

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

PETITION OF TENNESSEE AMERICAN	)	
WATER COMPANY TO CHANGE AND	)	
INCREASE CERTAIN RATES AND	)	
CHARGES SO AS TO PERMIT IT TO	)	Docket No. 08-00039
EARN A FAIR AND ADEQUATE RATE	)	
OF RETURN ON ITS PROPERTY USED	)	
AND USEFUL IN FURNISHING WATER	)	
SERVICE TO ITS CUSTOMERS	)	

**CONSUMER ADVOCATE AND PROTECTION DIVISION'S RESPONSES TO THE
TRA STAFF DATA REQUEST**

Robert E. Cooper, Jr., Attorney General and Reporter for the State of Tennessee, by and through the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate" or "CAPD"), hereby submits its response to the TRA Staff Data Request of August 14, 2008.

DATA REQUEST NO. 1: Please update and provide all CAPD schedules to reflect the income tax effect of the O&M adjustments recognized in the updated CAPD exhibits dated August 5, 2008.

RESPONSE: Attached are hard copies of the CAPD's revised exhibits and work papers. Additionally, the revised exhibits and work papers are provided in Excel format. In light of the rebuttal testimony and information provided by Tennessee American Water Company ("TAWC"), the following revisions were made:

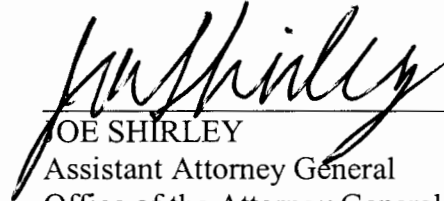
- (1) Reduced Other Utility Revenues by \$26,031 for Signal Mountain per TAWC Rebuttal Exhibit SAM-4, filed on August 13, 2008.

- (2) Reduced Construction Work in Progress by \$473,893 per TAWC response to TRA #5, TN-TRA-Q001-ATTACHMENT 2, Page 1 of 1 as of March 2008, filed on August 5, 2008.
- (3) Eliminated Cash amount per TAWC response to TRA #5, TN-TRA-Q001-AMENDED EXHIBIT, No. 1, Schedule 3, Page 1 of 6, Line 7, filed on August 5, 2008.
- (4) Eliminated Prepaid Insurance amount per TAWC response to TRA #5, TN-TRA-Q001-AMENDED EXHIBIT, No. 1, Schedule 3, Page 1 of 6, Line 9, filed on August 5, 2008.
- (5) Reduced Lead-Lag Study amount by \$131,941 for changes to O&M Expenses and Rate Base made in these revised exhibits and work papers.
- (6) Reduced Incidental Collections amount by \$290,114 per TAWC response to CAPD Second Discovery Request, #18, filed on July 31, 2008.
- (7) Reduced Accumulated Amortization of Utility Plant Capital Lease by \$86,417 per TAWC Rebuttal Testimony, S. Miller, Page 6, Line 11, filed August 13, 2008.
- (8) Reduced Accumulated Deferred Income Taxes by \$2,290,946 per TAWC Rebuttal Testimony, S. Miller, Page TAWC Rebuttal Testimony, S. Miller, Page 8, Line 19, filed on August 13, 2008.
- (9) Correct CAPD Working Capital Error of \$76,221.

The net effect of the rate base adjustments increases rate base by \$1,668,064. The income tax effect of the revenue adjustment and rate base adjustments is found on Schedule 7 of the CAPD's revised exhibits. The changes made in these revised exhibits and work papers reflect all known revisions that are needed in light of the information recently provided by

TAWC; all of this information was provided after the Consumer Advocate submitted its prefiled testimony on July 18, 2008.

RESPECTFULLY SUBMITTED,



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Dated: August 15, 2008

CERTIFICATE OF SERVICE

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

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This the 15th day of Aug., 2008.

