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VIA ELECTRONIC FILING

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Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
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RE: *Petition of Tennessee-American Water Company to Adopt Annual Rate Review Mechanism and ARRM Tariff Pursuant to Tenn. Code Ann. § 65-5-103(d)(6), Docket No. 25-00089*

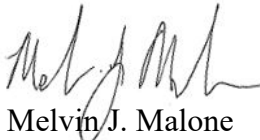
Dear Ms. Lawless:

Attached for filing please find *Tennessee-American Water Company's Supplemental Rebuttal Testimony of Philip J. Drennan* 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: Philip Drennan, TAWC
Shilina Brown, Consumer Advocate Division
Phillip Noblett, City of Chattanooga
Frederick Hitchcock, City of Chattanooga

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 25-00089

SUPPLEMENTAL REBUTTAL TESTIMONY

OF

PHILIP J. DRENNAN

ON

Amended Annual Review of Rates Mechanism

SPONSORING PETITIONER'S EXHIBITS:

Exhibit PJD-2 Amended Petition TPUC Staff DR 2 Response

SUPPLEMENTAL REBUTTAL TESTIMONY
PHILIP J. DRENNAN
TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 25-00089

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SUPPLEMENTAL DIRECT TESTIMONY

PHILIP J. DRENNAN

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Philip J. Drennan, and my business address is 153 N. Emerson Avenue, Greenwood, IN 46143.

Q. DID YOU PREVIOUSLY SUBMIT TESTIMONY ON BEHALF OF TENNESSEE AMERICAN WATER COMPANY, INC. (“TAWC” OR THE “COMPANY”) IN THIS PROCEEDING?

A. Yes. I filed direct testimony in this proceeding on November 18, 2025, rebuttal testimony on February 19, 2026, and supplemental direct testimony on June 18, 2026, to support the Amended Petition of Tennessee-American Water Company to Adopt an Annual Rate Review Mechanism (“ARRM”) and ARRM Tariff Pursuant to Tenn. Code Ann. § 65-5-103(d)(6) (the “Amended Petition”).

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to the July 10, 2026, Supplemental Testimony of Mr. Clark Kaml of the Consumer Advocate Division in the Office of the Tennessee Attorney General (“Consumer Advocate” or “CAD”).

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes. I am sponsoring the following exhibit:

- Exhibit PJD-2 Amended Petition TPUC Staff DR 2 Response

1 **II. RESPONSE TO MR. KAML**

2 **Q. DO YOU AGREE WITH MR. KAML’S RECOMMENDATION REGARDING**
3 **THE IMPLEMENTATION OF THE TENNESSEE PUBLIC UTILITY**
4 **COMMISSION’S (“COMMISSION” OR “TPUC”) JUNE 5 ORDER¹?**

5 A. Yes. I appreciated learning that Mr. Kaml did not “have any overriding objections”² to the
6 Company’s *Amended Petition* and recommended the Commission “[f]ind that the
7 Amended Petition meets the requirements of the Commission’s June 5 Order in general,
8 subject to future review.”³

9 **Q. HOW DO YOU RESPOND TO MR. KAML’S REQUEST THAT THE**
10 **COMMISSION DIRECT TAWC TO DEMONSTRATE HOW THE**
11 **APPROPRIATE INFORMATION FROM EXHIBIT CDK-9 WILL BE PROVIDED**
12 **IN TAWC’S PROPOSED SCHEDULES?⁴**

13 A. Compliant with the Commission’s June 5 Order,⁵ in my Pre-filed Supplemental Direct
14 Testimony in support of the Amended Petition, I noted that TAWC was proposing 47 total
15 schedules and supporting workpapers that would include the requisite integral information,
16 supporting documents, and granular accounting data.⁶ I also provided a complete list of the
17 schedules and supporting workpapers with that pre-filed testimony. As explained in detail
18 in my Pre-filed Supplemental Direct Testimony, the Company believes that its amended

¹ *Order Denying Petition of Tennessee-American Water Company to Adopt Annual Review Mechanism and ARRM Tariff Pursuant to Tenn. Code Ann. § 65-5103(d)(6) (“June 2026 ARRM Order”).*

² *Pre-filed Supplemental Testimony of CAD Witness Clark Kaml*, 3:22, TPUC Docket No. 25-00089 (July 10, 2026) (hereinafter “*Kaml Supplemental*”).

³ *Id.* at 4:2-3.

⁴ *Id.* at p. 4.

