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TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 24-00032

DIRECT TESTIMONY

OF

JOHN M. WATKINS

ON

**Service Company, Insurance Other than Group, Customer Accounting, Contract
Services, Transportation, Telecommunications and Miscellaneous**

SPONSORING PETITIONER'S EXHIBITS:

**Petitioner's Exhibit EXP-8-Support Services-JW
Petitioner's Exhibit EXP-12-Insurance Other than Group-JW
Petitioner's Exhibit EXP-13-Customer Accounting-JW
Petitioner's Exhibit EXP-9-Contracted Services-JW
Petitioner's Exhibit EXP-17-Transportation-JW
Petitioner's Exhibit EXP-16-Telecommunications-JW
Petitioner's Exhibit EXP-18-Miscellaneous Expense-JW**

**DIRECT TESTIMONY
JOHN M. WATKINS
TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 24-XXXXXX**

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS

A. My name is John M. Watkins. My business address is 1 Water Street, Camden, NJ 08102.

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

A. I am employed by American Water Works Service Company (“AWWSC” or the “Service Company”) as Senior Director Regulatory Services.

Q. PLEASE STATE YOUR PROFESSIONAL AND EDUCATIONAL BACKGROUND?

A. I am a graduate of Trenton State College with a Bachelor of Science Degree in Finance and minors in Mathematics and Economics. I received a Masters in Business Administration, with a concentration in Accounting, from Drexel University. I have over 25 years of experience serving utilities with regulated operations in multiple states. I have been employed by the Service Company since November of 1998. Before coming to American Water, I was employed as a Staff Accountant for an eye glass manufacturer.

Q. WHAT ARE YOUR DUTIES AS SENIOR DIRECTORY REGULATORY SERVICES FOR TENNESSEE AMERICAN?

A. My duties consist of reviewing, preparing and assisting in regulatory filings and related activities for all of the regulated subsidiaries of American Water Works Company, Inc. (“American Water”). My responsibilities include the preparation of written testimony, exhibits and work papers in support of rate applications and other regulatory filings as well as responses to data requests for Tennessee-American Water Company (“Tennessee-American” or “the Company”) and its regulated utility affiliates.

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

3 A. No, I have not. But I have testified before regulatory commissions in California
4 (Application 22-07-001), Connecticut (Case 99-08-32), Kentucky (Case No. 2023-00191),
5 Massachusetts (DTE 00-105), Missouri (Cases Nos. WR-2000-281, WR-2015-0301, WR-
6 2017-0285, WR-2020-0344 and WR-2022-0303), New Jersey (WR03070511,
7 WR06030257, WR08010020, WR10020149, WR10040260 and WR-19121516), New
8 York (Case 04-W-0577, Case 07-W-0508 and Case 11-W-0200), Illinois (Docket No 16-
9 0093), Indiana (Cause No. 45032), Iowa (RPU-2016-002), and Virginia (PUR-2021-
10 00255).

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. The purpose of my Direct Testimony is to support and explain the Company expense levels
13 in several areas. I will discuss the level of expenses associated with Service Company,
14 Insurance Other Than Group (“IOTG”), Customer Accounting, Contract Services,
15 Transportation, Telecommunications, and Miscellaneous.

16 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

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

- 18 • Petitioner’s Exhibit EXP-8-Support Services-JW
- 19 • Petitioner’s Exhibit EXP-12-Insurance Other than Group-JW
- 20 • Petitioner’s Exhibit EXP-13-Customer Accounting-JW
- 21 • Petitioner’s Exhibit EXP-9-Contracted Services-JW
- 22 • Petitioner’s Exhibit EXP-17-Transportation-JW
- 23 • Petitioner’s Exhibit EXP-16-Telecommunications-JW
- 24 • Petitioner’s Exhibit EXP-18-Miscellaneous Expense-JW