122193



JOE SHIRLEY

Tennessee-American Water Company
Index to Schedules
For the 12 Months Ending August 31, 2009

	<u>Schedule No.</u>
Revenue Deficiency	1
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Tennessee-American Water Company
Revenue Deficiency
For the 12 Months Ending August 31, 2009

Line No.		CAPD		TAWC		Difference
1	Rate Base	121,818,865	A/	118,199,645	A/	3,619,220
2	Operating Income at Present Rates	9,006,538	B/	5,452,341	B/	3,554,197
3	Earned Rate of Return (Line 2/Line 1)	7.39%		4.61%		2.78%
4	Cost of Capital	6.65%	C/	8.514%	E/	-1.86%
5	Required Operating Income (Line 1*Line 4)	8,105,387		10,063,518		(1,958,131)
6	Operating Income Deficiency (Line 5-Line 2)	(901,151)		4,611,177		(5,512,328)
7	Gross Revenue Conversion Factor	1.649695	D/	1.71974555	E/	(0.070050)
8	Revenue Deficiency (Line 6*Line 7)	<u>(1,486,624)</u>		<u>7,930,051</u>		<u>(9,416,675)</u>

A/ Schedule 2
B/ Schedule 3
C/ Schedule 9
D/ Schedule 8
E/ TAWC Exhibit 1, Schedule 1

Tennessee-American Water Company
Comparative Rate Base
For the 12 Months Ending August 31, 2009

Line No.		CAPD	B/	TAWC	A/	Difference
1	Utility Plant in Service	209,341,111		203,998,392		5,342,719
2	Construction Work in Progress	5,284,789		7,996,461		(2,711,672)
3	Utility Plant Capital Lease	1,590,500		1,590,500		-
4	Limited-Term Utility Plant - Net	-		-		-
5	Working Capital	599,651		1,396,084		(796,433)
6	Def. Maint.	-		-		-
7	Total Additions	<u>216,816,051</u>		<u>214,981,437</u>		<u>1,834,614</u>
8	Accumulated Depreciation	62,426,348		63,563,205		(1,136,857)
9	Accumulated Amort. of Utility Capital Lease	1,139,858		1,139,858		-
10	Accumulated Deferred Income Taxes	15,242,359		16,931,771		(1,689,412)
11	Customer Advances for Construction	7,628,149		6,793,935		834,214
12	Contributions In Aid of Construction	8,459,113		8,399,016		60,097
13	Unamortized Investment Tax Credit	33,994		37,993		(3,999)
14	RWIP/Utility Plant Acquisition Adj.	<u>67,365</u>		<u>(83,986)</u>		<u>151,351</u>
15	Total Deductions	<u>94,997,186</u>		<u>96,781,792</u>		<u>(1,784,606)</u>
16	Rate Base	<u>121,818,865</u>		<u>118,199,645</u>		<u>3,619,220</u>

A/ TAWC Exhibit 1, Sch. 2

B/ CAPD work papers.

Tennessee-American Water Company
Income Statement at Current Rates
For the 12 Months Ending August 31, 2009

Line No.		CAPD		TAWC		Difference
1	Operating Revenues	39,492,768	A/	37,142,460	A/	2,350,308
2	Operations and Maintenance Expense	19,752,233	B/	21,478,005	B/	(1,725,772)
3	Depreciation and Amortization Expense	4,366,120	I/	4,730,347	C/	(364,227)
4	Taxes Other Than Income	4,047,986	D/	4,176,423	G/	(128,437)
5	State Excise Tax	473,924	E/	406,685	H/	67,239
6	Federal Income Tax	2,309,657	E/	1,362,349	H/	947,308
7	Total Operating Expense	30,949,920		32,153,809		(1,203,889)
8	AFUDC	463,690	F/	463,690	F/	-
9	Net Operating Income for Return	9,006,538		5,452,341		3,554,197

A/ TAWC Exhibit 2, Sch. 2
B/ Schedule 5
C/ TAWC Exhibit 2, Sch. 1
D/ Schedule 6
E/ Schedule 7
F/ TAWC Exhibit 2, Sch. 3
G/ TAWC Exhibit 2, Sch. 1
H/ TAWC Exhibit 2, Sch. 6
I/ CAPD work paper E-DEP

Tennessee-American Water Company
Income Statement at Proposed Rates
For the 12 Months Ending August 31, 2009

Line No.		Current Rates	A/ B/	Adjustments	C/	Proposed Rates
1	Operating Revenues	39,173,060	B/	(1,486,624)		37,686,436
2	Forfeited Discount Revenues	319,708	B/	(12,785)		306,923
3	Total Revenues	<u>39,492,768</u>		<u>(1,499,409)</u>		<u>37,993,359</u>
4	Operations and Maintenance Expense	19,752,233		(16,643)		19,735,590
5	Depreciation and Amortization Expense	4,366,120				4,366,120
6	Taxes Other Than Income	4,047,986				4,047,986
7	State Excise Tax	473,924		(96,380)		377,544
8	Federal Income Tax	<u>2,309,657</u>		(485,235)		<u>1,824,422</u>
9	Total Operating Expense	<u>30,949,920</u>				<u>30,351,662</u>
10	AFUDC	<u>463,690</u>				<u>463,690</u>
11	Net Operating Income for Return	<u>9,006,538</u>				<u>8,105,387</u>