⁵ *June 2026 ARRM Order.*

⁶ *Pre-filed Supplemental Direct Testimony of TAWC Witness Phil Drennan*, 6:15-21, TPUC Docket No. 25-00089 (June 8, 2026) (“*Drennan Supplemental*”).

1 ARRM schedules provide the same level of information represented in Exhibit CDK-9, to
2 the extent that information is relevant to a water utility and to TAWC specifically.

3 Further, and as noted by Mr. Kaml, in response to an informal request from the
4 CAD the Company provided the CAD with illustrative samples of the proposed schedules
5 on June 25, 2026.⁷ On July 17, 2026, the Company responded to a Commission data request
6 seeking clarification on how TAWC's proposed 47 schedules correlated with Exhibit
7 CDK-9. I am including the Company's response to the Commission's data request with
8 this Pre-filed Supplemental Rebuttal Testimony as *Exhibit PJD-2 Amended Petition TPUC*
9 *Staff DR 2 Response ("July DR Response")*. In its *July DR Response*, the Company
10 clarified that Exhibit CDK-9 did not include examples of the actual schedules but instead
11 included only the titles of the proposed ARRM schedules, which led to informal,
12 cooperative discussions with the CAD and a re-review of other Commission-approved
13 ARRM dockets to better inform the Company's compliance with the *June 26 ARRM Order*.

14 All the above taken together, including our *July DR Responses*, demonstrate how
15 TAWC's proposed 47 schedules correlate with Exhibit CDK-9 and how the appropriate
16 information flowing from Exhibit CDK-9 will be provided in the Company's schedules. In
17 the *July DR Response*, the Company clarified which schedules from Exhibit CDK-9 were
18 inapplicable to TAWC, which schedules from Exhibit CDK-9 were merged or consolidated
19 with proposed TAWC schedules, and which TAWC proposed schedules correlated with
20 the schedules listing in Exhibit CDK-9 schedules.

⁷ Kaml at 9:18. These illustrative samples, which were provided to the Commission, are similar to those attached as Exhibit 1 to the *Order Approving Settlement Agreement* in TPUC Docket No. 19-00047 (Oct. 7, 2019).

1 **Q. DO YOU BELIEVE THE COMPANY’S PROPOSED 47 SCHEDULES, AS**
2 **CLARIFIED IN THE *JULY DR RESPONSE* WILL PROVIDE THE INTEGRAL**
3 **INFORMATION, SUPPORTING DOCUMENTATION, AND GRANULAR**
4 **ACCOUNTING NECESSARY FOR AN APPROPRIATE ANNUAL REVIEW OF**
5 **TAWC’S PROPOSED ARRM?**

6 A. Yes. The amended schedules contain detailed 13-month average rate base balances for
7 Plant, Accumulated Depreciation, Customer Advances and Contributions, Accumulated
8 Deferred Income Taxes, and Regulatory Assets and Liabilities. The Company included
9 detailed income statement schedules in addition to multiple revenue schedules, showing a
10 summary of test period revenues, billing determinants used for the ARRM adjustments,
11 proof of revenues, detailed calculation of the ARRM surcharges/sur-credits, and a
12 reconciliation of prior period ARRM adjustment activity. Non-revenue water calculations
13 are clearly shown on a separate schedule. While the Company always intended to submit
14 accounting trial balance and general ledger data, the Company has now created formal
15 workpapers for clear reference to support other schedules. Multiple tax workpapers will be
16 included in the amended schedules, including amortization expense tables. Each
17 ratemaking adjustment will be supported by detailed workpapers to clearly reference the
18 granular accounting data provided from the Company’s books and records. Additionally,
19 the Company is providing its Corporate Allocation Manual, corporate parent’s 10-K,
20 TAWC’s summary of debt holdings, pension and OPEB actuarial reports, corporate
21 organizational structure, documents supporting TAWC’s variable performance pay, and
22 additional workpapers as required. The amended schedules reflect a comprehensive

overview of TAWC's investment and operating expense activities and will provide an efficient, timely, and streamlined review process for each ARRM adjustment filing.

