

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:

TENNESSEE-AMERICAN WATER
COMPANY'S 2025 INCREMENTAL
CAPITAL RECOVERY RIDER TARIFF
PETITION

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DOCKET NO. 25-00016

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 *Tennessee-American Water Company's 2025 Incremental Capital Recovery Rider Tariff Petition* ("Petition") filed in TPUC Docket No. 25-00016. 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 approximately 83,874 customers located in Chattanooga, Tennessee, and the surrounding areas.¹ The Company stated that it is "a wholly-owned subsidiary of American Water Works Company, Inc., which is the

¹ Petition at 1, ¶ 1.

largest water holding company in the United States, providing water and wastewater services to approximately fourteen (15) million people in forty-six (46) states.”² Its principal place of business is located at 109 Wiehl Street, Chattanooga, Tennessee 37406.³

3. The Company’s *Petition* is a follow-up to a set of tariffs originally approved by Tennessee Regulatory Authority (“TRA”) on April 14, 2014, in TRA Docket No. 13-00130.⁴ The Consumer Advocate intervened in that docket and after extensive negotiation and discovery entered into a stipulation with TAWC on January 10, 2014, which formed part of the basis of the approval of certain tariffs by the Commission. These tariffs—including the Qualified Infrastructure Improvement Program Rider (“QIIP”), the Economic Development Investment Rider (“EDI”), and the Safety and Environmental Compliance Rider (“SEC”), (collectively, these are known as the “Capital Riders”)—were approved under the “alternative ratemaking” statute, Tenn. Code Ann. §§ 65-5-103, *et seq.*⁵

4. On November 16, 2018, in TPUC Docket No. 18-00120, TAWC submitted its Petition Regarding the 2019 Investment and Related Expenses under the Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider and the Safety and Environmental Compliance Rider. The Consumer Advocate intervened in this matter. After the hearing on the merits, during its deliberations resolving TPUC Docket No. 18-00120, the Commission established a new docket to address potential issues and proposed modifications to improve, make more transparent, or streamline the Company’s Capital Recovery Riders.⁶

² *Id.* at 3, ¶ 2. In the recent rate case petition, TAWC stated that provided “services to 14 million people through regulated operations in 14 states and 18 military operations.” *Petition of Tennessee American Water Company to Modify Tariff, Change and Increase Charges, Fees, and Rates and for Approval of a General Rate Case*, TPUC Docket No. 24-00032 (May 1, 2024).

³ *Petition* at 2, ¶ 2.

⁴ 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.

⁵ *Petition* at 4-5, ¶¶ 6-7.

⁶ *Order Approving Petition as Amended*, 21-22, TPUC Docket No. 18-00120 (Nov. 8, 2019).

5. This docket to investigate and consider potential issues and modifications to the Capital Riders of TAWC was TPUC Docket No. 19-00103.

6. The cooperative and good-faith discussions regarding the issues and concerns raised and presented in TPUC Docket No. 19-00103 led to the parties resolving all such issues upon mutually acceptable terms and a revised alternative regulatory method or mechanism to replace certain methodologies and calculations associated with the Capital Recovery Riders was crafted (the underlying eligibility requirements of the Capital Recovery Riders – Qualified Infrastructure Investment Program, Economic Development Investment and Safety and Environmental Compliance – remain unchanged).⁷ The revised mechanism is referred to as the Incremental Capital Recovery Rider Tariff (or “ICRR”).⁸

7. On March 8, 2024, TAWC filed its first ICRR petition since the Commission’s approval of the settlement agreement in TPUC Docket No. 19-000103. As the Company noted in its cover letter to the *Petition*, the annual filing’s deadline is March 1st; however, no parties objected to TAWC’s request for additional time to properly prepare this first-of-its-kind petition.

8. Although the *Petition* proposes a zero-percent cost recovery due to the Company earning in excess of its authorized ten percent return on equity,⁹ the Consumer Advocate has a strong interest in reviewing and analyzing the implementation of the terms of the settlement in TPUC Docket No. 19-00103 in which the Consumer Advocate was a party.

9. In addition, the *Petition* “includes the credit from the implementation of the federal Tax cut and Jobs Act of 2017 as an offset”¹⁰ pursuant to the Commission’s *Final Order Resolving*

⁷ *Order Approving Stipulation and Settlement Agreement*, TPUC Docket No. 19-00103 (Jan. 31, 2024).

⁸ *Petition* at 5, ¶ 10.

⁹ *Direct Testimony of Robert C. Lane*, at 27, TPUC Docket No. 25-00016 (March 3, 2025). The zero cost recovery results from a new rate base methodology established in TPUC Docket 19-00103. *See generally* *Order Approving Stipulation and Settlement Agreement*, TPUC Docket No. 19-00103 (Jan. 31, 2024).

¹⁰ *Petition* at 7, ¶ 14.

Phase Two Issues.¹¹ The Consumer Advocate needs to review and analyze the proposed adjustment to the ICRR associated with the excess Accumulated Deferred Income Tax amortization.

9. 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), Tenn. Code Ann. § 65-5-103(d), and other relevant statutory and regulatory provisions; (ii) the review and analysis of the Company's documentation, financial spreadsheets, and materials; and (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.

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¹¹ *Final Order Resolving Phase Two Issues*, TPUC Docket No. 18-00039 (Aug. 3, 2020).

RESPECTFULLY SUBMITTED,

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TPUC Docket No. 25-00016

Consumer Advocate's Petition to Intervene

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 10 day of March, 2025.



KAREN H. STACHOWSKI
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