A/ Schedule 3

B/ TAWC Exhibit 2, Sch. 2

C/ Schedule 1, Line 8 x appropriate factor from Schedule 8

Tennessee-American Water Company
Operation & Maintenance Expenses
For the 12 Months Ending August 31, 2009

Line No.		CAPD	A/	TAWC	B/	Difference
1	Salaries and Wages	4,877,597		5,058,987		(181,390)
2	Purchased Water	52,621		52,110		511
3	Fuel and Power	2,337,108		1,922,043		415,065
4	Chemicals	1,060,227		1,559,222		(498,995)
5	Waste Disposal	169,535		179,088		(9,553)
6	Management Fees	3,453,223		4,335,190		(881,967)
7	Group Insurance	1,672,934		1,714,550		(41,616)
8	Pensions	1,156,442		1,161,108		(4,666)
9	Regulatory Expense	341,868		543,384		(201,516)
10	Insurance Other Than Group	534,380		583,492		(49,112)
11	Customer Accounting	763,785		738,845		24,940
12	Uncollectible Expense	434,707		417,756		16,951
13	Rents	17,618		11,336		6,282
14	General Office Expense	256,041		245,926		10,115
15	Miscellaneous Expense	1,802,072		2,018,623		(216,551)
16	Other Maintenance Expense	<u>822,075</u>		<u>936,345</u>		<u>(114,270)</u>
17	Total O&M Expense	<u><u>19,752,233</u></u>		<u><u>21,478,005</u></u>		<u><u>(1,725,772)</u></u>

A/ CAPD work papers

B/ TAWC Exhibit 2, Sch. 3

Tennessee-American Water Company
Taxes Other Than Income Taxes
For the 12 Months Ending August 31, 2009

Line No.		CAPD		TAWC	D/	Difference
1	Other General Taxes	-		568		(568)
2	Gross Receipts Tax	357,833	A/	546,017		(188,184)
3	TRA Inspection Fee	75,588		74,295		1,293
4	Property Taxes	2,842,849	B/	2,824,972		17,877
5	Franchise Tax	397,550		344,020		53,530
6	FICA Taxes	366,896	C/	378,917		(12,021)
7	Unemployment Taxes	7,270	C/	7,634		(364)
8	Total Taxes Other Than Income Taxes	<u>4,047,986</u>		<u>4,176,423</u>		<u>(128,437)</u>

A/ CAPD work paper T-OTAX2

B/ CAPD work paper T-OTAX1

C/ CAPD work paper T-OTAX3

D/ TAWC Exhibit 2, Sch. 5, TAWC response to TRA #13, Page 1 of 147.

Tennessee-American Water Company
Excise and Income Taxes
For the 12 Months Ending August 31, 2009

Line No.		Attrition Amount A/	
1	Operating Revenues	39,492,768	B/
2	Salaries and Wages	4,877,597	
3	Purchased Water	52,621	
4	Fuel and Power	2,337,108	
5	Chemicals	1,060,227	
6	Waste Disposal	169,535	
7	Service Company Charges	3,453,223	
8	Group Insurance	1,672,934	
9	Pensions	1,156,442	
10	Regulatory Expense	341,868	
11	Insurance Other Than Group	534,380	
12	Customer Accounting	763,785	
13	Uncollectible Expense	434,707	
14	Rents	17,618	
15	General Office Expense	256,041	
16	Miscellaneous Expense	1,802,072	
17	Other Maintenance Expense	822,075	
18	Depreciation and Amortization Expense	4,366,120	
19	Taxes Other Than Income	4,047,986	
20	NOI Before Excise and Income Taxes	11,326,429	
21	AFUDC	463,690	
22	Interest Expense	(4,479,075)	C/
23	Pre-tax Book Income	7,311,044	
24	Schedule M Adjustments	(19,904)	D/
25	Excise Taxable Income	7,291,140	
26	Excise Tax Rate	6.50%	
27	Excise Tax Payable	473,924	
28	Excise Tax Deferred	-	
29	Excise Tax Expense	473,924	
30	Pre-tax Book Income	7,311,044	
31	Preferred Dividend Credit	-	
32	Excise Tax	(473,924)	
33	Schedule M Adjustments	(19,904)	D/
34	FIT Taxable Income	6,817,215	
35	FIT Rate	35.00%	
36	Federal Income Tax Payable	2,386,025	
37	ITC Amortization	(76,368)	E/
38	Federal Income Tax Deferred	-	
39	Federal Income Tax Expense	2,309,657	

A/ Schedule 5

B/ Schedule 4

C/ Schedule 1, line 1 * Weighted Cost of Debt per Schedule 9

D/ TAWC Exhibit No. 2, Schedule 7, Line 36.