Q. DO YOU AGREE WITH MR. KAML'S ASSERTION THAT "THE SUGGESTION THAT THE ARRM PROVIDES INCENTIVES IS A NEW CLAIM THAT HAS NOT BEEN FULLY EXPLORED?"⁸

A. No. Mr. Kaml claims the Company has presented new information about incentives by selectively quoting a portion of a sentence found in the conclusion section of my Supplemental Direct Testimony. Footnote 9 in Mr. Kaml's Supplemental Testimony references the quote from my Supplemental Direct Testimony, "TAWC is incentivized to control costs and will adjust test period expenses to comply with the methodologies ordered by TPUC." This exact wording was also used in my Rebuttal Testimony filed in this same docket on February 19, 2026.⁹ Mr. Kaml would be accurate if he claimed the wording was repetitive, but the quote is certainly not "a new claim."¹⁰ The quote in my Rebuttal Testimony summarized information provided in *Section II Cost Control* on pages three (3) through seven (7) in that testimony filed on February 19, 2026.¹¹ My Rebuttal Testimony was filed nearly a month before the Commission's Hearing on the *Petition of Tennessee-American Water Company to Adopt Annual Review Mechanism and ARM Tariff Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, held on March 16, 2026. Intervening parties had

⁸ *Kaml Supplemental*, p. 10, 18:19.

⁹ *Pre-filed Rebuttal Testimony of TAWC Witness Philip J. Drennan*, p. 27 5:6 (Feb. 19, 2026) (hereinafter "*Drennan Rebuttal*").

¹⁰ *Kaml Supplemental* 10:19.

¹¹ *Drennan Rebuttal*, pp 3-4 ("The Commission's cost control methodologies form the basis for a rational regulatory framework for the ARM, while continuing to allow the Company to provide clean, safe, reliable and affordable water service to its customers. The Company is incentivized to control the cost drivers that lead to Commission disallowances. Every dollar of disallowed expense reduces TAWC's net income and its return on equity. As a result of the methodologies ordered in Docket No. 24-00032, the Company is incentivized to control headcount additions, salary increases, service company costs, production costs, and other expenses.").

1 ample opportunity to further explore the contents of my testimony during the Commission
2 Hearing held on March 16, 2026, including the above quotation revisited by Mr. Kaml.
3 The Commission carefully weighed the testimony presented by all parties, and aside from
4 the six (6) modifications ordered by the Commission, found “[f]or all remaining issues, the
5 panel found that the Petition and ARRM Tariff, as set forth in the November 18, 2025,
6 filing, are reasonable and voted unanimously to adopt them.”¹²

7 This assertion by Mr. Kaml appears to be an attempt to revisit positions previously
8 presented at the March hearing on the merits by the Intervenors and considered by the
9 Commission.¹³ As demonstrated above, the context (the quote from my Rebuttal
10 Testimony) does not support the CAD’s attempt.

11 **Q. DO YOU AGREE WITH MR. KAML’S RECOMMENDATION THAT THE**
12 **COMMISSION “DETERMINE THAT THE ARRM DOES NOT PROVIDE**
13 **INCENTIVES?”**¹⁴

14 A. No. The Company has not presented new information about incentives in its *Amended*
15 *Petition* that the Commission has not already considered and ruled on. Mr. Kaml’s revised
16 interpretation of testimony heard and decided on by the Commission is the only new
17 information regarding incentives presented subsequent to the Commission’s deliberations
18 after the March hearing. Thus, there is no need for the Commission to make a determination
19 on Mr. Kaml’s recommendation. Nevertheless, if Mr. Kaml is concerned about TAWC’s
20 cost controls, he should be reassured that Company’s costs will be reviewed in each ARRM

¹² *June 2026 ARRM Order*, p. 31.

¹³ See, e.g., *Pre-filed Testimony of City of Chattanooga Witness Mark Garrett*, 5:17-18, TPUC Docket No. 25-00089 (Feb. 3, 2026) (“TAWC’s proposed ARM is the opposite of a well-designed performance-based plan.”); and *Pre-filed Testimony of CAD Witness Clark Kaml*, 15:5-7, TPUC Docket No. 25-00089) (Feb. 3, 2026) (“costs-related issues being raised by TAWC have been addressed.”).

¹⁴ *Kaml Supplemental*, 12:14.

1 filing before any ARRM adjustments are approved. TAWC's proposed ARRM provides
2 meaningful regulatory review of historic costs and capital investments to determine
3 whether the Company's costs recovered through the proposed Annual Rate Review
4 Mechanism are prudently incurred and benefit the Company's customers. Furthermore,
5 TAWC will adjust test-period expenses consistent with the methodologies ordered by
6 TPUC, as stated in the Company's amended tariff and supported by detailed schedules and
7 workpapers, to ensure costs are just and reasonable.

