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May 13, 2025

VIA ELECTRONIC FILING

Electronically Filed in TPUC Docket Room
on May 13, 2025 at 2:01 p.m.

Hon. David Jones, 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 2025 Production Costs and Other Pass-Throughs Rider*, TPUC Docket No. 25-00002

Dear Chairman Jones:

Attached for filing please find *Tennessee-American Water Company's Supplemental Testimony of Robert C. Lane* in the above-captioned matter.

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

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TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 25-00002

SUPPLEMENTAL TESTIMONY

OF

ROBERT C. LANE

IN

**PETITION OF TENNESSEE-AMERICAN WATER COMPANY REGARDING THE 2025
PRODUCTION COSTS AND OTHER PASS-THROUGHS RIDER**

SPONSORING PETITIONER'S EXHIBITS

**PETITIONER'S SECOND REVISED EXHIBIT PROPOSED PCOP TARIFF
PETITIONER'S EXHIBIT IN SUPPORT OF SETTLEMENT**

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. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

5 A. The Consumer Advocate Division of the Office of the Tennessee Attorney General
6 (“Consumer Advocate” or “CAD”) and Tennessee-American Water Company (the
7 “Company” or “TAWC”) have had several cooperative discussions since the conclusion of
8 both the discovery and pre-filed testimony phases of this proceeding. Although the time
9 period for these discussions was short, our fruitful discussions have resulted in the parties
10 resolving the contested issues in Docket No. 25-00002. I am testifying in support of the
11 resolution and settlement between the parties of the contested issues pending in Docket No.
12 25-00002, the Company’s PCOP Petition proceeding in which the Consumer Advocate has
13 intervened.

14 **Q. CAN YOU OUTLINE THE RESOLUTION AND SETTLEMENT REACHED**
15 **BETWEEN TAWC AND THE CAD?**

16 A. Yes. The Consumer Advocate and the Company agree on the following as outlined in Table
17 1 on page 2 of Mr. Novak’s Pre-filed Supplemental Testimony, submitted on April 24,
18 2025:

- 19 • Deferred PCOP eligible expenses in the amount of \$2,153,202.
- 20 • Base Revenues of \$71,219,856
- 21 • A PCOP Rider Percentage of 3.02%

1 **Q. ARE YOU SPONSORING ANY EXHIBITS ACCOMPANYING THIS**
2 **SUPPLEMENTAL TESTIMONY**

3 A. Yes. I am sponsoring two exhibits. The first is **Petitioner's Second Revised Exhibit**
4 **Proposed PCOP Tariff** that reflects a PCOP percentage of 3.02% consistent with Table 1
5 of Mr. Novak's Pre-filed Supplemental Testimony effective on the date authorized by the
6 Commission in Docket number 25-00002. The second is **Petitioner's Exhibit in Support**
7 **of Settlement.**

8 **Q. DO YOU AGREE WITH MR. NOVACK'S CALCULATION OF A 3.02% PCOP**
9 **CALCULATION FOR THIS PROCEEDING?**

10 A. Yes. As shown in my attached exhibit, **Petitioner's Exhibit in Support of Settlement**, the
11 Company agrees with Mr. Novak's calculation of a 3.02% PCOP Percentage that results
12 from Deferred PCOP eligible expenses in the amount of \$2,153,202 and Base Revenues of
13 \$71,219,856. This yields a PCOP Rider Percentage of 3.02%.

14 **Q. DOES YOUR SUPPLEMENTAL TESTIMONY REPRESENT THE RESOLUTION**
15 **AND AGREEMENT BETWEEN THE CAD AND THE COMPANY TO RESOLVE**
16 **ALL THE CONTESTED ISSUES PENDING IN TPUC DOCKET NO. 25-00002?**

17 A. Yes. And, based on this agreement, the parties recommend that the Commission adopt a
18 PCOP Rider Percentage of 3.02%.

