at the amount of revenues that was authorized to be collected or
18 refunded during the previous year, or the review period, and compares that to the actual

amount collected or refunded. TAWC has included this reconciliation in the Petition as well.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support the calculation of the 2023 PCOP Rider described in the Petition. Of the four riders approved by the Commission on April 14, 2014, in TPUC Docket No. 13-00130, the PCOP Rider is the only item included in the Petition.

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes, I am. I am sponsoring the following exhibits:

Petitioner's Exhibit – PCOP Calc Exhibit – RCL

Petitioner's Exhibit – PCOP Avg Impact--RCL

Petitioner's Exhibit – Current Tariff Sheet No. 12 – Riders – RCL

Petitioner's Exhibit – Proposed Tariff Sheet No. 12 – Riders - RCL

I will discuss these exhibits in further detail in my testimony below.

Q. WERE THE PETITIONER'S EXHIBITS LISTED ABOVE PREPARED BY YOU OR UNDER YOUR DIRECTION AND SUPERVISION?

A. Yes.

Q. WHAT WERE THE SOURCES OF THE DATA USED TO PREPARE THE PETITIONER'S EXHIBITS LISTED ABOVE?

A. The data used to prepare the exhibits was acquired from the books of account and business records of Tennessee American and other internal sources which I examined in the course of my investigation of the matters addressed in this testimony.

1 **Q. DO YOU CONSIDER THIS DATA TO BE RELIABLE AND OF A TYPE THAT IS**
2 **NORMALLY USED AND RELIED ON IN YOUR BUSINESS FOR SUCH**
3 **PURPOSES?**

4 A. Yes.

5 **Q. DO THE PETITIONER'S EXHIBITS LISTED ABOVE ACCURATELY**
6 **SUMMARIZE SUCH DATA AND THE RESULTS OF ANALYSIS USING SUCH**
7 **DATA?**

8 A. Yes, they do.

9 **Q. DOES THE PCOP RIDER BENEFIT THE CUSTOMERS?**

10 A. Yes. The PCOP is mutually beneficial to customers, the public, and TAWC. Along with
11 the Capital Recovery Riders, the Production Costs and Other Pass-Throughs Rider reduce
12 the need for general rate cases, lessen the occurrence of consumer “rate shock,” and allow
13 for more efficient, streamlined regulation. The customers and the public benefit from
14 efficiently addressing changes in costs that are largely outside TAWC’s control, without
15 the expense of a general rate case. In the case of the PCOP, the customers have seen a rate
16 decrease in each year since the last general rate case of Docket No. 12-00049, TAWC’s
17 production costs have been less during each subsequent year than authorized for the
18 attrition year, with the exception of 2021 and now 2022, In fact, from 2014 to 2021 of the
19 PCOP, TAWC refunded back approximately \$2.49 million to its customers. The Company
20 benefits from a more efficient, streamlined regulatory process that presents TAWC with
21 the opportunity to timely recover its expenses if they rise above 2012 levels for these costs.

1 **Q. CAN YOU EXPLAIN THE CALCULATION OF THE PCOP RIDER?**

2 A. Certainly. As set forth in the approved tariffs, the PCOP Rider is established on an annual
3 basis. Essentially, the calculation starts with levels of purchased power, purchased
4 chemical, purchased water, wheeling charges, waste disposal, and TPUC Inspection Fee
5 assessments and water sales that are authorized in the Company's most recent rate case.
6 The authorized levels of purchased power, purchased chemical, purchased water, wheeling
7 charges, waste disposal, and TPUC Inspection Fee assessments are divided by the
8 authorized level of water sales in hundred gallons. Then actual purchased power expense,
9 purchased chemical expense, purchased water expense, wheeling charges, waste disposal
10 expense, and TPUC Inspection Fee assessments are divided by the actual level of water
11 sales in hundred gallons. The difference is the incremental change in production costs per
12 hundred gallons of water. This incremental difference is then multiplied by the authorized
13 level of water sales in hundred gallons. After that, the amount of the PCOP revenues from
14 the previous period that is either over or under the anticipated amount is calculated with
15 interest and added to the expense difference. The total amount is grossed up for the
16 authorized gross receipts tax rate, uncollectible rate, TPUC fee and forfeited discounts from
17 the previous rate case, and then divided by the authorized revenues from the previous case.
18 It is expressed as a percentage for all water charges. If it is negative, the amount is to be
19 credited to customers. If it is positive, it is added as a surcharge to the customers' bills as
20 additional revenues.

21 As approved, the PCOP changes on an annual basis until it resets back to zero at
22 the conclusion of the Company's next rate case filing, at which point the operational

1 expenses for these categories that are reflected and approved in that rate case filing will be
2 included within Base Rates.