8 **Q. DOES THE PROPOSED ARRM REMAIN IN THE PUBLIC INTEREST?**

9 A. Yes. A rate regulated utility has the burden to show any changes to its rates are just and
10 reasonable before rate changes are approved by the Commission. The Commission may
11 consider the safety, adequacy, and efficiency of a utility's services furnished when
12 reviewing a request to adjust rates. Tennessee American Water's ARRM schedules,
13 supported by detailed and granular accounting data, will clearly and transparently reflect
14 the Company's operating results to support the timely review of its investments and costs
15 made to provide clean, safe service before any rate adjustments are approved by the
16 Commission. The ARRM promotes regulatory efficiency by establishing an annually
17 recurring review of a company's rates in lieu of time intensive and costly rate cases. As I
18 have previously testified in these proceedings, the proposed ARRM serves the public
19 interest.

20 **III. CONCLUSION**

21 **Q. WHY IS TAWC'S AMENDED ARRM PROPOSAL IN THE PUBLIC INTEREST**
22 **AND WHY SHOULD THE COMMISSION APPROVE TAWC'S AMENDED**

1 **REQUEST FOR AN ANNUAL REVIEW OF ITS RATES UNDER TENN. CODE**
2 **ANN. § 65-5-103(d)(6)?**

3 A. The Company's Amended Petition adheres to the findings and conclusions of the *June*
4 *2026 ARRM Order*, including the Commission's conditional modifications, and is now in
5 the public interest. The Amended Petition will benefit customers by reducing the need for
6 frequent, costly, and time-consuming base rate cases. Approval of TAWC's Amended
7 Petition will promote regulatory efficiency and significantly reduce rate case costs, with
8 those savings benefiting customers through lower rates. If approved, TAWC's ARRM will
9 consolidate the Company's existing infrastructure and expense riders into a single filing,
10 streamlining the regulatory process. TAWC's proposed ARRM follows the ratemaking
11 methodologies established by TPUC in the Company's *2025 Rate Case*, as required by
12 Tenn. Code Ann. § 65-5-103(d)(6). Additionally, the Company's Amended ARRM
13 proposal will provide TAWC with an opportunity to recover its investments though
14 Commission reviewed annual adjustments and earn a fair and reasonable return on equity,
15 as established in its last rate case, while continuing to provide safe, reliable, and affordable
16 water service to its customers.

17 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL REBUTTAL TESTIMONY?**

18 A. Yes.

July 17, 2026

VIA ELECTRONIC FILING

Michelle Mairs
Audit and Compliance Director
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TPUC.DocketRoom@tn.gov

Electronically Filed in TPUC Docket
Room on July 17, 2026 at 1:07 p.m.

RE: *Petition of Tennessee-American Water Company to Adopt Annual Rate Review Mechanism and ARRM Tariff Pursuant to Tenn. Code Ann. § 65-5-103(d)(6), Docket No. 25-00089*

Dear Ms. Mairs:

We are in receipt of your data requests to Tennessee-American Water Company (“TAWC”), dated July 14, 2026. Please find TAWC’s responses below.

1. *A complete schedule-by-schedule mapping or cross-referencing showing where each CDK-9 schedule, sub-schedule, and required data information is represented in the Company’s newly proposed 47 ARRM schedules and associated workpapers.*

Response: Please see file TAWC_Comparison_CDK-9.xlsx for a schedule-by schedule comparison of TAWC proposed ARRM schedules and the schedules shown in Exhibit CDK-9. This file provides the information requested in the manner requested and shows where each CDK-9 schedule, sub-schedule, and required data information is represented in the Company’s newly proposed 47 ARRM schedules and associated workpapers. The information is organized and presented in a user-friendly manner to demonstrate how TAWC’s proposed schedules are coordinated with, and align with, Exhibit CDK-9, consistent with the Commission’s June 5, 2016, Order. It should be noted that the Commission recognized in its Order that there might be some schedules or parts of some schedules in Exhibit CDK-9 that might not be appropriate for a water utility like TAWC.¹ Although the information

¹ *Order Denying Petition of Tennessee-American Water Company to Adopt Annual Review Mechanism and ARRM Tariff Pursuant Tenn. Code Ann. (insert section symbol) 65-5103(d)(6), p.33, TPUC Docket No. 25-00089 (June 5, 2026)* (“The schedules listed in the Consumer Advocate’s Exhibit CDK-9 shall be incorporated, as appropriate, into

is organized and presented in a user-friendly manner, an explanation of how this information is assembled and organized might further illustrate how the proposed schedules correlate with Exhibit CDK-9. The Piedmont schedule numbers and schedule names are shown in the left columns of the file. The corresponding TAWC schedules numbers and explanations are shown directly to the right of the CDK-9 data. For example, Exhibit CDK-9 Schedule 27 for Normal Heating Degree Days is a schedule specific to an energy utility. TAWC does not track normal heating degree days, but TAWC does track data specific to water utilities like non-revenue water. File TAWC_Comparison_CDK-9.xlsx shows a comparison of Piedmont's Schedule 27 (heating days) to TAWC's Schedule 13 (NRW) and explains how the schedules can be cross-referenced. TAWC also included the full list of its proposed schedules and workpapers on a second tab in the Excel file.