E/ TAWC Exhibit No. 2, Schedule 7, Line 11.

Tennessee-American Water Company
Revenue Conversion Factor
For the 12 Months Ending August 31, 2009

Line No.		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.0086 A/	<u>0.008600</u>
3	Balance		1.008600
4	Uncollectible Ratio	0.0111 B/	<u>0.011195</u>
5	Balance		0.997405
6	State Excise Tax	0.0650 C/	<u>0.064831</u>
7	Balance		0.932573
8	Federal Income Tax	0.3500 C/	<u>0.326401</u>
9	Balance		<u>0.606173</u>
10	Revenue Conversion Factor (Line 1 / Line 11)		<u><u>1.649695</u></u>

A/ 12 MTD 3/31/08 (\$319,708/\$37,196,860)

B/ 12 MTD 3/31/08 (\$429,323/\$38,589,907)

C/ Statutory Rate

Tennessee-American Water Company
Cost of Capital
For the 12 Months Ending August 31, 2009

Line No.	Parent:	Ratio	Cost	Weighted Cost	Tax Deductible
1	Long Term Debt	55.14%	5.86%	3.23%	2.99%
2	Short Term Debt	1.90%	2.87%	0.05%	
3	Common Equity	42.96%	7.50%	3.22%	
4	Total	<u>100.0%</u>		<u>6.51%</u>	
	Tennessee American:	Ratio	Cost	Weighted Cost	
5	Long Term Debt	7.61%	8.43%	0.64%	0.64%
6	Common Equity	92.39%	6.51%	6.01%	
7	Total	<u>100.0%</u>		<u>6.65%</u>	<u>3.6%</u>
Final Capital Structure					
	Parent:	Ratio	Cost	Weighted Cost	Tax Deductible
8	Long Term Debt	50.94%	5.86%	2.99%	2.99%
9	Short Term Debt	1.76%	2.87%	0.05%	0.05%
10	Common Equity	39.69%	7.50%	2.98%	
11	Total Parent	92.39%	6.51%	6.01%	
	Tennessee American:	Ratio	Cost	Weighted Cost	
12	Long Term Debt	7.61%	8.43%	0.64%	0.64%
13	Total Subsidiary	7.61%	8.43%	0.64%	
14	Total	<u>100.0%</u>		<u>6.65%</u>	<u>3.68%</u>

Source: Exhibit CAPD-SB

OFFICE OF THE ATTORNEY GENERAL - STATE OF TENNESSEE
CONSUMER ADVOCATE AND PROTECTION DIVISION
SUMMARY ATTRITION YEAR REVENUE COMPARATIVE
TENNESSEE AMERICAN WATER COMPANY - TRA DOCKET #08-00039

REVISED
R-REVENUE COMPARATIVE SUMMARY

Line No.	Class of Service	Tennessee American Water Company		Consumer Advocate and Protection Division		Over (Under) CAPD Forecast Revenues
		11/30/2007 Per Book Total Revenues	Attrition Year @ Present Rates 8/31/2009 Total Revenues	Percent Increase Over 11/30/2007	Attrition Year @ Present Rates 8/31/2009 Total Revenues	
1	Residential	\$ 15,183,550	\$ 14,994,956	0.66% A/	\$ 16,353,100	\$ (1,358,144)
2	Commercial	11,084,750	11,460,266	1.14% B/	11,947,283	(487,017)
3	Industrial	3,834,564	3,914,733	0.00% C/	3,876,587	38,146
4	Other Public Authority	2,482,512	2,603,078	0.00% D/	2,583,294	19,784
5	Other Water Utility	1,717,504	1,310,627	0.00% E/	1,821,321	(510,693)
6	Private Fire Service	1,438,263	1,489,608	0.00% F/	1,518,135	(28,527)
7	Public Fire Service	-	-			-
8	Subtotal	\$ 35,741,143	\$ 35,773,269	0.64%	\$ 38,099,720	\$ (2,326,451)
9	Other Operating Revenues	1,367,954	1,369,193	0.34% G/	1,393,048	(23,855)
10	Total Revenue	\$ 37,109,097	\$ 37,142,462	0.63%	\$ 39,492,768	\$ (2,350,306)