3 **Q. HAVE YOU INCLUDED THE CALCULATION OF THE PRODUCTION COSTS**
4 **AND OTHER PASS-THROUGHS RIDER IN THE PETITION?**

5 A. Yes. I have attached an exhibit that reflects the calculation of the PCOP Rider. The
6 detailed calculations are attached in an exhibit to my testimony as **Petitioner's Exhibit -**
7 **PCOP Calc – RCL**. The calculations in this Petition are consistent with the calculations
8 made pursuant to and in compliance with the approved tariff in TPUC Docket No. 13-
9 00130 and again in Docket Nos. 15-00001, 15-00131, 16-00148, 18-00009, 19-00010, 20-
10 00008, 21-00006, and 22-00005 streamlined regulatory process, TAWC is including with
11 the Petition its detailed work-papers supporting the calculation of the PCOP, including all
12 of the invoices for the review period. Again, these workpapers are consistent with the
13 calculations made pursuant to and in compliance with the approved tariff in TPUC Docket
14 No. 13-00130 and again in Docket Nos. 15-00001, 15-00131, 16-00148, 18-00009, 19-
15 00010, 20-00008, 21-00006, and 22-00005.

16 **Q. HAS TAWC INCLUDED DETAILED INFORMATION REGARDING THE**
17 **EXPENSES THAT MAKE UP EACH OF THE EXPENSE CATEGORIES FOR**
18 **THE PCOP RIDER?**

19 A. Yes. As with TPUC Docket No. 13-00130, TAWC began with the General Ledger for
20 each of the accounts for the appropriate expenses. TAWC then reconciled the monthly
21 General Ledger charges with the actual invoices appropriate for each monthly period.
22 TAWC removed any charges that were not consistent with the previous docket. This
23 included power charges that are not specific to production, late charges, or charges for

1 service periods outside the review period even if the invoice was applied to the General
2 Ledger during the review period.

3 **Q. HOW ARE THE PCOP EXPENSES RECOVERED?**

4 **A.** The PCOP is expressed as a percentage. The current tariff Thirty First Revised Sheet No.
5 12 – Riders – 1 is attached to my testimony as **Petitioner’s Exhibit - Current Tariff Sheet**
6 **No. 12 – Riders – RCL.** The proposed tariff sheet Thirty Second Revised Sheet No. 12 –
7 Riders - 1 is attached to my testimony as **Petitioner’s Exhibit - Proposed Sheet No. 12 –**
8 **Riders – RCL.** The PCOP is applied to the total amount billed to each customer under the
9 otherwise applicable rates and charges for basic service, metered usage charges, and private
10 fire charges, and is applied prior to the inclusion of any other taxes, charges, or surcharges.
11 The Capital Recovery Riders are combined into one line item on the bill of each customer,
12 while the PCOP Rider is a second line item on the bill of each customer.

13 **Q. WHAT WILL HAPPEN TO THE PCOP RIDER UPON APPROVAL OF NEW**
14 **RATES IN A RATE CASE PROCEEDING?**

15 **A.** The PCOP will be reset to zero as of the effective date of the new base rates which Base
16 Rates then provide for the recovery of the operational expenses in Base Rates.

17 **Q. WHAT GROSS RECEIPT RATE IS UTILIZED IN THE FORMULA OF THE**
18 **PCOP?**

19 **A.** The gross receipt rate is the established rate in the Company’s immediately preceding Base
20 Rate Case Order, currently TPUC Docket No. 12-00049.

21 **Q. WHAT UNCOLLECTIBLES RATE IS USED TO DETERMINE THE PCOP?**

22 **A.** The uncollectible rate is the established rate in the Company’s immediately preceding Base
23 Rate Case Order, currently TPUC Docket No. 12-00049.

1 **Q. WHAT FORFEITED DISCOUNT RATE IS USED TO DETERMINE THE PCOP?**

2 A. The forfeited discount rate is the established rate in the Company's immediately preceding
3 Base Rate Case Order, currently TPUC Docket No. 12-00049.

4 **Q. HAS TAWC MADE ADJUSTMENTS TO THE PCOP FOR UNACCOUNTED-FOR**
5 **WATER PERCENTAGES?**

6 A. Yes. The fuel and power expenses, and chemical expenses have been reduced to assume
7 an authorized level of 15%. TAWC continues to work to reduce its unaccounted-for water
8 levels, but they currently remain above the TPUC authorized rate of 15%.

9 **Q. HOW ARE ANNUAL REVENUES DETERMINED FOR THE PCOP?**

10 A. The projected annual revenues will be the authorized water services revenues from the last
11 rate case, TPUC Docket No. 12-00049, including all service charges and volumetric
12 charges for all classes that are subject to the Capital Recovery Riders.

13 **Q. IS THERE A RECONCILIATION OF THE CURRENT AUTHORIZED PCOP?**

14 A. Yes. There is a difference between the amount of the PCOP that was authorized to be
15 collected in TPUC Docket No. 22-00005 and what was actually collected. Water sales
16 were below the authorized amount from the base year in Docket No. 12-00049 by five and
17 a half percent (5.5%). This means there were less water sales to which the PCOP can be
18 applied. The decrease in water sales combined with the implementation of the PCOP rate
19 of 0.54% from docket 22-00005 becoming effective on August 8th, 2022, led to this under-
20 collection. The prior PCOP rate of 0.20%, from Docket No. 21-00006, was in effect until
21 that time, which resulted in an under recovery from customers. The reconciliation of the
22 under collected amount from Docket No. 22-00005, with interest, has been included in the
23 PCOP calculation as \$109,652.

