

BUTLER | SNOW

January 17, 2024

VIA ELECTRONIC FILING

Electronically Filed in TPUC Docket
Room on January 17, 2024 at 10:25 a.m.

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: *Petition of Tennessee-American Water Company Regarding The 2024 Production Costs and Other Pass-Throughs Rider, TPUC Docket No. 24-00002*

Dear Chairman Hill:

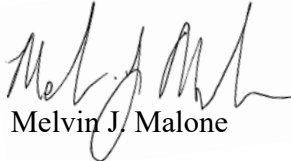
Attached for filing please find *Tennessee-American Water Company's exhibits, workpapers, invoices and proposed tariffs* which are being submitted in support of and as attachments to the Petition Regarding The Production Costs and Other Pass-Throughs Rider filed on January 16, 2024.¹ The workpapers and invoices are being submitted **UNDER SEAL** as **CONFIDENTIAL** and **PROPRIETARY**. Both a public version and a nonpublic, **CONFIDENTIAL** version are attached.

As required, one (1) hard copy of the *Petition* and supporting documents will be delivered to your office along with a check in the amount of \$25.00 for the required filing fee.

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 H. Stachowski, Consumer Advocate Unit
Vance Broemel, Consumer Advocate Unit

¹ For administrative convenience, two USB drives of the *Petition*, and supporting documentation, are enclosed.

Tennessee American Water Company
Docket No. 24-000XX

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, 2023

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	\$4,363,609
2	Pro Forma Water Sales (WS) in 100 Gallons	102,203,422
3	Base Rate Cost per 100 Gallons WS (Line 1 / Line 2)	<u>\$0.04270</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	\$5,759,423
5	Over-Under Collection Adjustment	345,433
6	Review Period PCOP Costs Adjusted for Over-Under Collections	6,104,856
7	Actual Water Sales (100 Gallons)	<u>97,030,038</u>
8	Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 6 / Line 7)	\$0.06292
9	Base Rate Cost per 100 Gallons WS (Line 3)	<u>0.04270</u>
10	Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 9 - Line 8)	\$0.02022
11	Base Rate Case Water Sales 100 Gallons (Line 2)	<u>102,203,422</u>
12	Deferral Amount (Line 10 * Line 11)	<u>\$2,066,742</u>
<u>III. Calculation of Production Costs and Other Pass-Throughs ("PCOP") Tariff Rider</u>		
13	Total Deferred Amount (Line 12)	\$2,066,742
14	Total Deferred Amount Grossed Up for revenue taxes (Line 13 / (1.0-.03191) (**))	2,134,865
15	Projected Annual Base Rate Revenue subject to PCOP (*)	<u>48,494,574</u>
16	PCOP % (Line 14 / Line 15)	<u>4.40%</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, 2023 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. 24-000XX

PCOP Avg Impact

	Average Residential Usage	Base Rates	Capital Riders (incl TCJA)	Expense Rider (PCOP)	Total Avg Bill
Current Rates	4156	\$ 21.57	\$ 7.03	\$ 0.45	\$ 29.05
Proposed Rates	4156	\$ 21.57	\$ 7.03	\$ 0.95	\$ 29.55
		\$ -	\$ -	\$ 0.50	\$ 0.50

Percentage Average Bill Increase

1.7%

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	24.28% (I)
EDI	1.93% (I)
<u>SEC</u>	<u>10.09% (I)</u>
Subtotal of all Capital Recovery Riders	36.30%
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% (I)
Total of Capital Recovery Riders and Reconciliation Percentages	36.30% (I)
Offset to Capital Recovery Riders for TCJA savings	-4.32%
Offset to Capital Recovery Riders for TCJA Excess ADIT	0.50% (I)
PCOP	2.13%

(I) Indicates Increase

(D) Indicates Decrease

ISSUED: December 11, 2023 EFFECTIVE: January 1, 2024

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	24.28%
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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	36.30%
Offset to Capital Recovery Riders for TCJA savings	-4.32%
Offset to Capital Recovery Riders for TCJA Excess ADIT	0.50%
PCOP	4.39%(I)

(I) Indicates Increase

(D) Indicates Decrease

ISSUED: December 11, 2023 EFFECTIVE: January 1, 2024

BY:


 Grant A. Evitts
 PRESIDENT

109 Wiehl Street
 Chattanooga, Tennessee 37403

Japser Highlands Customr Count
November 2022 - November 2023
Monthly Active Custoemr Count

	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	E2606_TN-Jasper Highlands	Average
	TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	TradingPartner	Customer Count
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	Dec 22 - Nov 23
	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	No_Project	
	Final	Final	Final	Final	Final	Final	Final	Final	Final	Final	Final	Final	Final	Final	
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Nov	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
	2022	2022	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	
Customer connections/contracts	378	386	387	387	389	394	402	407	415	424	426	425	428	428	406
System delivery gross	1,622	1,702	1,662	1,257	1,544	1,570	2,210	3,243	2,862	2,769	3,768	3,998	3,048	3,048	29,635
Total water sales	2,043	912	1,664	532	851	1,347	1,166	2,165	2,496	2,682	2,837	3,226	3,419	3,419	23,298
Water revenues	38,366	28,629	37,597	27,694	35,476	38,590	38,123	63,980	46,242	63,146	62,156	62,928	61,122	61,122	565,683
Other operating revenues	181	240	138	170	277	96	151	181	96	234	144	118	107	107	