2. *A list of all CDK-9 schedules or data information that were removed, including the rationale for each removal.*

Response: Please see the file provided with the Company's response to Question 1. This file contains the information sought in Question No. 2. TAWC has removed detailed adjustment schedules and sub-schedules related to Construction Work in Progress (CWIP). CWIP is not a component of TAWC's rate base, which appears to differ from Piedmont's regulatory process that includes CWIP in rate base with certain adjustments. TAWC combined numerous schedules as explained in the Company's response to Question 3.

3. *Identification of every CDK-9 component that was merged or consolidated into a new schedule, along with the corresponding supporting workpapers containing the underlying detailed information.*

Response: Please see the file provided with the Company's response to Question 1. The file identifies every CDK-9 component that was merged or consolidated into a new schedule, along with the corresponding supporting workpapers containing the underlying detailed information. The Company notes that Exhibit CDK-9 did not include examples of the actual schedules but only included the titles of Piedmont's schedules. One purpose of the Company's discussions with the CAD referenced in Mr. Kaml's Pre-filed Supplemental Testimony was to better understand the components and detailed information contained in the schedules listed in Exhibit CDK-9. Those discussions also allowed the Company to explain where the same or comparable information can be found in TAWC's proposed schedules. To support those discussions, the Company shared screens with the CAD showing example files, including TAWC's general ledger income and balance sheet detail. These examples showed where and how some of the underlying information will be provided in TAWC's schedules. Based on those discussions, as well as reviewing examples of Piedmont's schedules that the Company located in TPUC's public

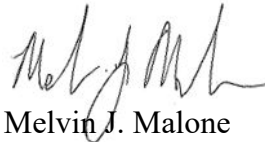
the required annual filing in addition to Tennessee-American Water Company's proposed annual rate review mechanism schedules.").

docket system, the Company believes its proposed ARRM schedules provide the same level of information represented in Exhibit CDK-9, to the extent that information is relevant to a water utility and to TAWC specifically. Moreover, consistent with the Commission's June 5, 2026, Order, the Company noted in the Amended Petition and supporting documentation that if the CAD identifies information it believes is lacking and should be submitted in relation to the annual review process, and the Company cannot show where the same information is included in its proposed schedules, the Company is willing to reformat, reorganize, or provide additional schedule information on an ongoing basis. Although the information in file TAWC_Comparison_CDK-9.xlsx is organized and presented in a user-friendly manner, an explanation of how this information is assembled and organized might be helpful. For example, Exhibit CDK-9 Schedule 33 (Deferred Environmental Regulatory Amortization and Cost Support) and Schedule 34 (Deferred Pension Regulatory Amortization) appear to be specific for Piedmont's needs. These two schedules are combined into TAWC WP 5.7 (Amortization of Regulatory Assets and Other Regulatory Liabilities). Additionally, Piedmont has nine (9) revenue schedules (Schedule 21 – Schedule 28), supporting an annual recalculation of its base rates to reflect the ARRM adjustments. TAWC has not proposed to reset base rates each year but instead proposes to administer each ARRM adjustment as a separate surcharge or sur-credit. As a result, TAWC presents similar revenue information that is relevant to TAWC's proposed ARRM in four (4) revenue schedules (Schedule 12 – Schedule 12.3). Also, FERC reporting requirements do not apply to water utilities; TAWC combined paired Regulatory View and SEC View financial reports into single schedules or workpapers. To the extent other components were appropriately merged or consolidated, those changes are shown in the Excel file submitted with the Company's response.

As required, copies will follow. Please feel free to reach out to me if you have any further questions.