19 **Q. ARE THESE AMOUNTS CONSISTENT WITH THE TENNESSEE PUBLIC**
20 **UTILITY COMMISSION'S ORDER SETTING UTILITY RATES IN DOCKET 24-**
21 **00032 AT 21-22 (APRIL 21, 2025) WITH REGARD TO CALCULATING 15% NON-**
22 **REVENUE WATER STANDARD?**

1 A. Yes. The Company recognizes that, in Docket 24-00032, the Commission applied the
2 existing 15% NRW standard. In reaching its recent rate case decision, the Commission
3 explained that in the Company's 2008 rate case, the term "unaccounted for water" was
4 defined as an all-encompassing umbrella term without a distinction for non-revenue water.

5 **Q. IS THERE ANYTHING FURTHER TO ADD REGARDING THE DISCUSSIONS**
6 **BETWEEN THE CONSUMER ADVOCATE AND THE COMPANY?**

7 A. Yes. Apart from and outside of this proceeding, the Parties will continue to discuss the
8 issue raised by the Company about the Commission's water loss limitation, and the
9 Company's proposed definition of unaccounted-for water. The discussions will include a
10 review of other jurisdictions' approaches to a water loss limitation.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY.**

12 A. Yes.

**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, the Legacy Capital Recovery Riders, Incremental Capital Recovery Rider ("ICR"), and Production Costs and Other Pass-Throughs Rider ("PCOP") will apply to customers in all approved service areas.

2. The Percentage of Riders, Reconciliation and Offsets

For the Riders defined in the tariffs:

<u>Incremental Capital Recovery Rider</u>	0.00%
PCOP	3.02% (I)

(D) Indicates Decrease

(I) Indicates Increase

ISSUED: MAY 7, 2025

EFFECTIVE: May 29, 2025

BY:


Grant A. Evitts
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

Tennessee American Water Company
Petitioner's Exhibit in Support of Settlement
TPUC Docket No. 25-00002
2024 PCOP Rider Calculation

	<u>Amount</u>	
Calculation of Base Rate PCOP from the Last Rate Case:		
Pro Forma Production Costs & Other Pass-Throughs	\$4,382,511	A/
Pro Forma Water Sales in 100 Gallons	102,423,491	A/
Base Rate Cost per 100 Gallons	0.04279	

Deferral Calculation - Net Change in PCOP Costs:		
Actual PCOP for the 12 Months Ended 11/30/2024	\$6,066,823	A/
Over-Under Collection Adjustment	436,223	B/
Net PCOP for the 12 Months Ended 11/30/2015	\$6,503,047	
Actual Water Sales (100 Gallons)	102,994,325	A/
Actual PCOP Cost per 100 Gallons	\$0.06314	
Base Rate Cost per 100 Gallons	0.04279	
Over/(Under) Incremental PCOP Change per 100 Gallons	\$0.02035	
Base Rate Case Water Sales in 100 Gallons	102,423,491	
Deferral Amount	\$2,084,493	

Calculation of PCOP Tariff Rider:		
Total Deferred Amount	\$2,084,493	
Revenue Gross-Up Components:		
Gross Receipts Tax	3.0000%	D/
Uncollectible Expense	1.0571%	D/
Forfeited Discounts	-0.8661%	D/
Total Revenue Gross-Up Components	3.1910%	
	68,709	
Net Deferred Amount	\$2,153,202	
Projected Annual Base Revenue subject to PCOP	71,219,856	C/
PCOP Surcharge Rate	3.02%	

A/ WHN PCOP Workpaper PCOP-1-1.01.

B/ WHN PCOP Workpaper PCOP-2-1.00.

C/ WHN PCOP Workpaper PCOP-1-1.00a

D/ These rates trace back to the last rate case. See WHN testimony in Docket 13-00130.

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

**PETITION OF TENNESSEE-
AMERICAN WATER COMPANY
REGARDING THE 2025 PRODUCTION
COSTS AND OTHER PASS-
THROUGHS RIDER**

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DOCKET NO. 25-00002

VERIFICATION

STATE OF Tennessee)
)
COUNTY OF Hamilton)

I, ROBERT C. LANE, 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.

ROBERT C. LANE

Sworn to and subscribed before me
this 13th day of May, 2025.

Notary Public

My Commission Expires: 2-28-28



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:

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This the 13th day of May 2025.



Melvin J. Malone