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

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

4 A. Yes.

5 **II. SERVICE COMPANY EXPENSE**

6 **Q. WHAT SERVICES DOES TENNESSEE-AMERICAN OBTAIN FROM THE**
7 **SERVICE COMPANY?**

8 A. The services provided by the Service Company to Tennessee-American include customer
9 service, water quality testing, innovation and environmental stewardship, human resources,
10 communications, information technology, finance, accounting, payroll, tax, regulatory,
11 legal, engineering, accounts payable, supply chain, and risk management services. Included
12 as part of the broad range of services summarized above, the Service Company provides a
13 variety of financial and accounting services for Tennessee-American that include payroll,
14 human resource data management, utility plant accounting, cash management, general
15 accounting and reporting, accounts payable, and tax accounting. The Service Company's
16 customer service organization handles customer calls, billing, and collection activities for
17 the Company and its regulated utility affiliates. The customer service organization responds
18 to customer inquiries and correspondence, and processes service order requests. In addition,
19 the Service Company operates field resource coordination centers responsible for tracking
20 and dispatching service orders for our field representatives and distribution crews. The
21 Service Company also operates the Central Laboratory, located in Belleville, Illinois, which
22 employs chemists, laboratory technicians, analysts, and support employees to perform water

1 quality testing and research. The Central Laboratory also conducts sophisticated testing and
2 analysis for all American Water subsidiaries, including Tennessee-American.

3 **Q. HOW DO TENNESSEE-AMERICAN'S CUSTOMERS BENEFIT FROM THE**
4 **SERVICES YOU DESCRIBED FROM SERVICE COMPANY?**

5 A. The Service Company provides Tennessee-American with access to highly trained
6 professionals who possess expertise in various specialized areas, whose background,
7 experience, and training are focused on water utility operations, and who work exclusively
8 for American Water's subsidiaries. Furthermore, the size of the Service Company and the
9 scope of its operations have enabled it to assemble a uniquely qualified group of
10 professionals who, through the Service Company, have a platform for sharing their
11 extensive knowledge, expertise, experience, and best practices across the American Water
12 system to the benefit of all of American Water's state-regulated utilities and their customers.
13 Tennessee-American benefits from these services and expertise of the Service Company's
14 personnel at cost. The Company also benefits from the size and breadth of American Water,
15 which affords the Company increased purchasing power that it could not obtain on its own
16 and provides access to discounts on equipment and supplies needed for utility operations,
17 including, for example, pipe, fittings, and water treatment chemicals. In this way,
18 Tennessee-American achieves costs savings that it could not obtain otherwise. Tennessee-
19 American Witness Patrick Baryenbruch discusses the reasonableness of Service Company
20 costs charged to Tennessee-American as part of his direct testimony and Exhibit PLB-2,
21 Market-to-Cost Comparison of Service Company charges to the Company, concluding that
22 the services are necessary, their cost is both reasonable and necessary, and lower than

Tennessee-American would pay if the services were obtained at market rates from entities other than the Service Company.

Q. HOW ARE SERVICE COMPANY EXPENSES CHARGED TO TENNESSEE-AMERICAN?

A. The Service Company provides its services to Tennessee-American at cost and issues monthly invoices. Service Company expenses are charged to the Company in two ways: 1) directly to the Company at 100% of the cost; or 2) a percentage allocation based on factors such as a per customer allocation across the American Water regulated subsidiaries. The Direct Testimony of Company Witness Patrick Baryenbruch demonstrates the reasonableness of Service Company costs that are charged to the Company.

Q. HOW WERE THE SERVICE COMPANY EXPENSES CALCULATED?

A. The expenses are categorized into labor & labor related, and other costs. The base period expenses have been adjusted to annualize a salary increase effective January 8, 2024. A three-year average, 2022-2024, merit increase of 3.48% for non-union, and actual contract rate increases for union employees is then applied to derive the 2025 labor expense levels. Certain other costs pertaining to lobbying, community relations, penalties, injuries and damages, charitable contributions and severance have been removed from the base period expenses, and therefore are not included in the pro forma expense. Additional adjustments were made for the following:

- Pension and OPEB expense – to adjust pension & OPEB costs based on estimated reports for 2024 received from WTW;

- Increased Service Company employees – annualization of labor & labor related costs associated with the transfer of two employees from the Company to Service Company;
- Operating expenses for office space – to adjust Service Company expense for the new Evansville, Illinois building’s rent and operating costs;
- Depreciation & Interest associated with capital leases – to adjust for forecasted depreciation expense and capital lease interest for 2024 & 2025; and
- Alton & Pensacola Costs – adjustment to remove rent and other facility costs due to the closing of the Call Centers in buildings in Alton, Illinois and Pensacola, Florida in 2023.