1 **Q. YOU INDICATED THAT TENNESSEE AMERICAN IS ONLY INCLUDING**
2 **CHANGES TO THE PCOP RIDER FOR 2022 IN THIS FILING. WHEN WILL**
3 **TENNESSEE AMERICAN ADDRESS THE CAPITAL RECOVERY RIDERS?**

4 A. Tennessee American last filed a petition for the adjustment of the Capital Recovery Riders
5 on July 8, 2022 in TPUC Docket No. 22-00072. That petition addressed the 2022 actual
6 and projected Capital Rider projects. Pursuant the agreement or consensus of the parties
7 in TPUC Docket No. 19-00103, the Company has not filed Capital Recovery Riders for
8 2023 due to pending Docket No. 19-00103. Additionally, TAWC will file a reconciliation
9 for the 2022 Capital Recovery Riders no later than March 1, 2023. There are actually two
10 steps to the reconciliation. The first is an adjustment for budget to actual investment. This
11 is a regulatory oversight and public interest component of the mechanism that results in a
12 true-up if the investment did not occur (up or down) as forecasted. The second is an
13 adjustment for the over or under recovery of revenues as projected, including interest. In
14 this way, the consumers are protected if sales exceed the amount authorized in the previous
15 rate case proceeding. This may occur if there is a significant amount of customer growth
16 or if dry and hot conditions occur in any given year. This second adjustment also allows
17 TAWC to adjust if sales are less than the amount authorized in the last case, as may occur
18 with declining usage that TAWC has experienced in recent years. The reconciliation
19 percentage for the Capital Recovery Riders, pending approval by April 1, 2023, as
20 contemplated in the tariffs, will be applied to customer bills for 9 months in 2023.

21 **Q. IN TPUC DOCKET NO. 15-00001, TAWC INDICATED THAT THERE WERE**
22 **SOME ISSUES REGARDING THE RECONCILIATION OF THE INITIAL**

1 **FILING APPROVED BY THE COMMISSION ON APRIL 14, 2014? CAN YOU**
2 **ELABORATE ON THOSE ISSUES AT THIS TIME?**

3 A. Yes, I can. Based upon Tenn. Code Ann. § 65-5-103 *et seq.*, in TPUC Docket 13-00130,
4 Tennessee American proposed tariffs that it anticipated would be approved and be in place
5 in January 2014. As the tariffs became effective on April 15, 2014 rather than earlier in
6 January, TAWC did not begin applying the Capital Rider or PCOP Rider surcharges until
7 mid-April. Because of this, if these dates are strictly applied, an annual reconciliation of
8 the first filing approved on April 14, 2014, would have to be completed in two steps – a)
9 one to capture the amount of expenses for the review period which could be filed by
10 December 30, 2014; and b) one to capture the difference in dollars refunded through the
11 rider from April 15, 2014 through April 14, 2015, which would not be able to be filed until
12 mid to late June, 2015. Filing in this manner would create a mismatch of reconciliation
13 periods that would remain until a new rate case is filed and approved by the TPUC and the
14 filing periods would be re-set. The mismatch of reconciliation periods would have created
15 an additional expense for TAWC, and a heightened, though avoidable, resource burden to
16 the Commission and the Consumer Advocate, relative to the preparation and review of an
17 additional reconciliation. Further, this mismatch would result in two adjustments to
18 customer bills over a 12-month period on the PCOP alone, which may lead to some
19 customer confusion.

20 **Q. WHAT HAS BEEN DONE TO ADDRESS THIS RECONCILIATION ISSUE?**

21 A. TAWC proposed to only file one reconciliation for the review period of December 1, 2013
22 through November 30, 2014, to incorporate both steps, and thus eliminate the mismatch of
23 the reconciliation periods. In Docket No. 15-00001, the TPUC approved the one annual

reconciliation for the review periods going forward. This was applied again in Docket No. 15-00131, 16-00148, 18-00009, 19-00010, 20-00008, 21-00006, and 22-00005.

Q. AGAIN, WHY IS TENNESSEE AMERICAN NOT INCLUDING THE RECONCILIATION COMPONENT OF THE 2022 CAPITAL RECOVERY RIDERS IN THIS FILING?

A. The QIIP, EDI, and SEC Capital Recovery Riders were approved to cover the calendar year 2022. Although the year has been completed, the reconciliation cannot accurately be calculated consistent with the tariffs until after the books are closed. As established in the tariffs, the reconciliation will occur in early 2023 and be filed no later than March 1, to be effective in rates April 1, 2023.

Q. WILL THE CAPITAL RECOVERY RIDERS HAVE A TWO-STEP RECONCILIATION PROCESS?

A. Yes. Similar to the PCOP Rider, the Capital Recovery Riders reconciliation has 1) the reconciliation of the budget of investments compared to actual made as part of the Capital Recovery Riders for calendar year 2022; and 2) the difference in dollars collected through the riders in calendar year 2022.

Q. HAS TENNESSEE AMERICAN MADE ANY CHANGES TO ITS CALCULATIONS OR WORKPAPERS FROM THE PREVIOUS PCOP DOCKET?

A. No, the current calculations and workpapers are consistent with the methodologies utilizes in TPUC Docket Number 22-00005 and reflect the methodology agreed to by the Consumer Advocate and TAWC and approved by the Commission.

