

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:)	
)	
PETITION OF TENNESSEE-AMERICAN)	
WATER COMPANY TO MODIFY TARIFF,)	DOCKET NO. 24-00032
CHANGE AND INCREASE CHARGES, FEES,)	
AND RATES, AND FOR APPROVAL OF A)	
GENERAL RATE INCREASE)	

PETITION TO INTERVENE

The Consumer Advocate Division of the Office of the Tennessee Attorney General (“Consumer Advocate”), by and through counsel, pursuant to Tenn. Code Ann. § 65-4-118, respectfully petitions the Tennessee Public Utility Commission (“TPUC” or the “Commission”) to grant the Consumer Advocate’s intervention into this proceeding because consumers’ interests, rights, duties, or privileges may be determined or affected by the *Petition of Tennessee-American Water Company to Modify Tariff, Change and Increase Charges, Fees, and Rates, and for Approval of a General Rate Increase* (“*Petition*”) filed in TPUC Docket No. 24-00032. For cause, the Consumer Advocate would show as follows:

1. The Consumer Advocate is authorized by Tenn. Code Ann. § 65-4-118 to represent the interests of Tennessee consumers of public-utility services by initiating and intervening as a party in any matter or proceeding before the Commission in accordance with the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101, *et seq.*, and TPUC rules.

2. Tennessee-American Water Company (“TAWC” or the “Company”) is a public utility regulated by the Commission. It provides residential, commercial, industrial, and municipal water service, including public and private fire protection service to more than 87,000 customers

located in Chattanooga, Tennessee, and the surrounding areas.¹ The Company is “a wholly-owned subsidiary of American Water Works Company, Inc. (“AWWC”), which is the largest water holding company in the United States, providing water and wastewater services to approximately 14 million people in 14 states and 18 military installations.”² Its principal place of business is located at 109 Wiehl Street, Chattanooga, Tennessee 37406.³

3. Tennessee-American’s present base rates were set by the Commission in an order that approved a settlement agreement in TRA⁴ Docket No. 12-00049 (“2012 Rate Case”), following the Company’s Petition for a rate increase filed on June 1, 2012.⁵ The Company’s current revenues at the present rates also reflects a 36.3% Capital Recovery Rider surcharge, as approved in TPUC Docket Nos. 19-00103 and 23-00018, an adjustment for the Tax Cuts and Jobs Act of 2016 (“TCJA”) of 3.82%, and a Production Costs and Other Pass-Throughs Rider surcharge (“PCOP”) of 4.39%. The PCOP estimate is pending in the Company’s most recent PCOP filing in TPUC Docket No. 24-00002.⁶

4. The Company asserts in its Petition that without rate relief it will incur a revenue deficiency during the Attrition Year, which is the 12-month period ending December 31, 2025, of approximately \$14.1 million.⁷ This revenue deficiency along with the other pro forma adjustments

¹ Petition at 1, ¶ 1.

² Id. at 2, ¶ 2.

³ Id. at 2, ¶ 3.

⁴ The Tennessee Regulatory Authority (“TRA”) is the predecessor agency to TPUC, just as the Tennessee Public Service Commission preceded the TRA. While the nomenclature has changed, the scope and function of these agency entities has remained essentially the same.

⁵ See generally *Petition of Tennessee American Water Company to Change and Increase Certain Rates and Charges so far as to Permit it to Earn a Fair and Adequate Rate of Return on its Property Used and Useful in Furnishing Water Service to its Customers*, TRA Docket No. 12-00049 (June 1, 2012).

⁶ Company’s Petition states that this docket is TPUC Docket No. 24-00003; however, that docket is a Petition by the Consumer Advocate to Obtain information from TAWC. The corrected and full citation for the PCOP docket filing is *Petition of Tennessee American Water Company Regarding the 2024 Production of Costs and Other Pass Throughs Rider*, TPUC Docket No. 24-00002 (January 16, 2024).

⁷ Petition at 3, ¶ 7.

the Company has proposed will result in a revenue requirement of approximately \$85.9 million for the Attrition Year.⁸

5. Additionally, the Company asserts that based upon its current rates during the Attrition Year, the Company would earn an estimated return on common equity of approximately 4.7%.⁹ To address this rate of return, the Company is requesting that it be permitted to earn a 10.75% return on common equity (“ROE”), which should produce a weighted average cost of capital (“WACC”) or overall rate of return of 7.94% on a rate base of \$305.1 million.¹⁰ The Company additionally adds that the Incremental Capital Rider and Legacy Capital Recovery Rider will be reset to zero, as the new base rates will recover costs previously recovered through those mechanisms.¹¹

6. TAWC also proposes that it be allowed to place into effect a consolidated customer rate structure, moving from seven rate schedules with multiple customer classes to two rate schedules and two customer classes (with exceptions for special contracts and private fire service).¹² If the proposed rates are approved, the monthly bill for an average residential customer using 3,800 gallons would increase by approximately \$4.98 per month.¹³

7. The interests of consumers may be affected by determinations and orders made by TPUC with respect to the following: (i) the interpretation, application, and implementation of Tenn. Code Ann. § 65-5-103(a) and other relevant statutory and regulatory provisions; (ii) the review and analysis of the Company’s documentation, financial spreadsheets, and materials; and

⁸ *Id.* at 4, ¶ 9.

⁹ *Id.* at 3, ¶ 8.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at 4, ¶ 9.

¹³ *Tennessee-American Water Company Filing Of Substitute Page Four To The Petition Of Tennessee-American Water Company To Modify Tariff, Change And Increase Charges, Fees, And Rates, And For Approval Of A General Rate Increase, Which Was Filed On May 1, 2024*, TPUC Docket No. 24-00032 (May 9, 2024).

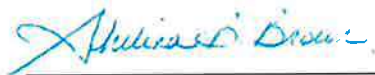
(iii) the interpretation, application, and/or implementation of the terms and conditions of the Commission's Orders in TPUC Docket Nos. 13-00130, 14-00121, 18-00120, 19-00103, as well as any related settlement agreements applicable to these dockets.

10. Only by participating as a party to this proceeding can the Consumer Advocate adequately carry out its statutory duty to represent the interests of Tennessee consumers.

Accordingly, the Consumer Advocate respectfully requests the Commission to grant this Petition to Intervene.

RESPECTFULLY SUBMITTED,


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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Petition to Intervene was served via U.S. Mail, with a courtesy copy by electronic mail provided upon:

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This the 20th day of May, 2024.



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