Q. ARE THERE COSTS THAT HAVE SPECIFICALLY SHIFTED FROM THE COMPANY TO AWWSC SINCE THE LAST RATE CASE THROUGH THE ATTRITION YEAR?

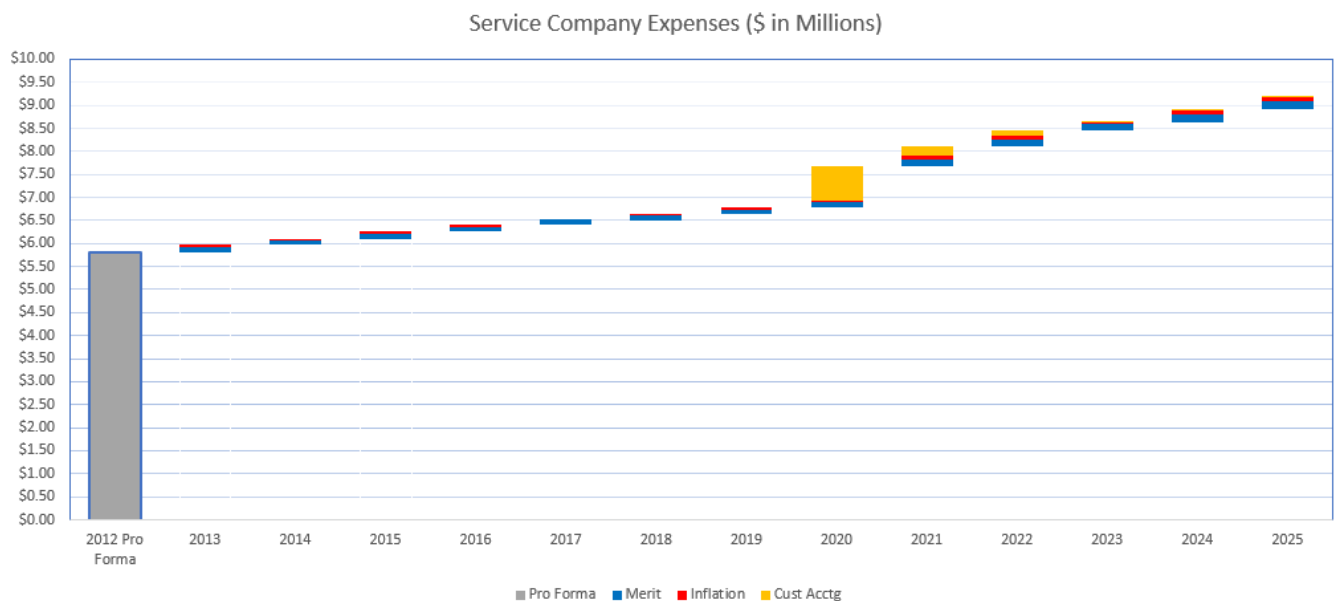
A. Yes, there have been significant changes. Effective January 2020, expenses related to postage and customer accounting services and their related expenses were transferred from the Company to the Service Company.

Q. ARE THERE ANY OTHER FACTORS THAT ARE CAUSING THE SERVICE COMPANY TO INCREASE FROM THE LAST RATE CASE?

A. Yes, the increase in Service Company expense since the last base rate case in 2012 is primarily due to annual merit increases over the years.