Q. CAN YOU PLEASE EXPLAIN HOW THE JASPER HIGHLANDS ADJUSTMENT OF PCOP BASE RATE EXPENSES AND WATER SALES WAS CALCULATED?

1 A. The adjustment of PCOP Base Rate Expenses was calculated consistent with the agreement
2 between Consumer Advocate and the Company in TPUC Docket No. 22-00005. First the
3 actual production related expense for Jasper Highlands that were included in the
4 documentation supporting the acquisition of Jasper Highlands in TPRC Docket 20-00011
5 were divided by the total number of customers during 2017 to calculate a yearly production
6 cost of approximately \$309 a year. Multiplying the \$309 production cost per customers by
7 the number of customers by the February 2022 customer count returns a calculation of
8 approximately \$102,767 in production costs being recovered in the current rates of Jasper
9 Highlands.

10 **Q. WAS THE PCOP CALCULATION ADJUSTED TO INCLUDE THE PROPOSED**
11 **JASPER HIGHLANDS' BASE RATE YEAR REVENUE, WATER SALES AND**
12 **PCOP EXPENSES?**

13 A. Yes. The Jasper Highlands proposed PCOP expenses is included in the Pro Forma
14 Production Costs and Pass-Throughs on Line 1 of the PCOP calc in Exhibit
15 TAW_EXH_RCL_1_011723. The 2016 proposed base year water sales of 58,423 hundred
16 gallons is included in the Line 2 calculation of Pro Forma Water Sales in 100 gallons. And
17 lastly, the 2016 proposed base year revenues of \$162,656 is included in the Line 15
18 calculation of Projected Annual Base Rate Revenue subject to PCOP.

19 **Q. WAS THERE AN ADJUSTMENT MADE TO PROJECTED ANNUAL BASE**
20 **RATE REVENUE SUBJECT TO PCOP TO ACCOUNT FOR WHITWELL BASE**
21 **YEAR REVENUES?**

22 A. Yes, there is an adjustment included.

1 **Q. WHAT IS THE AMOUNT OF THE WHITWELL BASE YEAR REVENUE**
2 **ADJUSTMENT INCLUDED AND HOW WAS IT DERIVED?**

3 A. The amount of base year revenues included in the Projected Annual Base Rate Revenue
4 subject to PCOP for Whitwell is \$1,242,200. It was derived from Whitwell's June 30, 2012
5 audited financials as provided to TAWC from Whitwell in the acquisition process. This
6 timeframe was chosen because Whitwell's base rates were last updated in 2012.

7 **Q. WHAT IS THE PROPOSED NEW PCOP RIDER?**

8 A. TAWC is proposing a PCOP Rider that results in an annualized revenue increase of
9 \$1,001,361, or a surcharge of 2.14%. This is an increase of \$725,598 from the previously
10 approved collection of \$275,763 from Docket No. 22-00005. The primary drivers of this
11 change are an increase of \$610,535 in Chemical costs and an increase of \$180,672 in
12 Waste Disposal costs above those authorized in TPUC Docket No.12-00049, that are
13 partially offset by a reduction of \$ 364,336 in Power costs compared to those authorized in
14 TPUC Docket No.12-00049. In addition, the TRA/TPUC Inspection Fees increased of
15 \$102,277 above those authorized in TPUC Docket No.12-00049. The current PCOP Rider
16 is 0.54%, and this new proposed PCOP Rider is 2.14% a change of 1.6 percentage points.

17 **Q. HAS TENNESSEE AMERICAN FILED A TARIFF ADDRESSING THE**
18 **PROPOSED PCOP RIDER?**

19 A. Yes. A new tariff _ reflects the PCOP Rider and is attached to my testimony as **Petitioner's**
20 **Exhibit - Proposed Sheet No. 12- Riders - RCL.**

21 **Q. WHAT IS THE IMPACT TO THE AVERAGE CUSTOMER BILL?**

22 A. The typical residential customer living in the City of Chattanooga and using an average of
23 4,154 gallons per month will see an increase on their bill of \$0.46 per month, or \$5.52 per

1 year from the PCOP Rider. A summary er summary of this information is attached to my
2 testimony as **Petitioner’s Exhibit 2022 PCOP Avg. Impact – RCL.**

3 **Q. IS THE PCOP RIDER STILL IN THE PUBLIC INTEREST?**

4 A. Yes. Tennessee American understands that the purpose of the legislation was, in part, to
5 encourage timely recovery of expenses to enhance financial stability, while reducing the
6 costs to consumers and utilities for regulatory review and implementation and promoting
7 rate gradualism for consumers. TAWC believes the approved Production Costs and Other
8 Pass-throughs Rider is achieving that goal. As noted above, TAWC has refunded to
9 customers approximately \$2.49 Million through this rider since its inception. Without the
10 approved alternative rate mechanisms of the PCOP and Capital Recovery Riders, TAWC
11 would most likely have filed at least one if not multiple rate cases since 2012. Specifically,
12 with regard to the PCOP, TAWC has been able to pass along certain expense savings
13 related to PCOP eligible costs to its customers seven out of the last nine years (from 2014
14 to 2020). The PCOP is a balanced mechanism allowing the Company, in times of rising
15 prices, to recover increased production related costs in a timely fashion without having to
16 file a general rate case.

