

**BEFORE
THE TENNESSEE PUBLIC UTILITY COMMISSION**

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

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Docket No. 25-00002

**DIRECT TESTIMONY
of
WILLIAM H. NOVAK**

**ON BEHALF OF

THE CONSUMER ADVOCATE DIVISION
OF THE
OFFICE OF THE TENNESSEE ATTORNEY GENERAL**

April 2, 2025

ATTACHMENTS

Attachment WHN-1	Calculation of the Recoverable Percentage of Production Costs from the Supplemental Testimony of TAWC witness Gary Verdouw in TRA Docket No. 13-00130
Attachment WHN-2	Fuel & Power and Chemical Expense Workpapers of Consumer Advocate witness Terry Buckner in TRA Docket No. 12-00049

1 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND***
2 ***OCCUPATION FOR THE RECORD.***

3 A1. My name is William H. Novak. My business address is 19 Morning Arbor Place,
4 The Woodlands, TX, 77381. I am the President of WHN Consulting, a utility
5 consulting and expert witness services company.¹

6

7 ***Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND***
8 ***PROFESSIONAL EXPERIENCE.***

9 A2. Briefly, I have both a Bachelor's degree in Business Administration with a major
10 in Accounting, and a Master's degree in Business Administration from Middle
11 Tennessee State University. I am a Certified Management Accountant, and am
12 also licensed to practice as a Certified Public Accountant.

13

14 My work experience has centered on regulated utilities for over 40 years. Before
15 establishing WHN Consulting, I was Chief of the Energy & Water Division of the
16 Tennessee Public Utility Commission where I had either presented testimony or
17 advised the Commission on a host of regulatory issues for over 19 years. In
18 addition, I was previously the Director of Rates & Regulatory Analysis for two
19 years with Atlanta Gas Light Company, a natural gas distribution utility with
20 operations in Georgia and Tennessee. I also served for two years as the Vice
21 President of Regulatory Compliance for Sequent Energy Management, a natural

¹ State of Tennessee, Registered Accounting Firm ID 3682.

1 gas trading and optimization entity in Texas, where I was responsible for ensuring
2 the firm's compliance with state and federal regulatory requirements.

3
4 In 2004, I established WHN Consulting as a utility consulting and expert witness
5 services company. Since 2004 WHN Consulting has provided testimony or
6 consulting services to state public utility commissions and state consumer
7 advocates in at least ten state jurisdictions.

8

9 ***Q3. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?***

10 A3. I am testifying on behalf of the Consumer Advocate Division ("Consumer
11 Advocate" or "CA") of the Office of the Tennessee Attorney General.

12

13 ***Q4. HAVE YOU PRESENTED TESTIMONY IN ANY PREVIOUS CASES***
14 ***REGARDING ALTERNATIVE REGULATION MECHANISMS FOR***
15 ***TENNESSEE-AMERICAN WATER COMPANY?***

16 A4. Yes. I presented testimony in TRA² Docket Nos. 13-00130, 14-00121, 15-00001,
17 15-00029, 15-00111, 15-00131, 16-00022, 16-00126, and 16-00148 concerning
18 alternative regulation mechanisms for Tennessee-American Water Company
19 (TAWC). I have also presented testimony in numerous TAWC Dockets
20 concerning other regulatory matters.

21

² The Tennessee Regulatory Authority, or TRA, is the predecessor agency to the TPUC, just as the Tennessee Public Service Commission predated the TRA. While the nomenclature has changed, the scope and function of these entities has remained essentially the same.

1 ***Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
2 ***PROCEEDING?***

3 A5. My testimony will address the calculations supporting TAWC’s tariff filing that
4 requests authority to implement a new surcharge in its Production Costs and Other
5 Pass-Throughs (“PCOP”) tariff rider. My testimony also addresses the proposal
6 by TAWC to alter the Non-Revenue Water Percentage calculation within the
7 structure of the PCOP tariff rider.

8

9 ***Q6. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF***
10 ***YOUR TESTIMONY?***

11 A6. I have reviewed TAWC’s Petition filed in TPUC Docket No. 25-00002 on
12 January 15, 2025, along with the accompanying tariff schedules. I have also
13 reviewed TAWC’s testimony and exhibits supporting its filing. In addition, I
14 have reviewed TAWC’s responses to the data requests submitted by the
15 Consumer Advocate and the TPUC Staff in this case. Finally, I reviewed the
16 Commission’s Rate Case Orders in TRA Docket Nos. 08-00039, 10-00189 and
17 12-00049 as well as TRA Docket No. 13-00130 regarding the establishment of
18 the PCOP Rider.