Q. HAS THE COMPANY COMPARED HOW INFLATION WOULD HAVE IMPACTED THE 2012 SERVICE COMPANY EXPENSES?

A. Yes, the table and chart below outline how the expense levels would increase over time when applying average annual merit increases, average annual inflation factors taken from the US Bureau of Labor Statistics (“BLS”), and the postage and customer accounting expenses to the 2012 pro forma amount from the 2012 rate case. As illustrated, the expense level of \$9.20 million exceeds the \$8.64 million amount the Company is proposing in this Case for its pro forma as of the twelve months ending December 31, 2025.



Service Company Expenses (\$ in Millions)				
Period	Merit	Inflation	Customer Accounting	Total
2012 Pro Forma				\$5.82
2013	\$0.10	\$0.05	\$0.00	\$5.97
2014	\$0.09	\$0.04	\$0.00	\$6.11
2015	\$0.10	\$0.05	\$0.00	\$6.26
2016	\$0.09	\$0.08	\$0.00	\$6.43
2017	\$0.09	(\$0.01)	\$0.00	\$6.51
2018	\$0.10	\$0.03	\$0.00	\$6.64
2019	\$0.10	\$0.05	\$0.00	\$6.79
2020	\$0.11	\$0.05	\$0.74	\$7.69
2021	\$0.13	\$0.10	\$0.21	\$8.12
2022	\$0.13	\$0.09	\$0.11	\$8.45
2023	\$0.14	\$0.04	\$0.01	\$8.64
2024	\$0.17	\$0.08	\$0.03	\$8.93
2025	\$0.16	\$0.08	\$0.03	\$9.20
Total	\$1.51	\$0.74	\$1.13	
2025 Pro Forma				\$8.64
Difference				(\$0.57)

1 **Q. HAS THE COMPANY PREPARED AN EXHIBIT FOR SERVICE COMPANY?**

2 A. Yes, please refer to Petitioner's Exhibit EXP-8-Support Services-JW.

3 **III. INSURANCE OTHER THAN GROUP ("IOTG")**

4 **Q. PLEASE EXPLAIN THE COMPONENTS OF THE COMPANY'S IOTG EXPENSE.**

5 A. Tennessee-American incurs costs related to several types of insurance including Auto
6 Liability, General Liability, Excess Liability, Workers' Compensation, and Property. The
7 Company also has other policy coverages such as directors and officers liability,
8 employment practices, cyber liability, crime, fiduciary, travel, special contingency risk,
9 aviation of unmanned vehicles, and consultation fees policies. These insurance costs are
10 commonly referred to as IOTG. The Company's General Liability, Auto Liability and
11 Workers' Compensation premiums are based upon a combination of loss experience (50%)
12 and exposure (50%). The loss experience is generally based upon a five (5) year average of
13 historical loss experience. The five (5) year average is used to normalize losses in any
14 particular year. This is consistent with the commercial insurance market underwriting
15 practice. Exposure for Auto Liability is allocated based on the number of vehicles.
16 Exposure for general liability and workers' compensation is allocated based on estimated
17 payroll. Property insurance is based on the total insured asset values for Tennessee-
18 American as a percentage of total American Water insured asset values. This is also
19 consistent with commercial insurance market underwriting practices.

20 **Q. PLEASE DESCRIBE THE IOTG PRO FORMA ADJUSTMENTS TO OPERATING**
21 **EXPENSES.**

22 A. The majority of the Company's IOTG expenses are associated with premiums that renew
23 on January 1 of each year (auto liability, general liability, workers' compensation, property,

1 and cyber liability). Directors & officers liability, crime, employment practices, and
2 fiduciary insurances renew in April of each year. Aviation of unmanned vehicles insurance
3 renews in September of each year. Travel and special contingency risk insurances renew
4 every three years in April and January, respectively. Excess liability policies were extended
5 from the previous annual policy period by three months to the end of March, based on policy
6 rates from the immediately preceding three months. These excess liability policies will be
7 renewed in April on an annual basis.