A/ CAPD Work Paper R-RES SUMMARY
B/ CAPD Work Paper R-COMM SUMMARY
C/ CAPD Work Paper R-IND SUMMARY
D/ CAPD Work Paper R-OPA SUMMARY
E/ CAPD Work Paper R-OTHER UTIL SUMMARY
F/ TAWC response to CAPD Part IV, #7.
G/ TAWC Other Operating Revenues at 3/31/08.

TENNESSEE AMERICAN WATER COMPANY
TRA DOCKET #08-00039
OTHER WATER UTILITY REVENUE FORECAST COMPARATIVE

REVISED R-OTHER WATER UTIL COMPARATIVE									
Chattanooga									
Meter Charges	Meter Size	Present Rates	TAWC Billing Determinates A/	TAWC Revenue Forecast	CAPD Billing Determinates B/	CAPD Revenue Forecast	TAWC Over (Under) CAPD Revenue Forecast		
	5/8"	\$ 10.42	-	\$ -	-	\$ -	-		
	3/4"	17.51	-	-	-	-	-		
	1"	29.14	-	-	-	-	-		
	1 1/2"	58.30	-	-	-	-	-		
	2"	93.27	10	933	10	933	-		
	3"	174.89	-	-	-	-	-		
	4"	291.49	33	9,619	33	9,619	-		
	6"	582.99	-	-	-	-	-		
	8"	932.77	-	-	-	-	-		
	Total		43	\$ 10,552	43	\$ 10,552	\$ -		
Volumetric Rates									
		Present Rates	TAWC Billing Determinates	TAWC Revenue Forecast	CAPD Billing Determinates	CAPD Revenue Forecast	TAWC Over (Under) CAPD Revenue Forecast		
First 400 Cubic Feet		\$ 0.194	-	\$ -	-	\$ -	-		
Next 6,100 Cubic Feet		3.073	-	-	-	-	-		
Next 43,500 Cubic Feet		1.931	-	-	-	-	-		
Next 450,000 Cubic Feet		1.443	-	-	-	-	-		
Next 1,000,000 Cubic Feet		1.103	-	-	-	-	-		
All Over 1,500,000 Cubic Feet		0.655	-	-	-	-	-		
Fort Oglethorpe		0.8961	489,880	438,981	494,558	443,173	(4,192)		
Catoosa County		0.8961	501,752	449,620	529,188	474,205	(24,585)		
Signal Mountain		0.796	515,804	410,580	531,283	422,901	(12,321)		
Walden Ridge		0.9375			501,919	470,549	(470,549)		
Total			1,507,436	1,299,181	2,056,948	\$1,810,829	\$ (511,648)		
Total Other Water Utility				\$1,309,733		\$1,821,381	\$ (511,648)		

A/ TAWC Exhibit No. 4, Schedule 2, Page 10 of 13, Lines 15 and 28

B/ CAPD Work Paper, R-OTHER WATER UTILITY TREND

TENNESSEE AMERICAN WATER COMPANY
TRA DOCKET #08-00039
OTHER WATER UTILITY BILLING DETERMINANTS COMPARATIVE

BILLING DETERMINANTS
TREND ANALYSIS

REVISED
R-OTHER WATER UTILITY TREND

8/31/2009

Chattanooga

Chattanooga
Other Water Utility Class

Meter Size	<u>7/31/2004</u>	<u>12/31/2004</u>	<u>12/31/2004</u>	<u>12/31/2005</u>	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>3/31/2008</u>	<u>6/30/2008</u>	<u>7/31/2008</u>	<u>8/31/2009</u>	<u>B/</u> <u>TAWC</u>
5/8"	A/	A/	A/	A/	A/	A/	A/	A/	A/		
3/4"											
1"											
1 1/2"										10	10
2"										-	-
3"										33	33
4"											
6"											
8"	-	-	-	-	-	-	-	-	-	-	-
Total Meters	-	-	-	-	-	-	-	-	-	43	43