19

20 ***Q7. PLEASE EXPLAIN THE PURPOSE AND INTENT OF THE PCOP***
21 ***TARIFF RIDER.***

22 A7. The PCOP allows TAWC to “true-up” the actual costs incurred for purchased
23 power, chemicals, purchased water, waste disposal and the TPUC fee from the

1 level approved by the Commission in the last rate case. The overall structure for
2 the PCOP tariff rider was approved by the Commission in TRA Docket No. 13-
3 00130. TAWC's proposed PCOP surcharge in this current Docket, along with the
4 PCOP surcharges previously approved by the Commission, are presented below
5 in Table 1.

Table 1 – Production Costs & Other Pass-Throughs Surcharge Rate		
Docket Number	Effective Date	Surcharge Rate
13-00130	4-15-14	-1.15%
15-00001	8-17-15	-0.73%
15-00131	5-10-16	-0.36%
16-00148	7-11-17	-0.89%
18-00009	5-15-18	-1.25%
19-00010	7-15-19	-1.10%
20-00008	6-15-20	-0.65%
21-00006	8-9-21	0.20%
22-00005	7-11-22	0.57%
23-00007	5-8-23	2.14%
24-00002	5-20-24	4.40%
25-00002 Proposed	TBD	5.65%

6

7 ***Q8. PLEASE EXPLAIN THE RELIEF THAT TAWC IS ASKING FROM THE***
8 ***COMMISSION THROUGH ITS PETITION.***

9 **A8.** TAWC is asking the Commission to implement a new PCOP recovery rider
10 surcharge that is based on the true-up of its actual costs for the twelve months
11 ended November 30, 2024, from the level that was established in the last rate case
12 from TRA Docket No. 12-00049. If approved, TAWC's proposed true-up
13 calculation will increase the PCOP surcharge from the current rate of 4.40% to
14 5.65% as shown on Table 1 above.³

³ Company Response to Consumer Advocate Discovery Request No. 2-1, File <Response to Staff_DR_2.1_Attachment.xlsx>, Tab "PCOP Cal Exhibit", Cell C23.

1

2 TAWC is also asking the Commission to modify the existing PCOP calculation
 3 methodology for the Non-Revenue Water Percentage. This adjustment reduces
 4 the Purchased Power and Chemicals expense amounts when the Non-Revenue
 5 Water Percentage is more than the 15% level set by the Commission. TAWC is
 6 proposing instead to base this adjustment on the Unaccounted-For Water
 7 Percentage.⁴

8

9 ***Q9. WHAT IS THE TOTAL AMOUNT OF COSTS THAT TAWC SEEKING***
 10 ***TO RECOVER THROUGH THE PCOP RECOVERY RIDER?***

11 **A9.** TAWC is currently seeking to recover \$7,076,564 in total costs through the PCOP
 12 recovery rider.⁵ This amount includes \$6,640,340 in review period costs and
 13 \$436,223 in under-collected costs from previous periods. In the last rate case,
 14 these costs were set by the Commission at \$4,382,511.⁶ The cost for each of the
 15 PCOP components since TAWC's last rate case is presented below in Table 2.

Table 2 – PCOP Component Costs						
Docket	Power Cost	Chemicals	Purchased Water	Waste Disposal	TPUC Fee	Total
12-00049	\$2,678,772	\$986,930	\$51,331	\$213,308	\$131,826	\$4,062,167
13-00130	2,223,479	728,500	47,102	237,656	138,344	3,375,081
15-00001	2,399,271	833,611	43,443	347,764	181,344	3,805,433
15-00131	2,256,687	723,408	51,841	387,332	186,811	3,606,079
16-00148	2,390,646	1,023,399	40,296	311,083	193,639	3,959,063
18-00009	2,123,434	869,209	31,610	326,010	213,948	3,546,211
19-00010	2,094,201	859,734	25,572	416,185	211,249	3,606,941
20-00008	2,099,041	818,155	24,509	329,809	217,358	3,488,872

⁴ Direct Testimony of Bob Lane at 8:11-16.