8 Development of the pro forma Attrition Year expense begins with the premium amounts
9 allocated to Tennessee-American as of March 2024. The expense related to the December
10 2023 Insurance Casualty Reserve adjustment is removed from the Test Period IOTG results
11 to create a Normalized Test Period prior to Attrition Year pro forma adjustments. The
12 amounts are then adjusted by applying specific policy escalation factors for each policy
13 group at their corresponding renewal dates. A three-year average of retrospective general
14 liability premium invoice adjustments provided by the insurance carrier is applied annually.
15 The workers' compensation premiums are multiplied by the labor capitalization rate to
16 eliminate the portion of that cost that would be capitalized. See Petitioner's Exhibit EXP-
17 12-Insurance Other than Group-JW.

18 **IV. CUSTOMER ACCOUNTING**

19 **Q. WHAT EXPENSES ARE INCLUDED IN CUSTOMER ACCOUNTING?**

20 A. Customer accounting includes costs for lockbox fees for processing customer payments,
21 bank charges, and miscellaneous other expenses.

22 **Q. PLEASE EXPLAIN THE PRO FORMA ADJUSTMENTS MADE TO CUSTOMER** 23 **ACCOUNTING.**

1 A. The Company started with the actual expense from the test period and adjusting out
2 nonrecurring items. An inflationary adjustment based on the Consumer Price Index (“CPI”)
3 data from the BLS of 2.54% was also made for 2024 and 2025. The inflationary adjustment
4 was arrived at from applying the 2.54% inflationary factor to the test period balance for
5 2024 and inflating another year to arrive at the attrition period. See Petitioner’s Exhibit-
6 EXP-13-Customer Accounting-JW.

7 **V. CONTRACT SERVICES**

8 **Q. WHAT EXPENSES ARE INCLUDED IN CONTRACT SERVICES?**

9 A. Contract Services expenses include costs for contractors that the Company hires to perform
10 services.

11 **Q. PLEASE EXPLAIN THE PRO FORMA ADJUSTMENTS TO CONTRACT**
12 **SERVICES EXPENSE.**

13 A. There were two adjustments made to Contract Services expense. The first was to
14 excludelobbying expenses from the test period amount. Additionally, an inflation factor of
15 2.54% was applied to the revised test period balance to determine the cost level for 2024
16 and then compounded to project the attrition year expense level. See Petitioner’s Exhibit-
17 EXP-9-Contracted Serv ices-JW.

18 **VI. TRANSPORTATION EXPENSE**

19 **Q. WHAT EXPENSES ARE INCLUDED IN TRANSPORTATION EXPENSE?**

20 A. Transportation expense includes all costs generated from the vehicle fleet. These costs are
21 related to fleet administration, repairs, fuel, maintenance, tag, title, and tax.

22 **Q. PLEASE EXPLAIN THE PRO FORMA ADJUSTMENTS TO TRANSPORTATION**
23 **EXPENSE.**

1 A. The Company started with the 2023 actual fleet expense and adjusted it for the addition of
2 four new vehicles in 2024 and two new vehicles in 2025. The average price per vehicle
3 type from 2023 was used to project the costs in 2024 and 2025. The 2023 actual expenses
4 per each vehicle type was used to calculate an average expense amount per year by vehicle
5 type. These average expense amounts were then multiplied by the number of new vehicles
6 by vehicle type. Additional test period adjustments were made to the natural account and
7 the capitalized credits account to reflect the actual impact of the capitalized credits. The
8 capitalized credits account was netted with the natural account. The pro forma labor
9 capitalization rate was then used to calculate the 2024 and 2025 capitalized credits. See
10 Petitioner's Exhibit-EXP-17-Transportation-JW.

11 **VII. TELECOMMUNICATIONS EXPENSE**

12 **Q. WHAT EXPENSES ARE INCLUDED IN TELECOMUNICATIONS EXPENSE?**

13 A. Telecommunication expenses include network carrier plan costs, costs related to
14 communication systems integration and maintenance, data lines, telephone, and
15 administrative costs.