Very truly yours,

BUTLER SNOW LLP



Melvin J. Malone

Attachment

cc: Philip Drennan, TAWC
Shilina Brown, Consumer Advocate Division
Phillip Noblett, City of Chattanooga
Frederick Hitchcock, City of Chattanooga

CDK-9 (Piedmont) Schedules	TAWC Schedule / Workpaper
1 Results of Operations	Schedule 1
2 Rate Base	Schedule 2
3 Lead Lag Results	Schedule 2.1
4A Working Capital Expense Lag for HBP	Schedule 4
4B Working Capital Expense Lag for Annual Base Rate Reset	Schedule 4.1
5 O&M Expense Summary	Schedule 5
6A Revenue Summary	Schedule 12
6B Revenue Detail	Schedule 12.1
7 General Tax Summary	WP 6
8 Excise and Income Tax Summary	Schedule 6
9 Income Statement under Present Rates and Proposed Rates	Schedule 5.1
10 Cost of Capital Summary	Schedule 7
11 Revenue Conversion Factor & Tax Gross Up Factor	Schedule 8
Rate Base Schedules	
12 Utility Plant in Service - End of Month Balances, Calculations of 13-month Average Balance	Schedule 2.2
14 Depreciation Expense - Calculation of Depreciation and Amortization Expense based on HBP Utility Plant in Service	Schedule 5.3
15 Construction Work in Progress - End of Month Balances, Calculation of 13-month Average Balance	CWIP not a TAWC rate base item. Removed.
16 Accumulated Depreciation - End of Month Balances, Calculation of 13-month Average Balance	Schedule 2.4
17 Contributions in Aid of Construction - End of Month Balances, Calculation of 13-month Average Balance	Schedule 2.5
18 ADIT - End of Month Balances, Calculation of 13-month Average Balance	Schedule 2.6
19 Cash Working Capital - Summary of 13-month Average Balances	Schedule 3
20 ARM Regulatory Asset Balances and Activity by Month	Schedule 2.7
Revenue Schedules	
21 Historic Base Period Revenue Components by Rate Schedule & Special Contract	Schedule 12
22A Annual Base Rate Reset Total Revenue by Rate Schedule and Special Contract	Schedule 12.1, TAWC is not resetting base rates
22B Annual Base Rate Reset Revenue Components by Rate Schedule and Special Contract	Schedule 12.1, TAWC is not resetting base rates
23 Annual Base Rate Reset Other Revenues	Schedule 12.1, TAWC is not resetting base rates
24 Summary of Normalized Billing Determinants and Proposed Margin R	Schedule 12.1, TAWC is not resetting base rates
25 Proof of Revenue at Proposed Rates	Schedule 12.2
26 Revenue Changes by Rate Schedule	Schedule 12.2
27 Normal Heating Degree Days	Energy Company Specific; Replaced by Schedule 13 (NRW)
28 Factors for Weather Normalization Adjustment	Schedules 12.1 & 12.2, if rate design changes are submitted, approved, and require normalization adjustments
O&M Expense Schedules	
29 Customer Accounts & Service Expense, including uncollectible ratio calculation	Schedule 5.1; WP 3
30 Employee Salary and Wage Expense	Schedule 5.1; WP 3
31 Employee Short Term Compensation Expense	Schedule 5.1; WP 3; WP 12
32 Employee Long Term Compensation Expense	Schedule 5.1; WP 3; WP 12
33 Deferred Environmental Regulatory Amortization and Cost Support	WP 5.7
34 Deferred Pension Regulatory Amortization and Pension Plan Contribution Support	WP 5.7
35 Return on Service Company Assets	Does not apply to TAWC, Piedmont appears to have a different allocation methodology; WP 7
36 Other Pension expense	Schedule 5.1; WP 3
37 Lobbying Expense, Charitable Contributions, Social Club Membership Adjustment	WP 5.6
38 Promotional and Advertising Expenses, consistent with Commission Rule 1220-04-05-.45	WP 5.6
Financial Reports	
39 Tennessee Allocated Income statement, including HomeServe program	Schedule 5.1; WP 3; TAWC does not have HomeServe
40A Total Piedmont Regulatory View Year End Income Statement	Schedule 5.1; WP 13.1
40B Total Piedmont SEC View	Regulatory view and SEC view are the same for TAWC. Combined.
40C Parent Year End Income Statement	WP 8
40D Service Company year End Income	WP 3 to extent this exists, consistent with rate case methodology
40E Total Piedmont Regulatory View Year End Balance Sheet	Schedule 2.2; WP 1