17 **Q. ARE YOU AWARE OF ANY CHANGES IN MARKET CONDITION OR OTHER**
18 **FACTORS THAT MAY AFFECT WHETHER THE PCOP RIDER REMAINS IN**
19 **THE PUBLIC INTEREST?**

20 A. No, I am not.

21 **Q. WHAT DO YOU RECOMMEND WITH REGARD TO THIS PETITION?**

22 A. I recommend that the petition be approved for the adjustment in the PCOP Rider.

23 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

1 A. Yes.

Tennessee American Water**2022 PCOP Reconciliation****Workbook Name:** TAW_EXH_RCL_1_011723.xlsx**Workbook Information:** This workbook calculates the PCOP surcharge percentage based on the reconciliation of PCOP related costs for the year December 2021 - November 2022.

Worksheet Name	Description / Purpose of Worksheet
1. Link In	1. Links in from each expense, authorized expense and sales from last rate case, current sales and system delivery and over-under collection.
2. PCOP Calc Exhibit	2. Calculation of the current PCOP rate.
3. Support Workpaper	3. Current expenses adjusted for Non-Revenue Water compared to authorized expenses from the last rate case.
4. Usage&Sysdel	4. Usage and system delivery for the 12 months ending November 2022.
5. Jasper Highlands Workpaper	5. Jasper Highlands adjustment calculation for each expense, water sales, and revenues included in calculation of PCOP.
6.	6.
7.	7.
8.	8.
9.	9.
10.	10.
11.	11.
12.	12.
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20.	20.

There are three (3) other worksheets that are left blank intentionally and are used to identify and separate the Other Support, Exhibit and Workpaper worksheets.

Tennessee American Water Company
Docket No. 23-000XX
For the Twelve Months Ending November 30, 2022
PCOP Actual Expenses
Link In Page

Description	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Total
Purchased Water	6,726	6,955	4,176	5,333	7,417	11,710	19,403	13,951	12,271	11,620	13,032	3,693	116,289
Purchased Power	192,916	197,421	185,743	186,479	189,143	209,106	254,670	275,237	281,068	242,836	240,073	220,359	2,675,049
Chemicals	78,389	115,719	120,138	134,328	120,406	136,779	142,502	166,950	259,064	221,202	173,479	161,311	1,830,267
Waste Disposal	45,191	24,248	70,702	27,574	66,515	66,205	21,336	12,976	76,805	28,268	22,436	36,364	498,620
TRA Inspection Fee (Amortized in 16530000)	19,509	19,509	19,509	19,509	19,509	19,509	19,509	19,509	19,509	19,509	19,509	19,509	234,103
Total	342,731	363,852	400,269	373,222	402,989	443,309	457,420	488,622	648,717	523,434	468,529	441,235	5,354,329

Amounts Approved in Docket 12-00049

Total	
Purchased Power	2,678,772 From Docket 12-00049 Files - 'CAPD Exhibits for Revenue Requirement in TAWC Rate Case 12-00049-SETTLEMENT6.xlsx
Chemicals	986,930
Purchased Water	51,331
TRA Inspection Fee	131,826
Waste Disposal	213,308

Authorized Sales in 100 Gallons 100,578,654 From Docket 12-00049

Projection of Annual Revenues from Last Rate Order: 47,073,724 From Docket 12-00049

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Total
System Delivery	9,689,867	9,938,883	9,073,620	10,015,140	10,006,884	11,245,944	11,811,846	12,101,130	11,733,743	11,165,404	11,262,562	10,413,591	128,458,614
Water Sales	7,143,655	7,301,378	6,461,025	6,475,875	7,660,796	7,350,813	8,657,393	10,933,403	7,516,840	9,563,900	8,279,375	7,673,876	95,018,328
													(5,560,326)
													-5.53%
2021 Under refund	(109,652)												

Whitwell Adjustment

	Purchased Water 11/30/2022	Fuel & Power 11/30/2022	Chemicals 11/30/2022	Waste 11/30/2022	Total 11/30/2022	
Actual expenses included in this filing	\$116	\$ 98,834	\$ 75,242	\$ 254,902	\$429,093	<---Use to allocate base year total to each category for Workpaper
Settled upon base year expense from 21-00006	\$ 176,147					
Settled upon base year usage from 21-00006	1,527,738					
Base Revenues from 6/30/12 Whitwell Audited Financials	\$ 1,242,200					

Jasper Highlands

Actual expenses included in this filing	\$ 83,961	\$ 22,272		\$ 106,233	<---Use to allocate base year total to each category for Workpaper
---	-----------	-----------	--	------------	--

	2017	2018	2019	2020	2021	2022
Base Revenues from Jasper Highlands Audited Financials	\$ 178,650	\$ 258,971	\$ 316,873			
Normalized Actual Annual JH Revenues from TAWC Unaudited Financials					\$ 334,939	\$ 463,271
Normalized Actual Annual JH PCOP Expenses from TAWC Unaudited Financials					106,481	107,001
Actual Annual Water Sales from Jasper Highlands		86,255	98,969			
Normalized Actual Annual JH Water Sales from TAWC Unaudited Financials					140,642	197,613