⁵ Company Response to Consumer Advocate DR No. 2-1. It should be noted that TAWC initially filed for total recovery of \$5,925,369 which was later revised for error corrections through the Company's Responses to Consumer Advocate DR Nos. 1-2, DR 1-3 and TPUC Staff DR 1-1.

⁶ WHN Revenue Workpaper PCOP-1-1.00. This amount is taken from the Settlement agreement in TRA Docket No. 12-00049 and includes an adjustment for Whitwell in accordance with TPUC Docket No. 21-00006, and a proposed adjustment for Jasper Highlands.

21-00006	1,939,572	1,045,347	27,005	407,085	217,597	3,636,606
22-00005	2,052,834	1,001,169	111,912	374,906	205,014	3,745,835
23-00007	2,379,939	1,628,353	116,289	498,620	234,103	4,857,304
24-00002	2,422,714	2,274,381	154,339	664,538	243,452	5,759,424
25-00002	2,903,942	2,468,765	215,041	788,031	264,561	6,640,340

1

2 ***Q10. DID YOU REVIEW THE CALCULATIONS SUPPORTING THE***
3 ***PROPOSED PCOP SURCHARGE IN TAWC'S TARIFF FILING?***

4 ***A10.*** Yes. I reviewed TAWC's filing. I also prepared data requests for supplemental
5 supporting information that was not contained in the filing.

6

7 ***Q11. WHAT WERE THE RESULTS OF YOUR REVIEW?***

8 ***A11.*** My review of TAWC's PCOP surcharge was limited to the amounts recorded on
9 the ledger, since there are thousands of individual expense invoices that are
10 posted. Overall, my review found that the calculations supporting TAWC's tariff
11 filing appear to be reasonable and logical. I was also able to trace the support for
12 PCOP calculations to TAWC's books and records.

13

14 ***Q12. PLEASE DESCRIBE TAWC'S PROPOSAL TO MODIFY THE PCOP***
15 ***RIDER FOR THE NON-REVENUE WATER PERCENTAGE***
16 ***CALCULATION.***

17 ***A12.*** TAWC's PCOP Rider includes tariff language specifically stating that it is subject
18 to the Commission's water loss policies. Since the inception of the PCOP Rider
19 in TRA Docket No. 13-00130, consideration of the Commission's water loss
20 policy has been implemented through the use of a Non-Revenue Water
21 Percentage calculation that is applied to the Company's Power Cost and Chemical

expenses. TAWC is now proposing to change this provision to a Lost and Unaccounted-For Water Percentage calculation.

Q13. WHAT IS THE DIFFERENCE BETWEEN THE EXISTING NON-REVENUE WATER PERCENTAGE CALCULATION AND THE COMPANY'S PROPOSED LOST AND UNACCOUNTED-FOR WATER PERCENTAGE CALCULATION?

A13. The Non-Revenue Water Percentage is based on the difference between the recorded water sales and water deliveries. The Unaccounted-For Water Percentage, as used by the Company, “is the portion of [Non-Revenue Water] that a utility is not able to track/measure (e.g., meter inaccuracies, data errors and unauthorized non-metered charges).”⁷ A comparison of the two calculations is shown in Tables 3 and 4 below.

Table 3 – Non-Revenue Water Percentage Calculation⁸ For the 12 Months Ended November 30, 2024	
Item	100 Gallons
Water Sales	102,994,325
System Deliveries	138,572,236
Non-Revenue Water Percentage	25.67%

Table 4 – Unaccounted-For Water Percentage Calculation⁹ For the 12 Months Ended November 30, 2024	
Item	100 Gallons
Unaccounted-For Water	17,480,550
System Deliveries	138,572,236
Unaccounted-For Water Percentage	12.61%

⁷ Direct Testimony of Bob Lane, Page 9.

⁸ WHN Workpaper PCOP-1-1.01.

⁹ Petition, File <Workpaper_Unaccounted for Water – 2024.xlsx>. No explanation of the calculation for these Unaccounted-For Water amounts was provided.