40F Total Piedmont SEC View Year End Balance Sheet	Regulatory view and SEC view are the same for TAWC. Combined.
40G Parent Year End Balance Sheet	WP 8
40H Service Company Year End Balance Sheet	WP 1 to extent this exists, consistent with rate case methodology
41A Total Piedmont Monthly Trial Balance Regulatory View	WP 1
41B Total Piedmont Monthly Trial Balance SEC View	Regulatory view and SEC view are the same for TAWC. Combined.
41C Parent Monthly Trial Balance Regulatory View	WP 8, consistent with rate case methodology
41D Parent Monthly Trial Balance SEC View	Regulatory view and SEC view are the same for TAWC. Combined.
41E Service Company Monthly Trial Balance Regulatory View	WP 1 and WP 2 to extent this exists, consistent with rate case methodology
41F Service Company Monthly Trial balance SEC View	Regulatory view and SEC view are the same for TAWC. Combined.
Other Information Schedules	
42 Piedmont Capital Budget for Tennessee operations for year subsequent to HBP	Schedule 11
43 Piedmont Operating Budget for the year subsequent to the HBP	Schedule 5.1; TAWC is using unadjusted historical data supported by WP 3
44 Piedmont Jurisdictional Allocation Factors: Composite Factors	WP 7 and WP 3
45 Piedmont Jurisdictional Allocation Factors: Net Plant Factors	WP 7 but this schedule seems specific to Piedmont's allocation methodology
46 Cost Allocation Manual	WP 7
47 Corporate Organizational Structure	WP 11
48 List of Company Offices	WP 8, annual TPUC report
49 Pension and OPEB actuarial reports	WP 10
50 Employee Incentive Compensation Plan Documents	WP 12
51 Impact of and new accounting pronouncements	WP 8
52 Additional workpapers as required, and referenced to applicable ARM Filing Schedule	WP 13
Rate Base Workpapers	
UPIS - Monthly Activity by plant	Schedule 2.3
CWIP - Actual Capital Expenditures by Category and Project Number, to provide support for ARM Schedule 15	CWIP not a TAWC rate base item. Removed.
ACC DEPR - Monthly Activity by plant account, to provide support for ARM Schedule 16	Schedule 2.4
WE - 13-month average balance of Working Capital by category, to provide support for ARM Schedule 19	Schedule 4.1; consistent with rate case methodology
ARM Reg Asset - Monthly Activity, to provide support for ARM Schedule 6A ...	WP 5.7
O&M Expense Workpapers	
Other Purchased Gas Expense ... for ARM Schedule 5 Line 1	Schedule 5.1; WP 3; Replaced with WP 5 - WP 5.6; Piedmont specific. TAWC is not adjusting these types expenses
Gas Storage Expense....for ARM schedule 5 Line 2	Schedule 5.1; WP 3; Replaced with WP 5 - WP 5.6; Piedmont specific. TAWC is not adjusting these types expenses
Transmission Expense Schedule 5 Line 3	Schedule 5.1; WP 3; Replaced with WP 5 - WP 5.6; Piedmont specific. TAWC is not adjusting these types expenses
Distribution Expense...Schedule 5 Line 4	Schedule 5.1; WP 3; Replaced with WP 5 - WP 5.6; Piedmont specific. TAWC is not adjusting these types expenses
Sales Expense ... Arm Schedule 5 Line 8	Schedule 5.1; WP 3; Replaced with WP 5 - WP 5.6; Piedmont specific. TAWC is not adjusting these types expenses
Other Admin & General Expense ... ARM Schedule 5 Line 18	Schedule 5.1; WP 3; Replaced with WP 5 - WP 5.6; Piedmont specific. TAWC is not adjusting these types expenses
General Ledger transaction level detail for all O&M Charges	WP 3
General Ledger transaction level detail for all O&M Charges allocated to TN Ops from Service Corp	WP 3; contains original ServCo detail, allocation factors, and TAWC portion
Calculation of depreciation expense allocated to TN operations from the Service Corp pursuant to settlement	Specific to Piedmont. Removed.
Other Workpapers	
Calculation of O&M Expense for Lead/Lag	Schedule 4.1
Calculation of General Taxes - ARM Schedule 7	WP 6
Statutory Excise Tax Rates - ARM Schedule 11	Schedule 6
Calculation of Annual EDIT Amortization for Protected PPE - ARM Schedule 8	WP 4
Capital Structure and Cost Rates - ARM Schedule 10	Schedule 7
ARM Reconciliation of Deferred Account Activity by month - ARM Schedule 12	Schedule 12.3

