

## **NOTICE OF RATE INCREASE**

### **Tennessee Public Utility Commission Docket No. 19-00105**

Tennessee American Water Company (“TAWC” or “Company”) filed its annual Capital Recovery Riders Petition with the Tennessee Public Utility Commission (the “Commission”) in Docket No. 19-00105 on November 15, 2019, seeking approval of certain expenditures under the Qualified Infrastructure Improvement Program (“QIIP”), the Economic Development Investment Program (“EDI”) and the Safety and Environmental Compliance Program (“SEC”) for the upcoming year, 2020.

The Capital Recovery Riders are authorized alternative regulatory methods and mechanisms under state law that permit TAWC to recover certain costs without a full-blown general rate case, as long as specific criteria are satisfied, including, but not limited to, the Commission finding that such alternative methods and mechanisms are in the public interest. A further explanation of the Capital Recovery Riders is available through the Commission in both TPUC Docket Nos. 13-00130 and 19-00105. Below is a summation of the Capital Recovery Riders that will become effective on January 1, 2020 in Docket No. 19-00105.

#### **2019 SURCHARGES**

Qualified Infrastructure Improvement Program Rider	11.65%
Economic Development Investment Program Rider	0.65%
<u>Safety and Environmental Compliance Program Rider</u>	<u>6.88%</u>
Subtotal of Capital Recovery Riders	19.18%
Total of Capital Recovery Riders Percentages	19.18%
Offset to Capital Recovery Riders for Tax Cuts and Jobs Act (“TCJA”) Savings	-6.62%

#### **2020 SURCHARGES**

Qualified Infrastructure Improvement Program Rider	14.28%
Economic Development Investment Program Rider	1.14%
<u>Safety and Environmental Compliance Program Rider</u>	<u>8.79%</u>
Subtotal of Capital Recovery Riders	24.21%
Total of Capital Recovery Riders Percentages	24.21%
Offset to Capital Recovery Riders for Tax Cuts and Jobs Act (“TCJA”) Savings	-6.62%

Under these surcharge changes, including the customer credit or offset resulting from the federal corporate income tax expense reduction, a typical residential customer living in the City of Chattanooga, and using an average of 4,154 gallons per month, would experience an increase in their bill of about \$1.09 per month, or \$13.08 per year. The TCJA offset would result in the same customer experiencing a decrease in their bill of approximately \$1.09 per month, or \$13.08 per year.

TAWC's Capital Recovery Rider tariffs allow the surcharges proposed on November 15, 2019, to become effective on January 1, 2020. Even though such surcharges are allowed to go into effect on January 1, the Commission will still review the surcharges in a public hearing to determine whether such revisions should remain in place. The Commission has not yet set a hearing in this matter. TAWC and the Consumer Advocate Unit in the Financial Division of the Attorney General's Office have jointly proposed a possible hearing date of April 13, 2019, at the Tennessee Public Utility Commission, in the Andrew Jackson Building, 500 Deaderick Street, Hearing Room G.201, Nashville, Tennessee. TAWC will provide additional notice after the Commission formally establishes a hearing date.

The Petition, and supporting documentation, is on file with the Commission in TPUC Docket No. 19-00105 at <http://share.tn.gov/tra/dockets/1900105.htm> and is open to public inspection and review. A complete copy of the Petition, and supporting documentation, including the proposed tariff and surcharge changes and the reasons for them, are also on file at the Commission in Docket No. 19-00105 and are open to public inspection and review in the Andrew Jackson Building, 500 Deaderick Street, Nashville, Tennessee. The Petition, and supporting documentation, including the proposed tariff and surcharge changes and the reasons for them, is also available for public inspection and review at the offices of TAWC at 109 Wiehl Street, Chattanooga, TN 37406.