1 If the Non-Revenue Water Percentage exceeds 15%, then the excess is used to
2 reduce the Company's Power Cost and Chemical expenses in the PCOP Rider.
3 Since the Unaccounted-For Water Percentage is already less than 15%, the
4 Company proposes no related adjustment to Power Cost or Chemical expenses.
5

6 ***Q14. DO YOU AGREE WITH THE COMPANY'S PROPOSED ADJUSTMENT***
7 ***TO THE NON-REVENUE WATER PERCENTAGE CALCULATION?***

8 ***A14.*** No. The Settlement Agreement between TAWC and the Consumer Advocate
9 approved by the Commission in TRA Docket No. 13-00130 that established the
10 PCOP Rider included the application of a Non-Revenue Water Percentage
11 component, which was identical to methodology approved in the Company's
12 previous rate case in TRA Docket No. 12-00049. Since that time, this same
13 calculation methodology has been adopted in each of the PCOP filings shown
14 above in Table 1.
15

16 ***Q15. PLEASE EXPLAIN HOW THE NON-REVENUE WATER PERCENTAGE***
17 ***CALCULATION WAS APPROVED IN DOCKET NO. 13-00130 THAT***
18 ***ESTABLISHED THE PCOP RIDER.***

19 ***A15.*** In the filing in TRA Docket No. 13-00130, the Company did not initially include
20 a Non-Revenue Water Percentage in the proposed PCOP Rider. This deficiency
21 was noted in my prior testimony from this Docket as shown below.

22 *[T]he Company has omitted any recognition of the TRA's water loss*
23 *policy. In recent cases, the TRA has capped water loss at 15% in*
24 *calculating certain expenses. The Expense Recovery Rider*

1 *proposed by the Company fails to capture the TRA's policy on this*
2 *issue.*¹⁰
3

4 Shortly after this testimony was filed, TAWC and the Consumer Advocate
5 entered into a Settlement Agreement that resolved the differences between the
6 Parties and was accepted by the Commission.¹¹ The Company's witness then
7 filed Supplemental Testimony discussing the terms of the Settlement
8 Agreement.¹² One component of TAWC's Supplemental Testimony in this 2013
9 docket included an updated calculation of the PCOP Rider that now contained the
10 Non-Revenue Water Percentage shown below on Table 4.

Table 4 – Docket 13-00130	
Recoverable Percentage Calculation for Production Costs	
For the 12 Months Ended November 30, 2013¹³	
Item	Amount
Sales	92,747,990
System Delivery	124,947,670
Non-Revenue Water Percentage	25.80%

11
12 As can be seen, this Non-Revenue Water Percentage calculation from the
13 Settlement Agreement in TRA Docket No. 13-00130, is identical to the

¹⁰ *Petition of Tennessee-American Water Company for Approval of a Qualified Infrastructure Investment Program, an Economic Development Investment Rider, a Safety and Environmental Compliance Rider and Pass-Throughs for Purchased Power, Chemicals, Purchased Water, Wheeling Water Costs, Waste Disposal, and TRA Inspection Fee*, Pre-Filed Direct Testimony of William H. Novak at 24:19-22, TRA Docket No. 13-00130 (December 20, 2013).

¹¹ *Petition of Tennessee-American Water Company for Approval of a Qualified Infrastructure Investment Program, an Economic Development Investment Rider, a Safety and Environmental Compliance Rider and Pass-Throughs for Purchased Power, Chemicals, Purchased Water, Wheeling Water Costs, Waste Disposal, and TRA Inspection Fee*, Stipulation, TRA Docket No. 13-00130 (January 10, 2014).

¹² *Petition of Tennessee-American Water Company for Approval of a Qualified Infrastructure Investment Program, an Economic Development Investment Rider, a Safety and Environmental Compliance Rider and Pass-Throughs for Purchased Power, Chemicals, Purchased Water, Wheeling Water Costs, Waste Disposal, and TRA Inspection Fee*, Supplemental Testimony of Gary M. Verdouw, TRA Docket No. 13-00130 (January 17, 2014).

¹³ Attachment WHN-1.

1 calculation in all previous PCOP filings. It is also identical to the calculation
2 adopted by the Commission in the Company's Rate Case in TRA Docket No. 12-
3 00049.

4
5 ***Q16. PLEASE EXPLAIN HOW THE NON-REVENUE WATER PERCENTAGE***
6 ***CALCULATION WAS APPROVED IN THE COMPANY'S RATE CASE***
7 ***IN DOCKET NO. 12-00049.***

8 ***A16.*** The Consumer Advocate's forecast of Fuel & Power and Chemical Expenses in
9 TRA Docket No. 12-00049 was addressed through the testimony of Terry
10 Buckner as shown below.