Line No.	Schedule	Name
1	1	Annual Reconciliation of Revenue Deficiency / (Surplus)
2	2	Rate Base
3	2.1	Average Rate Base – Rate Case Adopted Docket
4	2.2	Rate Base 13-Month Average Summary
5	2.3	Rate Base 13-Month Average UPIS Detail by Account
6	2.4	Rate Base 13-Month Average Accumulated Depreciation Detail by Account
7	2.5	Rate Base 13-Month Average Customer Advances and Contributions
8	2.6	Rate Base 13-Month Average ADIT Balances by Account
9	2.7	Regulatory Asset and Liability 13-Month Average Balances
10	3	Lead Lag Results Approved
11	4	Rate Case Calculation of Operating Expense Lead Lag
12	4.1	ARM Historic Base Period Calculation of Operating Expense Lead Lag
13	5	Income Statement: Historic Base Period Summary
14	5.1	Income Statement: Historic Base Period Detail
15	5.2	Income Statement: Historic Base Period Schedule of Rate Making Adjustments
16	5.3	Income Statement: Historic Base Period Monthly Depreciation and Amortization Expense by Account
17	6	Income Tax Calculation
18	7	Rate Case Capital Structure
19	8	Gross Revenue Conversion Factor
20	9	Carrying Charges and ARM Asset / (Liability)
21	10	Return on Equity Proof before and after ARM Deficiency / (Surplus)
22	11	TAWC Strategic Capital Expenditure Plan (SCEP) for the Upcoming Calendar Year
23	12	Revenue Summary for Historic Base Period
24	12.1	Base Revenue Forecast – Billing Determinants
25	12.2	Proof of Revenues and Calculation of ARM Surcharges
26	12.3	Revenue Reconciliation – ARM Revenue Surcharge
27	13	Non-Revenue Water (NRW) – Lost and Unaccounted for Water Report
28	WP 1	Trial Balance (Electronic Format)
29	WP 2	General Ledger Capital Expenditure Data (Electronic Format)
30	WP 3	General Ledger Operating Expenditure Data (Electronic Format)
31	WP 4	Calculation of Annual EDIT Amortization
32	WP 5	Supporting Workpapers for Rate Making Adjustments on Schedule 5.2
33	WP 5.1	Remove current year ARM revenue accrual
34	WP 5.2	Remove AFUDC Equity, AFUDC Debt Income and other Non-Operating Income/(Loss).
35	WP 5.3	Align interest expense to authorized capital structure and cost of capital consistent with methodology in 24-00032
36	WP 5.4	Adjust Salaries and Wages for Annual Performance Plan (APP) and Long-Term Performance Plan (LTPP) consistent with methodology in 24-00032
37	WP 5.5	Adjust production costs consistent with water loss methodology in 24-00032
38	WP 5.6	Adjust ID&E, Business Development, Lobbying, and Charitable Contribution costs consistent with methodology in 24-00032
39	WP 5.7	Amortization of Regulatory Assets and Other Regulatory Liabilities
40	WP 6	General Tax Summary
41	WP 7	Corporate Allocation Manual (CAM) - Confidential
42	WP 8	American Water Works Company, Inc. Form 10-K (supplemental when publicly available)
43	WP 9	TAWC Capital Structure and Debt Holdings
44	WP 10	Pension and OPEB Actuarial Reports
45	WP 11	Corporate Organization Structure (if Changed from Docket 24-00032 or the Prior Year)
46	WP 12	Incentive Compensation Documents (if Changed from Docket 24-00032 or the Prior Year)
47	WP 13	Additional workpapers as required, and referenced to applicable ARM Filing Schedule

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

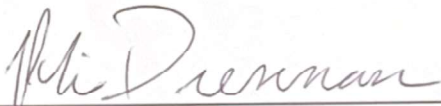
PETITION OF TENNESSEE-AMERICAN)
WATER COMPANY TO ADOPT ANNUAL)
RATE REVIEW MECHANISM AND)
ARRM TARIFF PURSUANT TO TENN.)
CODE ANN. § 65-5-103(d)(6))

DOCKET NO. 25-00089

VERIFICATION

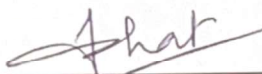
STATE OF Minnesota)
COUNTY OF Hennepin)

I, PHILIP J. DRENNAN, 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.

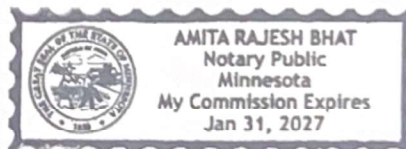


PHILIP J. DRENNAN

Sworn to and subscribed before me
this 21st day of July, 2026.



Notary Public



My Commission Expires: Jan 31, 2027

CERTIFICATE OF SERVICE

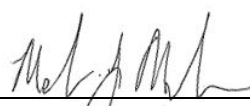
I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 22nd day of July 2026.



Melvin Malone