Volumetric Rates

Ft. Oglethorpe	-	-	-	107,906	483,455	497,607	494,558	493,917	499,127	494,558	489,880
Catoosa	-	-	-	35,411	369,170	508,501	529,188	416,111	401,712	529,188	501,752
Signal Mountain	-	-	-	81,561	467,096	520,258	531,283	503,990	509,918	531,283	515,804
Walden's Ridge	-	-	-	-	376,073	470,456	501,919	497,522	504,573	501,919	-
SFR	1,251,059	1,337,767	1,046,319	-	-	-	-	-	-	-	-
Total Volumetric	1,251,059	1,337,767	1,271,197	1,695,794	1,996,822	1,911,540	2,056,948	1,915,330	2,056,948	2,056,948	1,507,436

A/ CAPD Work Papers R-OTHER WATER UTILITY HIST
B/ TAWC Exhibit No. 4, Schedule 2, Page 11 of 13, Lines 15 and 28

TENNESSEE AMERICAN WATER COMPANY
TRA DOCKET #08-00039

OTHER WATER UTILITY BILLING DETERMINANTS HISTORY

R-OTHER WATER UTILITY HIST

Chattanooga Other Water Utility Class		January	February	March	April	May	June	July	August	September	October	November	December	Total
Meter Size														
5/8"		-	-	-	-	-	-	-	-	-	-	-	-	-
3/4"		-	-	-	-	-	-	-	-	-	-	-	-	-
1"		-	-	-	-	-	-	-	-	-	-	-	-	-
1 1/2"		-	-	-	-	-	-	-	-	-	-	-	-	-
2"		-	-	-	-	-	-	-	-	-	-	-	-	-
3"		-	-	-	-	-	-	-	-	-	-	-	-	-
4"		-	-	-	-	-	-	-	-	-	-	-	-	-
6"		-	-	-	-	-	-	-	-	-	-	-	-	-
8"		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meters		-	-	-	-	-	-	-	-	-	-	-	-	-
Volumetric Rates														
Ft. Oglethorpe		44,117	37,667	36,724	38,170	39,078	47,987	42,482	43,925	46,388	40,166	35,982	44,921	497,607
Caloosa		20,221	5,626	14,413	41,826	35,184	55,938	70,537	50,996	68,821	54,932	43,624	46,383	508,501
Signal Mountain		29,681	30,022	32,627	33,918	42,078	64,568	46,885	54,800	53,406	60,511	36,782	34,980	520,258
Walden's Ridge		26,230	29,686	27,130	35,429	37,306	53,225	44,312	49,578	50,594	48,870	34,207	33,889	470,456
* Signal Mountain March and April adjusted for S. Miller Rebuttal Exhibit.														
Total Volumetric		120,249	103,001	110,894	149,343	153,646	221,718	204,216	199,299	219,209	204,479	150,595	160,173	1,996,822

TENNESSEE AMERICAN WATER COMPANY
TRA DOCKET #08-00039

OTHER WATER UTILITY BILLING DETERMINANTS HISTORY

R-OTHER WATER UTILITY HIST

Chattanooga Other Water Utility Class	April	May	June	July	August	September	October	November	December	January	February	March	Total
Billing Determinants - March 2008													
Meter Size													
5/8"													-
3/4"													-
1"													-
1 1/2"													-
2"													-
3"													-
4"													-
6"													-
8"													-
Total Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Volumetric Rates													
Ft. Oglethorpe	38,170	39,078	47,987	42,482	43,925	46,388	40,166	35,982	44,921	36,084	38,353	41,022	494,558
Catoosa	41,826	35,184	55,938	70,537	50,996	68,821	54,932	43,624	46,383	27,292	20,033	13,622	529,188
Signal Mountain	33,918	42,078	64,568	46,885	54,800	53,406	60,511	36,782	34,980	37,365	30,910	35,080	531,283
Walden's Ridge	35,429	37,306	53,225	44,312	49,578	50,594	48,870	34,207	33,889	39,445	35,185	39,879	501,919
Total Volumetric	149,343	153,646	221,718	204,216	199,299	219,209	204,479	150,595	160,173	140,186	124,481	129,603	2,056,948

OFFICE OF THE ATTORNEY GENERAL - STATE OF TENNESSEE
CONSUMER ADVOCATE AND PROTECTION DIVISION
HISTORICAL CCF COMPARATIVE
TENNESSEE AMERICAN WATER COMPANY - TRA DOCKET #08-00039