Tennessee American Water Company
Docket No. 23-000XX

**Calculation of Production Costs and Other Pass-Throughs ("PCOP") Including Non-Revenue Water
To Determine PCOP Tariff Rider
Actuals for the Year Ending November 30, 2022**

Line Number	Description	Amount
<u>I. Calculation of the Base Rate Cost of Production Costs and Other Pass-Throughs as authorized in the Base Rate case (*):</u>		
1	Pro Forma Production Costs and Other Pass-Throughs	\$4,341,081
2	Pro Forma Water Sales (WS) in 100 Gallons	102,201,410
3	Base Rate Cost per 100 Gallons WS (Line 1 / Line 2)	<u>\$0.04248</u>
<u>II. Deferral calculation - Actual Non-Revenue Water Cost Production Costs and Other Pass-Throughs (adjusted for 15% NRW) vs. the Base Rate Cost (**):</u>		
4	Actual Production Costs and Other Pass-Throughs	\$4,857,304
5	Over-Under Collection Adjustment	109,652
6	Review Period PCOP Costs Adjusted for Over-Under Collections	4,966,956
7	Actual Water Sales (100 Gallons)	<u>95,018,328</u>
8	Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 6 / Line 7)	\$0.05227
9	Base Rate Cost per 100 Gallons WS (Line 3)	<u>0.04248</u>
10	Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 9 - Line 8)	\$0.00980
11	Base Rate Case Water Sales 100 Gallons (Line 2)	<u>102,201,410</u>
12	Deferral Amount (Line 10 * Line 11)	<u>\$1,001,361</u>
<u>III. Calculation of Production Costs and Other Pass-Throughs ("PCOP") Tariff Rider</u>		
13	Total Deferred Amount (Line 12)	\$1,001,361
14	Total Deferred Amount Grossed Up for revenue taxes (Line 13 / (1.0-.03191) (***)	1,034,368
15	Projected Annual Base Rate Revenue subject to PCOP (*)	<u>48,418,691</u>
16	PCOP % (Line 14 / Line 15)	<u>2.14%</u>

(*) The numbers are taken from the settlement agreement in Docket No. 12-00049 and include the Whitwell adjustment from Docket No. 21-00006, as well as a proposed adjustment for Jasper Highlands. The Projected Annual Base Rate Revenue subject to PCOP on Line 15 includes revenues from Docket No. 12-00049, as well as proposed adjustments to include Whitwell and Jasper Highlands base revenues.

(**) The numbers are actuals for the year ended November 30, 2022 including Non-Revenue Water for Purchased Power and Chemicals.

(***) Assumes Gross Receipts Tax @ 3.0%, Uncollectibles @ 1.0571%, and Forfeited Discount Rate @ -0.8661%.

Tennessee American Water Company
Docket No. 23-000XX
For the Twelve Months Ending November 30, 2022
PCOP Actual Expenses

Line #	Description	A	B	C	D	E	F	G	H
		For the 12 Months Ending 11/30/2022	**NRW Limited 12 Mos Ending 11/2022 (Column A, Lines 2 and 3 x Line 18 Recoverable %)	Authorized Amount Per Docket 12-00049	Whitwell Adjustment as Settled per Docket 21-00006	Jasper Highlands Proposed Adjustment	B - (C + D + E) Difference NRW Limited from Authorized Docket 12-00049	Adjust Difference for TRA Fee Recovered Via SEC, EDI, or QIIP 12 Months Ending 11/30/2022	F - G Adjusted Difference
1	Purchased Water Including Wheeling Charges	\$116,289	\$116,289	\$51,331	\$47	\$77,835	(\$12,925)	\$0	(\$12,925)
2	Purchased Power**	2,675,049	2,379,939	2,678,772	40,572	24,931	(\$364,336)		(364,336)
3	Chemicals**	1,830,267	1,628,353	986,930	30,888		\$610,535		610,535
4	Waste Disposal	498,620	498,620	213,308	104,640		\$180,672		180,672
5	TRA Inspection Fee	234,103	234,103	131,826	0		\$102,277		102,277
6									
7	Total	\$5,354,329	\$4,857,304	\$4,062,167	\$176,147	\$102,767	\$516,224	\$0	\$516,224
8									
9									
10	Water Sales in 100 Gallons	95,018,328	95,018,328	100,578,654	1,527,738	95,018		95,018,328	
11									
12	Cost per 100 Gallons (Line 7 / Line 10)	\$0.05635	\$0.05112	\$0.04039	\$0.11530	\$1.08154	\$0.01073	\$0.00000	\$0.01073

Recoverable % for Production Costs		For the 12 Months Ending 11/30/2022
13	Water Sales	95,018,328
14	System Delivery	128,458,614
15	Non-Revenue-Unaccounted for Water % [1 - (Line 13 / Line 14)]	26.0%
16	Non-Revenue-Unaccounted for Water % Authorized	15.0%
17	Variance (If Line 15 > Line 16 then Line 15 - Line 16)	11.0%
18	Recoverable % (1 - Line 17)	89.0%