11 *The primary difference between TAWC and the Consumer Advocate*
12 *concerns the amount of Fuel and Power Expense for the loss of*
13 *unaccounted for and non-revenue water. The unaccounted for and*
14 *non-revenue water loss has continued to grow. Consistent with the*
15 *TRA's Order in Docket No. 08-00039, the Consumer Advocate has*
16 *capped the amount of unaccounted for and non-revenue water loss*
17 *to fifteen percent in its calculation of Fuel and Power Expense.*
18 *Therefore the Consumer Advocate recommends that \$2,577,355 be*
19 *adopted by the TRA and that the loss of unaccounted for and non*
20 *revenue water be capped at 15% as previously established by the*
21 *TRA.¹⁴*

22
23 *[T]he primary difference between TAWC and the Consumer*
24 *Advocate concerns the amount of Chemicals Expense for the loss of*
25 *unaccounted for and non-revenue water. The unaccounted for and*
26 *non-revenue water loss has continued to grow. Consistent with the*
27 *TRA's Order in Docket No. 08-00039, the Consumer Advocate has*
28 *capped the amount of unaccounted for and non-revenue water loss*
29 *to fifteen percent in its calculation of Chemicals Expense.*
30 *Therefore, the Consumer Advocate recommends that \$986,960 be*

¹⁴ *Petition of Tennessee-American Water Company for a General Rate Increase, Implementation of a Distribution System Infrastructure Charge and the Establishment of Tracking Mechanisms for Purchased Power, Pensions and Chemical Expenses, Direct Testimony of Terry Buckner at 11:1-14, TRA Docket No. 12-00049 (August 27, 2012). In addition, Mr. Buckner's forecast of \$2,577,355 was increased to \$2,678,772 in the Commission's Order Approving Settlement Agreement, Exhibit A – Stipulation & Settlement Agreement, Attachment A, Schedule 7, Line 6, TRA Docket No. 12-00049 (November 20, 2012).*

1 *adopted by the TRA to take into account known and measurable*
2 *price increases and that the loss of unaccounted for and non-*
3 *revenue water be capped at 15% as established by the TRA.*¹⁵
4

5 A review of Mr. Buckner's workpapers related to Fuel & Purchased Power and
6 Chemical Expenses shows that his adjustment for the Non-Revenue Water
7 Percentage was calculated as shown in Table 5.

Table 5 – Docket 12-00049	
Recoverable Percentage for Production Costs¹⁶	
For the Attrition Year Ending November 30, 2013 (1000 Gallons)	
Item	Amount
Water Billed	10,184,015
Water Treated	13,508,933
Unaccounted-For Water	24.61%

8
9 Again, the calculation methodology for the Non-Revenue Water Percentage is
10 identical to the calculation in all previous PCOP filings shown in Table 1.
11 Although Mr. Buckner uses the terms “unaccounted for” and “non-revenue”
12 interchangeably in his testimony to refer to the water loss calculation, the
13 methodology used is consistent.
14

15 ***Q17. WHAT IS THE DOLLAR IMPACT FOR THE DIFFERENCE BETWEEN***
16 ***THE COMPANY'S PROPOSED LOST & UNACCOUNTED FOR WATER***

¹⁵ *Petition of Tennessee-American Water Company for a General Rate Increase, Implementation of a Distribution System Infrastructure Charge and the Establishment of Tracking Mechanisms for Purchased Power, Pensions and Chemical Expenses*, Direct Testimony of Terry Buckner at 11:17 to 12:3, TRA Docket No. 12-00049 (August 27, 2012). In addition, Mr. Buckner's forecast of \$986,960 was adopted in the Commission's *Order Approving Settlement Agreement*, Exhibit A – Stipulation & Settlement Agreement, Attachment A, Schedule 7, Line 7, TRA Docket No. 12-00049, (November 20, 2012).

¹⁶ Attachment WHN-2.