16 **Q. PLEASE EXPLAIN THE PRO FORMA ADJUSTMENTS TO**
17 **TELECOMMUNICATIONS EXPENSE.**

18 A. The Company started with the test period amount and adjusted it for inflation. An inflation
19 factor of 6.03% was applied to the test period balance to determine the expense for 2024.
20 This inflation factor is a 3-year average (ended December 30, 2023) of the general CPI,
21 taken from the BLS report on category inflation. The 2024 expense level was inflated to
22 determine the attrition year expense. See Petitioner's Exhibit-EXP-16-
23 Telecommunications-JW.

VIII. MISCELLANEOUS EXPENSE

Q. WHAT EXPENSES ARE INCLUDED IN MISCELLANEOUS EXPENSE?

A. The Miscellaneous Expense category has five main categories:

- Building Maintenance that includes the cost of electricity and heating for office facilities, groundskeeping, janitorial services, building security, trash, and water and wastewater services,
- Postage that includes the cost of overnight shipping, printing and postage expenses,
- Office Supplies that include office & administrative supplies, Software Licenses and uniforms,
- Employee related that include employee expenses, conferences and registration, meals and relocation expenses,
- Miscellaneous that include maintenance and support, customer education, community relations and lab supplies.

Q. PLEASE DESCRIBE THE ADJUSTMENTS TO MISCELLANEOUS EXPENSE.

A. The Company is proposing several adjustments to the Miscellaneous Expense test period amount. The Company reduced the amount for Lobbying Expense and removed COVID-19 related expenses included in 2021 before calculating a three-year average cost by line item. Inflation adjustments based on the CPI data from the BLS were applied to the five main categories under Miscellaneous expense. Inflation factors of 4.05% (Building Maintenance), 4.02% (Postage), 2.08% (Office Supplies) and 6.03% (Employee Related & Miscellaneous) were used to inflate the three-year average to 2024 and then to 2025. See Petitioner's Exhibit-EXP-18-Miscellaneous Expense-JW.

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

2 A. Yes.

Tennessee American Water Company
Docket No. 24-XXXXX
Pro Forma Adjustment of Support Services

Witness Responsible: John Watkins

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Line No.	Description	Test Year (12 months ending December 31, 2023)	Test Year Adjustments	Attrition Year Adjustments	Attrition Year (12 months ending December 31, 2025)
1	Test Year (12 months ending December 31, 2023)	<u>\$8,075,310</u>			\$8,075,310
2					
3	Test Year Adjustments of Support Services Expense:				
4					
5	Removal of one-time non-ratemaking items		(\$70,500)		
6	Adjustment to remove Call Center Building Expense		(41,065)		
7	Adjustment for Evansville, Illinois Building Rent and Operating Expense		11,753		
8	Adjust for Additional Depreciation and Interest through 2024		122,258		
9	Apply Merit Increases & Inflation through 2024		303,912		
10	Annualization of labor & benefits for employees transferring to Service Company		6,093		
11	Adjust for LTPP expense		41,633		
12	Pension/OPEB Adjustments		(3,834)		
13	Adjustment for Postage		7,108		
14					
15	Total Test Year Adjustment of Support Services Expense:		<u>\$377,359</u>		<u>377,359</u>
16					
17	Normalized Test Year of Support Services Expense (Line 1 + Line 15):				8,452,669
18					
19	Attrition Year Adjustments (2025):				
20					
21	Adjust for Additional Depreciation and Interest through 2025			(\$102,546)	
22	Apply Merit Increases & Inflation through 2025			259,414	
23	Adjust for LTPP expense			27,139	
24					
25	Total Attrition Year Adjustments (2025):			<u>\$184,007</u>	<u>184,007</u>
26					
27					
28	Attrition Year at Present Rates (Line 17 + Line 25):				<u>\$8,636,676</u>

Tennessee American Water Company
Docket No. 24-XXXXX
Pro Forma Adjustment of Insurance Other than Group