**Non-Revenue Unaccounted for Water is only applied to purchased power and chemicals.

Tennessee American Water Company
Docket No. 23-000XX
For the Twelve Months Ending November 30, 2022
Usage

	Water Usage	System Delivery	NRW %
2021 Dec	7,143,655	9,689,867	26.28%
2022 Jan	7,301,378	9,938,883	26.54%
2022 Feb	6,461,025	9,073,620	28.79%
2022 Mar	6,475,875	10,015,140	35.34%
2022 Apr	7,660,796	10,006,884	23.44%
2022 May	7,350,813	11,245,944	34.64%
2022 Jun	8,657,393	11,811,846	26.71%
2022 Jul	10,933,403	12,101,130	9.65%
2022 Aug	7,516,840	11,733,743	35.94%
2022 Sep	9,563,900	11,165,404	14.34%
2022 Oct	8,279,375	11,262,562	26.49%
2022 Nov	7,673,876	10,413,591	26.31%
	95,018,328	128,458,614	26.03%

Tennessee American Water Company
Docket No. 23-000XX
For the Twelve Months Ending November 30, 2022
Jasper Highlands Acquisition Adjustment Calc

	Year	Billed Usage	Water Sales Revenue	Purchased Water	Purchased Power	Total PCOP	Customer Count	Customer Count Source:	Yearly Purchased Water per Customer	Yearly Purchased Power per Customer	Yearly PCOP per Customer
A/	2017	3,379,792	\$ 178,650	\$ 16,362	\$ 5,241	\$ 21,603	70	C/	\$ 234	\$ 75	\$ 309
B/	2022	9,501,833	\$ 463,271	\$ 83,961	\$ 23,040	\$ 107,001	333	D/			
					\$ 77,835						
					\$ 24,931						
					<u>\$ 102,767</u>		\$ 0.0108				

A/ 20-00011 - REVISED CONFIDENTIAL Exhibit DB-3 - Jasper Highlands Water System - Financial Statements 2017.xlsx
B/ CO. Exh, tab Jasper Workpaper
C/ 20-00011, Confidential attachment Dr 1-13
D/ Tab "JH Bill Analysis"

Tennessee American Water Company
Production Costs and Other Pass-Throughs
Average Residential Bill Impact
5/8" Meter and Usage of 5.55 CCF (or 41.54 100 Gallons)

Line Number	Area	Meter Fee	Volumetric Charges	Bill Before Surcharges	2023 Authorized Capital Surcharges at 36.10%	2023 PCOP at 2.14%	2023 QIIP Surcharge 0.00%	2023 EDI Surcharge at 0.00%	2023 SEC Surcharge at 0.00%	2023 Proposed Capital Adjustments	Total Proposed Surcharges	2023 TCJA Credit at -4.32%	2023 TCJA EADIT Credit at -0.23%	Total Proposed Surcharges & TCJA Credit
1														
2	Chattanooga	\$13.96	\$7.60	<u>\$21.56</u>	\$7.78	\$0.46	\$0.00	\$0.00	\$0.00	<u>\$0.00</u>	\$8.24	(\$0.93)	(\$0.05)	<u>\$7.26</u>
3														
4	Lookout Mountain	\$15.66	\$12.39	<u>\$28.05</u>	\$10.13	\$0.60	\$0.00	\$0.00	\$0.00	<u>\$0.00</u>	\$10.73	(\$1.21)	(\$0.06)	<u>\$9.46</u>
5														
6	Lakeview	\$15.66	\$9.16	<u>\$24.82</u>	\$8.96	\$0.53	\$0.00	\$0.00	\$0.00	<u>\$0.00</u>	\$9.49	(\$1.07)	(\$0.06)	<u>\$8.36</u>
7														
8	Suck Creek	\$30.60	\$16.12	<u>\$46.72</u>	\$16.87	\$1.00	\$0.00	\$0.00	\$0.00	<u>\$0.00</u>	\$17.87	(\$2.02)	(\$0.11)	<u>\$15.74</u>
9														
10	Whitwell - Inside	\$20.45	\$10.30	<u>\$30.75</u>	\$11.10	\$0.66	\$0.00	\$0.00	\$0.00	<u>\$0.00</u>	\$11.76		(\$0.07)	<u>\$11.69</u>
11														
12	Whitwell - Outside	\$23.37	\$12.56	<u>\$35.93</u>	\$12.97	\$0.77	\$0.00	\$0.00	\$0.00	<u>\$0.00</u>	\$13.74		(\$0.08)	<u>\$13.66</u>
13														
14	Jasper Highlands	\$52.15	\$21.67	<u>\$73.82</u>	\$26.65	\$1.58	\$0.00	\$0.00	\$0.00	<u>\$0.00</u>	\$28.23			<u>\$28.23</u>

Note:
Authorized Capital Surcharges, QIIP, EDI, SEC Riders are effective January 1, 2023. The 2023 Capital Recovery Riders were not filed due to pending TPUC Docket No. 19-00103.
PCOP rider reflects current filing.