REVISED R-VOLUMETRIC HISTORY

	7/31/02 Per TRA Docket #03-00118 A/ Per Books	4,544,707	4,623,639	4,395,515	4,705,187	6/30/06 Per TRA Docket #04-00288 B/ Per Books	4,551,139	4,547,185	11/30/07 Per TRA Docket #08-00039 I Per Books	4,772,347	4,422,165	CAPD Forecasted 8/31/2009 Normalized	TAWC Forecasted 8/31/2009 Normalized	Forecasted TAWC Normalized Attrition Year Growth Rate Since 11/30/07	Actual Normalized Growth Rate Since 7/31/2002	Actual Normalized Growth Rate Since 3/31/2004	Actual Normalized Growth Rate Since 6/30/2006
Residential		4,544,707	4,623,639	4,395,515	4,705,187	4,551,139	4,547,185	4,547,185	4,772,347	4,422,165	4,895,846	4,455,330	4,455,330	0.75%	-4.36%	-6.02%	-2.75%
Commercial		4,120,430	4,238,998	4,235,874	4,060,037	4,274,865	4,216,842	4,216,842	4,277,089	4,108,791	4,373,320	4,145,288	4,145,288	0.89%	-3.07%	1.20%	-2.56%
Industrial		3,411,643	3,379,580	2,942,770	2,942,770	3,199,859	3,092,865	3,092,865	3,222,174	3,144,865	3,091,849	3,144,865	3,144,865	0.00%	-6.95%	6.87%	1.68%
Other Pub. Auth.		1,368,735	1,370,941	1,447,319	1,444,871	1,205,008	1,210,272	1,210,272	1,108,718	1,115,708	1,106,035	1,115,708	1,115,708	0.00%	-18.62%	-22.78%	-7.81%
Other Wtr. Util.		1,181,063	1,181,063	1,178,392	1,178,392	1,547,422	1,439,948	1,439,948	1,966,122	1,971,213	2,056,948	1,967,320	1,967,320	-0.20%	66.90%	67.28%	36.89%
Private Fire Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Fire Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		14,626,578	14,794,221	14,199,870	14,331,257	14,778,293	14,507,112	14,507,112	15,346,450	14,762,742	15,513,998	14,828,511	14,828,511	0.45%	-0.21%	3.01%	1.76%

A/ Sheila A. Valentine Exhibit No. 4, Schedule 1.

B/ Paul R. Herbert Direct Testimony.

C/ Sheila A. Miller Exhibit No. 4, Schedule 1.

D/ Exhibit No. 4, Schedule 1.

* Includes Walden's Ridge Utility District.

REVISED
EXHIBIT CWIP

CONSUMER ADVOCATE AND PROTECTION DIVISION
SUMMARY OF CONSTRUCTION WORK IN PROGRESS
TENNESSEE AMERICAN WATER COMPANY TRA DOCKET #08-00039
FOR THE THIRTEEN MONTHS ENDED AUGUST, 31, 2009

		A/ Additions	TAWC Balance	
NOVEMBER	2007		\$ 2,829,032	B/
DECEMBER			1,738,975	B/
JANUARY	2008		1,145,048	B/
FEBRUARY			1,367,135	B/
MARCH			1,798,540	B/
APRIL		\$ 196,952	1,995,492	
MAY		207,816	2,203,308	
JUNE		224,284	2,427,592	
JULY		712,141	3,139,733	
AUGUST		(546,075)	2,593,658	
SEPTEMBER		339,225	2,932,883	
OCTOBER		196,738	3,129,621	
NOVEMBER		993,655	4,123,276	
DECEMBER		(1,216,204)	2,907,072	
JANUARY		1,181,798	4,088,870	
FEBRUARY		962,932	5,051,802	
MARCH		1,021,977	6,073,779	
APRIL		873,313	6,947,092	
MAY		737,215	7,684,307	
JUNE		574,943	8,259,250	
JULY		325,930	8,585,180	
AUGUST	2009	(2,257,242)	6,327,938	
			-	
			-	
			-	
			<u>\$ 5,284,979</u>	

AVERAGE CWIP

A/ TAWC response to TRA #5, TN-TRA-Q001-ATTACHMENT 2, Page 1 of 1.
B/ TRA Surveillance reports, Line 22, column (h).