Witness Responsible: John Watkins

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Line No.	Description	Test Year (12 months ending December 31, 2023)	Test Year Adjustments	Attrition Year Adjustments	Attrition Year (12 months ending December 31, 2025)
1	Test Year (12 months ending December 31, 2023)	<u>\$1,267,232</u>			\$1,267,232
2					
3	Test Year Adjustment of Insurance Other than Group:				
4					
5	Non-recurring Insurance Casualty Reserve adjusted from test year		(\$117,011)		
6					
7	Total Test Year Adjustment of Insurance Other than Group:		<u>(\$117,011)</u>		<u>(\$117,011)</u>
8					
9	Normalized Test Year of Insurance Other than Group (Line 1 + Line 7):				\$1,150,221
10					
11	Attrition Year Adjustment at Present Rates:				
12					
13	2024 Insurance Adjustments			(\$21,096)	
14	2025 Insurance Adjustments			\$76,379	
15					
16	Total Attrition Year Adjustment at Present Rates:			<u>\$55,283</u>	<u>\$55,283</u>
17					
18					
19	Attrition Year at Present Rates (Line 9 + Line 16):				<u>\$1,205,504</u>
20					
21					
22					

Tennessee American Water Company
Docket No. 24-XXXXX
Pro Forma Adjustment of Customer Accounting

Witness Responsible: John Watkins

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Line No.	Description	Test Year (12 months ending December 31, 2023)	Test Year Adjustments	Attrition Year Adjustments	Attrition Year (12 months ending December 31, 2025)
1	Test Year (12 months ending December 31, 2023)	<u>\$84,683</u>			\$84,683
2					
3	Test Year Adjustment of Customer Accounting Expense:				
4					
5	Misc Oper - Customer Accounting		\$310		
6	Bank Service Charges - Customer Accounting		<u>213</u>		
7					
8	Total Test Year Adjustment of Customer Accounting Expense:		<u>\$523</u>		<u>523</u>
9					
10	Normalized Test Year of Customer Accounting Expense (Line 1 + Line 8):				85,206
11					
12	Attrition Year Adjustment at Present Rates:				
13					
14	Electronic Payment Fees			\$487,514	
15	2024 Inflation Adjustment			2,165	
16	2025 Inflation Adjustment			2,220	
17					
18	Total Attrition Year Adjustment at Present Rates:			<u>\$491,899</u>	<u>491,899</u>
19					
20					
21	Attrition Year at Present Rates (Line 10 + Line 18):				<u>\$577,105</u>
22					

Tennessee American Water Company
Docket No. 24-XXXXX
Pro Forma Adjustment of Contracted Services

Witness Responsible: John Watkins

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Line No.	Description	Test Year (12 months ending December 31, 2023)	Test Year Adjustments	Attrition Year Adjustments	Attrition Year (12 months ending December 31, 2025)
1	Test Year (12 months ending December 31, 2023)	<u>\$990,301</u>			\$990,301
2					
3	Test Year Adjustment of Contracted Services:				
4					
5	Excluded Lobby Expenses		(\$71,550)		
6					
7	Total Test Year Adjustment of Contracted Services:		<u>(\$71,550)</u>		<u>(71,550)</u>
8					
9	Normalized Test Year of Contracted Services (Line 1 + Line 7):				\$918,751
10					
11	Attrition Year Adjustment at Present Rates:				
12					
13	2024 Inflation Adjustment			\$23,335	
14	2025 Inflation Adjustment			23,929	
15					
16	Total Attrition Year Adjustment at Present Rates:			<u>\$47,264</u>	<u>47,264</u>
17					
18					
19	Attrition Year at Present Rates (Line 11 + Line 16):				<u>\$966,015</u>
20					

Tennessee American Water Company
Docket No. 24-XXXXX
Pro Forma Adjustment of Transportation