From Exhibit 1
2023 PCOP at 2.14%

Tennessee American Water
Residential Water Rates

Workpaper

Residential Water Rates		Service Charge effective November 1, 2012										Service Charge effective March 31, 2013, Whitwell effective June 17, 2013											
		PRICE LEVELS - (Meter Based)										PRICES - (VOLUMES & NON-METER BASED FLAT FEES)											
Rate Category Descrip	Charge Type	5/8-METER	3/4-METER	1-METER	1.5-METER	2-METER	3-METER	4-METER	6-METER	8-METER	1 BlockLim1	1 Block\$1	2 BlockLim2	2 Block\$2	3 BlockLim3	3 Block\$3	4 BlockLim4	4 Block\$4	5 BlockLim5	5 Block\$5	6 BlockLim6	6 Block\$6	
TN Lone Oak Water:Res	Flat rate	x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	9999999999	\$ 42.030000	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
TN Lone Oak Water:Res	Quantity-based price	x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	20	\$ -	9999999999	\$ 0.726550	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
		x																					
TN Suck Creek Water:Res	Meter-Based	x	\$ 30.60	\$ 30.60	\$ 30.60	\$ 30.60	\$ 30.60	\$ 30.60	\$ 30.60	\$ 30.60	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
TN Suck Creek Water:Res	Quantity-based price	x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	15	\$ -	95	\$ 0.607310	9999999999	\$ 0.455510	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
		x																					
TN Chatt Water: Res	Meter-Based	x	\$ 13.96	\$ 23.45	\$ 39.01	\$ 78.05	\$ 124.88	\$ 234.52	\$ 390.25	\$ 780.50	\$ 1,248.77	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
TN Chatt Water: Res	Quantity-based price	x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	30	\$ 0.035660	486	\$ 0.565550	3740	\$ 0.355310	37400	\$ 0.265640	112000	\$ 0.203050	9999999999	\$ 0.120570	
		x																					
TN Chatt Water Lookout Mtn.: Res	Meter-Based	x	\$ 15.66	\$ 23.45	\$ 39.01	\$ 78.05	\$ 124.89	\$ 234.14	\$ 390.25	\$ 780.50	\$ 1,248.77	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
TN Chatt Water Lookout Mtn.: Res	Quantity-based price	x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	30	\$ 0.132820	486	\$ 0.728500	3740	\$ 0.518260	37400	\$ 0.361830	112000	\$ 0.299910	9999999999	\$ 0.217430	
		x																					
TN Chatt Water Lakeview: Res	Meter-Based	x	\$ 15.66	\$ 23.45	\$ 39.00	\$ 78.05	\$ 124.88	\$ 234.14	\$ 390.25	\$ 780.50	\$ 1,248.77	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
TN Chatt Water Lakeview: Res	Quantity-based price	x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	30	\$ 0.065640	486	\$ 0.623240	3740	\$ 0.413010	37400	\$ 0.295160	112000	\$ 0.232740	9999999999	\$ 0.150270	
		x																					
TN -Whitwell Res WT INSIDE CITY	Quantity-based price	x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	20	\$ -	40	\$ 0.480000	60	\$ 0.456000	9999999999	\$ 0.419000	#N/A	#N/A	#N/A	#N/A	
TN -Whitwell Res WT INSIDE CITY	Flat rate	x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	9999999999	\$ 20.450000	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
		x																					
TN Whitwell Res WT OUTSIDE CITY	Quantity-based price	x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	20	\$ -	40	\$ 0.587000	60	\$ 0.532000	9999999999	\$ 0.437000	#N/A	#N/A	#N/A	#N/A	
TN Whitwell Res WT OUTSIDE CITY	Flat rate	x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	9999999999	\$ 23.370000	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
		x																					
Jasper Highlands											25		50	\$ 1.310000		75	\$ 1.170000	9999999999	\$ 1.040000				
											9999999999	\$ 52.150000											

Service Charge effective November 1, 2012, Volumetric effective March 31, 2013

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%
<u>SEC</u>	<u>9.97%</u>
Subtotal of all Capital Recovery Rider	36.10%
QIIP Annual Reconciliation Percentage	0.00% (I)
EDI Annual Reconciliation Percentage	0.00% (D)
<u>SEC Annual Reconciliation Percentage</u>	<u>0.00% (I)</u>
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
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BY:



Grant A. Evitts
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

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%
<u>SEC</u>	<u>9.97%</u>
Subtotal of all Capital Recovery Rider	36.10%
QIIP Annual Reconciliation Percentage	0.00%
EDI Annual Reconciliation Percentage	0.00%
<u>SEC Annual Reconciliation Percentage</u>	<u>0.00%</u>
Subtotal of all Capital Recovery Riders	0.00%
Total of Capital Recovery Riders and Reconciliation Percentages	36.10%
Offset to Capital Recovery Riders for TCJA savings	-4.32%
Offset to Capital Recovery Riders for TCJA Excess ADIT	-0.23%
PCOP	2.14% (I)

(I) Indicates Increase

(D) Indicates Decrease

ISSUED: January 17, 2023 EFFECTIVE: February 16, 2023

BY:


Grant A. Evitts
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

STATE OF TENNESEE)
)
COUNTY OF HAMILTON)

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Robert C. Lane, 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.



Robert C. Lane

Sworn to and subscribed before me
this 17 day of January, 2023.



Notary Public

My Commission Expires: 10/20/2024

