

April 17, 2023

Electronically Filed in TPUC Docket
Room on April 17, 2023 at 4:13 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 2023
Production Costs and Other Pass-Throughs Rider, TPUC Docket No. 23-00007***

Dear Chairman Hilliard:

Recently, Tennessee-American Water (“TAWC” or “Company”) was made aware of a minor error in one of its exhibits Sponsored by TAWC’s Witness Robert Lane in the above-referenced proceeding. The purpose of this filing is to correct the error. Before submitting this filing to the Commission, TAWC discussed the error and the anticipated correction with the Consumer Advocate Unit. And, the Company will have follow-up discussions with the CAU after it has had the opportunity to review this submission.

In sum, when calculating the Projected Annual Base Rate Revenue, TAWC inadvertently referenced the wrong item from the Jasper Highlands workpaper. Rather than including the 2017 “Water Sales Revenue” of \$178,650, in the Projected Annual Rate Base Revenues, the Company wrongly included the Total Estimated PCOP embedded in base rates calculation of \$102,767. As a result, the original filing the Projected Annual Base Rate Revenue (TAW_EXH_1_011723, PCOP Calc Exhibit; Line 14) used to calculate the PCOP percentage is overstated by \$75,883. Consequently, the denominator by which the “Total Deferred Amount Grossed Up for revenue taxes” (TAW_EXH_1_011723, PCOP Calc Exhibit; Line 15) is divided results in a lower PCOP percentage of 2.13% rather than the accurate figure of 2.14% (TAW_EXH_1_011723, PCOP Calc Exhibit; Line 16).

In this corrective submission, TAWC is providing the following two (2) revised exhibits:

REVISED PROPOSED TARIFF SHEET NO. 12 – RIDERS 041423- RCL

REVISED PETITIONER’S EXHIBIT – PCOP CALC – RCL

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BUTLER SNOW LLP

Hon. Herbert H. Hilliard, Chairman

April 17, 2023

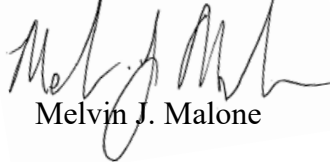
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In addition, the revised worksheets are attached as TAW_EXH_1_Revised 041723.xls.

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

clw

Attachments

cc: Bob Lane, TAWC

Karen Stachowski, Consumer Advocate Division

Vance Broemel, Consumer Advocate Division

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	2.13% (I)

(I) Indicates Increase

(D) Indicates Decrease

ISSUED: January 17, 2023 EFFECTIVE:

BY:


Grant A. Evitts
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

Tennessee American Water**2022 PCOP Reconciliation****Workbook Name:** TAW_EXH_1_Revised 041723.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.
13.	13.
14.	14.
15.	15.
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17.	17.
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19.	19.
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.

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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)
2021 Under refund	(109,652)												-5.53%

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
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	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

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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	<u>102,201,410</u>
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)	<u>\$0.05227</u>
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)	<u>\$0.00980</u>
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>48,494,574</u>
16	PCOP % (Line 14 / Line 15)	<u>2.13%</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%.

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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
							B - (C + D + E)		F - G
		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	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	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"

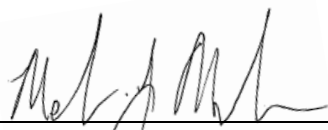
CERTIFICATE OF SERVICE

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
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This the 17th day of April 2023.



Melvin J. Malone