1 ***PERCENTAGE CALCULATION AND THE NON-REVENUE WATER***
2 ***PERCENTAGE CALCULATION IN THE CURRENT DOCKET?***

3 ***A17.*** As mentioned previously, the terms of the PCOP Rider reduce the Fuel &
4 Purchased Power and Chemical Expense by the excess of 15% of the Non-
5 Revenue Water Percentage. Therefore, the difference between the two
6 methodologies is \$573,517 as shown below on Table 6.

7

1

Table 6 – Calculation Methodology Impact on Current Period PCOP Calculation For the 12 Months Ended November 30, 2024			
Item	TAWC Lost & Unaccounted For Method¹⁷	CA Non-Revenue Method¹⁸	Difference
Purchased Water	\$215,041	\$215,041	\$0
Purchased Power	2,903,942	2,593,957	309,985
Chemicals	2,468,765	2,205,233	263,532
Waste Disposal	788,031	788,031	0
TPUC Fee	264,561	264,561	0
Total	\$6,640,340	\$6,066,823	\$573,517
Deferred	436,223	436,223	0
Total	\$7,076,563	\$6,503,047	\$573,517

2

3 ***Q18. WHAT CONCLUSIONS DO YOU DRAW FROM THE REVIEW OF***
4 ***CALCULATION METHODOLOGIES IN TRA DOCKET NOS. 12-00049***
5 ***AND 13-00130?***

6 ***A18.*** The inescapable conclusion is that the calculation methodology adopted in TRA
7 Docket Nos. 12-00049 and 13-00130 for the Non-Revenue Water Percentage are
8 identical to the methods used in the previous annual PCOP Rider filings shown in
9 Table 1. Although the terms “unaccounted for water” and “non-revenue water”
10 have been used interchangeably to refer to the water loss calculation, the same
11 methodology has been applied on a consistent basis.

12

13 ***Q19. WHAT IS YOUR RECOMMENDATION ON THE PCOP RIDER FOR***
14 ***THE CURRENT FILING?***

¹⁷ Company Response to Consumer Advocate DR No. 2-1.

¹⁸ WHN Workpaper PCOP-1-1.00.

1 **A19.** Consistent with past Commission decisions, I recommend that the Commission
2 adopt \$6,503,047 as shown on Table 6, as the appropriate amount for TAWC to
3 recover through the PCOP Rider in the current period. After adjustments for base
4 costs and taxes, this \$6,503,047 amount produces a new PCOP surcharge rate of
5 4.44% which I also recommend that the Commission adopt.¹⁹

6

7 **Q20. DOES THIS COMPLETE YOUR TESTIMONY?**

8 **A20.** Yes, it does. However, I reserve the right to incorporate any new data that may
9 subsequently become available.

10

11

12

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¹⁹ WHN Workpaper PCOP-1-1.00.

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:

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

DOCKET NO. 25-00002


AFFIDAVIT

I, William Novak, on behalf of the Consumer Advocate Division of the Attorney General's Office hereby certify that the attached Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.


WILLIAM H. NOVAK

Sworn to and subscribed before me

This 2nd day of April, 2025.



NOTARY PUBLIC



My Commission Expires: 1/31/2027

ATTACHMENT WHN-1

Calculation of the Recoverable Percentage of Production Costs
from the Supplemental Testimony of TAWC Witness Gary
Verdouw in TRA Docket No. 13-00130

Tennessee American Water Company
Docket No. 13-00130
For the Twelve Months Ending November 30, 2013
PCOP Actual Expenses

Line #	Description	A	B	C	D
					C - B
		For the 12 Months Ending 11/30/2013	**NRW Limited 12 Mos Ending 11/2013 (Column A, Lines 1 and 2 x Line 18 Recoverable %)	Authorized Amount Per Docket 12-00049	Difference NRW Limited from Authorized Docket 12-00049
1	Purchased Water Including Wheeling Charges	\$ 42,887	\$ 42,887	\$ 51,331	\$ (8,444)
2	Purchased Power	2,428,708	2,167,123	2,678,772	(511,649)
3	Chemicals	790,608	705,456	986,930	(281,474)
4	Waste Disposal	229,781	229,781	213,308	16,473
5	TRA Inspection Fee	138,344	138,344	131,826	6,518
6					
7	Total	<u>\$ 3,630,328</u>	<u>\$ 3,283,590</u>	<u>\$ 4,062,167</u>	<u>\$ (778,577)</u>
8					
9					
10	Sales in 100 Gallons	92,747,990	92,747,990	100,589,065	
11					
12	Cost per 100 Gallons (Line 7 / Line 10)	<u>\$ 0.03914</u>	<u>\$ 0.03540</u>	<u>\$ 0.04038</u>	<u>\$ (0.00498)</u>
	Recoverable % for Production Costs	For the 12 Months Ending 11/30/2013			
13	Sales	92,747,990			
14	System Delivery	124,947,670			
15	Non-Revenue Water % [1 - (Line 13 / Line 14)]	25.8%			
16	Non-Revenue Water % Authorized	15.0%			
17	Variance (If Line 15 > Line 16 then Line 15 - Line 16)	10.8%			
18	Recoverable % (1 - Line 17)	<u>89.2%</u>			