Witness Responsible: John Watkins

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Line No.	Description	Test Year (12 months ending December 31, 2023)	Test Year Adjustments	Attrition Year Adjustments	Attrition Year (12 months ending December 31, 2025)
1	Test Year (12 months ending December 31, 2023)	<u>\$438,484</u>			\$438,484
2					
3	Test Year Adjustment of Transportation				
4					
5	Normalized Fleet Based Adjustments		\$11,196		
6					
7	Total Test Year Adjustment of Transportation:		<u>\$11,196</u>		<u>11,196</u>
8					
9	Normalized Test Year of Transportation (Line 1 + Line 9):				449,680
10					
11	Attrition Year Adjustment at Present Rates:				
12				(\$21,086)	
13	Projected Fleet Based Adjustments				
14					
15	Total Attrition Year Adjustment at Present Rates:			<u>(\$21,086)</u>	<u>(21,086)</u>
16					
17					
18	Attrition Year at Present Rates (Line 11 + Line 19):				<u>\$428,594</u>
19					
20					
21					

Tennessee American Water Company
Docket No. 24-XXXXX
Pro Forma Adjustment of Telecommunications Expense

Witness Responsible: John Watkins
Type of Filing: ☒ Original ☐ Updated ☐ Revised

Line No.	Description	Test Year (12 months ending December 31, 2023)	Test Year Adjustments	Attrition Year Adjustments	Attrition Year (12 months ending December 31, 2025)
1	Test Year (12 months ending December 31, 2023)	<u>\$313,502</u>			\$313,502
2					
3	Test Year Adjustment of Telecommunications Expense:				
4					
5	No Adjustments		\$0		
6					
7	Total Test Year Adjustment of Telecommunications Expense:		<u>\$0</u>		<u>0</u>
8					
9	Normalized Test Year of Miscellaneous Expense (Line 1 + Line 7):				313,502
10					
11	Attrition Year Adjustment at Present Rates:				
12	2024 Inflation			\$18,904	
13	2025 Inflation			20,045	
14					
15	Total Attrition Year Adjustment at Present Rates:			<u>\$38,949</u>	<u>38,949</u>
16					
17					
18	Attrition Year at Present Rates (Line 9 + Line 15):				<u>\$352,451</u>
19					
20					

Tennessee American Water Company
Docket No. 24-XXXXX
Pro Forma Adjustment of Miscellaneous Expense

Witness Responsible: John Watkins

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Line No.	Description	Test Year (12 months ending December 31, 2023)	Test Year Adjustments	Attrition Year Adjustments	Attrition Year (12 months ending December 31, 2025)
1	Test Year (12 months ending December 31, 2023)	<u>\$1,311,779</u>			\$1,311,779
2					
3	Test Year Adjustment of Miscellaneous Expense:				
4					
5	3 Year Average Adjustment		\$225,242		
6					
7	Total Test Year Adjustment of Miscellaneous Expense:		<u>\$225,242</u>		<u>225,242</u>
8					
9	Normalized Test Year of Miscellaneous Expense (Line 1 + Line 7):				1,537,021
10					
11	Attrition Year Adjustment at Present Rates:				
12					
13	2024 Inflation Adjustment			\$78,857	
14	2025 Inflation Adjustment			83,200	
15					
16	Total Attrition Year Adjustment at Present Rates:			<u>\$162,057</u>	<u>162,057</u>
17					
18					
19	Attrition Year at Present Rates (Line 11 + Line 16):				<u>\$1,699,078</u>
20					

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE


PETITION OF TENNESSEE-
AMERICAN WATER COMPANY TO
CHANGE AND INCREASE CERTAIN
RATES AND CHARGES

DOCKET NO. 24-_____

VERIFICATION

STATE OF NEW JERSEY)
COUNTY OF CAMDEN)

I, JOHN M. WATKINS, being duly sworn, state that I am authorized to testify on behalf of Tennessee-American Water Company in the above-referenced docket, that if present before the Commission and duly sworn, my testimony would be as set forth in my pre-filed testimony in this matter, and that my testimony herein is true and correct to the best of my knowledge, information, and belief.



JOHN M. WATKINS

Sworn to and subscribed before me
this 29th day of APRIL, 2024.



Notary Public

My Commission Expires: 4/15/2025