**Non-Revenue Water is only applied to purchased power and chemicals.

ATTACHMENT WHN-2

Fuel & Power and Chemical Expense Workpapers of Consumer Advocate witness Terry Buckner in TRA Docket No. 12-00049

TENNESSEE AMERICAN WATER COMPANY

TRA DOCKET #12-00049

FUEL AND POWER

FOR THE ATTRITION YEAR ENDED NOVEMBER 30, 2013

E-FP

	A/ Water (1,000 gallons) Treated	A/ Water (1,000 gallons) Billed	Unaccounted for Water	Percent Unaccounted for Water	B/ Fuel and Power
January 2011	1,065,803	758,467	307,336	28.84%	
February	989,724	716,779	272,945	27.58%	
March	1,070,730	742,065	328,665	30.70%	
April	1,034,553	745,683	288,870	27.92%	
May	1,143,844	813,423	330,421	28.89%	
June	1,240,740	1,008,800	231,940	18.69%	
July	1,280,122	952,102	328,020	25.62%	
August	1,368,139	1,086,320	281,819	20.60%	
September	1,161,198	1,062,205	98,993	8.53%	
October	1,117,300	859,842	257,458	23.04%	
November	1,012,846	729,212	283,634	28.00%	
December	1,023,934	709,117	314,817	30.75%	
Total Test Period	13,508,933	10,184,015	3,324,918	24.61%	\$ 2,738,627
Conversion to CCF	18,060,071	13,614,993	4,445,078		
Attrition Year CCF	17,721,723	13,359,922	4,361,801		\$ 2,851,458 D/
Net of 15% Unaccounted For Allowance	17,721,723	13,359,922	2,658,258	15.00%	\$ 2,577,355

A/ TAWC response to CAPD DR #94

B/ TAWC Income Statements

C/ WHN work paper R-1.01

D/ Test period grown for 23 months at 2.12% annual growth.

TENNESSEE AMERICAN WATER COMPANY

TRA DOCKET #12-00049

CHEMICALS

FOR THE ATTRITION YEAR ENDED NOVEMBER 30, 2013

E-CHEM

	A/ (1,000 gallons) Water Treated	A/ (1,000 gallons) Water Billed	(1,000 gallons) Unaccounted for Water	Percent Unaccounted for Water	B/ Test Period Chemicals
January 2011	1,065,803	758,467	307,336	28.84%	
February	989,724	716,779	272,945	27.58%	
March	1,070,730	742,065	328,665	30.70%	
April	1,034,553	745,683	288,870	27.92%	
May	1,143,844	813,423	330,421	28.89%	
June	1,240,740	1,008,800	231,940	18.69%	
July	1,280,122	952,102	328,020	25.62%	
August	1,368,139	1,086,320	281,819	20.60%	
September	1,161,198	1,062,205	98,993	8.53%	
October	1,117,300	859,842	257,458	23.04%	
November	1,012,846	729,212	283,634	28.00%	
December	1,023,934	709,117	314,817	30.75%	
Total	13,508,933	10,184,015	3,324,918	24.61%	\$ 1,039,057
Conversion to CCF	18,060,071	13,614,993			
Attrition Year CCF	17,721,723	13,359,922	C/		\$ 1,081,866 D/
Net of 15% Unaccounted For Allowance CCF	17,721,723	13,508,335	2,658,258	15.00%	\$ 986,930

A/ TAWC response to CAPD DR #94

B/ TAWC Income Statements

C/ WHN work paper R-1.01

D/ Test period grown for 23 months at 2.12% annual growth