REVISED
RB-WORKING CAPITAL REQUIREMENT

CONSUMER ADVOCATE AND PROTECTION DIVISION
WORKING CAPITAL REQUIREMENT COMPARATIVE
TENNESSEE AMERICAN WATER COMPANY TRA DOCKET #08-00039
FOR THE ATTRITION YEAR ENDED AUGUST 31, 2009

<u>Item</u>	<u>CAPD Amount</u>	<u>H/ TAWC Amount</u>	<u>Difference</u>
Average Cash	\$ -	\$ -	\$ -
Prepaid Insurance	-	-	-
Prepaid Taxes	164,678 A/	168,877	(4,199)
Materials & Supplies	315,711 B/	204,853	110,858
Deferred Regulatory Expense	650,928 C/	1,020,269	(369,341)
Unamortized Debt Expense	232,405 D/	-	232,405
Other Deferred Debits	595,689 E/	852,184	(256,495)
Lead/Lag Study	703,117 F/	611,000	92,117
Total	\$ 2,662,528	\$ 2,857,183	\$ (194,655)
Less:			
Incidental Collections	2,062,877 G/	1,461,099	601,778
Net Working Capital Requirement	\$ 599,651	\$ 1,396,084	\$ (796,433)

A/ CAPD work paper, RB-PREPAID TAXES
B/ CAPD work paper, RB-M&S
C/ CAPD work paper, RB-DEFERRED REGULATORY EXPENSE
D/ CAPD work paper, RB-UNAMORTIZED DEBT EXPENSE
E/ CAPD work paper, RB-OTHER DEFERRED DEBITS
F/ CAPD work paper, RB-CWC
G/ CAPD work paper, RB-INCIDENTAL COLLECTIONS
H/ Amended TAWC Exhibit No. 1, Schedule 3

CONSUMER ADVOCATE AND PROTECTION DIVISION
CASH WORKING CAPITAL LEAD/LAG ANALYSIS
TENNESSEE AMERICAN WATER COMPANY TRA DOCKET #09-000039
FOR THE ATTRITION YEAR ENDED AUGUST 31, 2009

LINE NO.	DESCRIPTION	ATTRITION YEAR	LEAD/ LAG DAYS	DOLLAR DAYS
1	Revenues less private fire	\$ 37,974,633	15.21	\$ 577,594,168
2	Private Fire billed in advance	1,518,135	(45.63)	(69,272,500)
3	Total	<u>\$ 39,492,768</u>	<u>41.73</u>	<u>\$ 508,321,668</u>
4	Payroll Charged to Expense - Hourly	3,353,469	5.50	18,444,081
5	Payroll Charged to Expense - Salary	1,524,127	14.02	21,368,267
6	Fuel and Power	2,337,108	50.65	118,374,520
7	Chemicals	1,060,227	28.27	29,972,617
8	Waste Disposal	169,535	31.23	5,294,578
9	AWWS Charges	3,453,223	(4.46)	(15,401,375)
10	Group Insurance	1,672,934	(1.31)	(2,191,544)
11	Pensions	1,156,442	-	-
12	Insurance Other Than Group	534,380	(21.72)	(11,606,734)
13	Rents	17,618	9.24	162,790
14	Telephone Expense	119,429	(2.73)	(326,041)
15	Postage Expense	339,717	24.77	8,414,790
16	Amortizations	-	-	-
17	Stock E	142,602	23.77	3,389,650
18	Other Operating and Maintenance Expenses	3,871,421	20.51	79,402,849
19	Depreciation	4,366,120	-	-
20	Payroll Taxes	374,166	10.61	3,969,901
21	Other Taxes	3,758,248	174.52	655,889,441
22	Current Federal Income Tax	1,578,588	37.00	58,407,756
23	Current State Excise Tax	473,924	37.00	17,535,188
24	Deferred Income Taxes	731,069	-	-
25	Interest Expense	4,479,075	87.97	394,024,228
26	Preferred Dividends	69,531	89.48	6,221,634
27	Net Earnings	3,909,814		
20	Total Operating Funds	<u>\$ 39,492,768</u>	<u>\$ 35.23</u>	<u>\$ 1,391,346,598</u>
21	Net Lead (Lag) Days		6.500	
22	Average Daily Operating Expenses		\$	108,199
23	CWC Required for Operating Expenses		<u>\$</u>	<u>703,117</u>

Source: CAPD work papers, TAWC Exhibit 1, Schedule 3, Page 3 of 6

REVISED RB-INCIDENTAL COLLECTIONS

CONSUMER ADVOCATE AND PROTECTION DIVISION
 INCIDENTAL COLLECTIONS ANALYSIS
 TENNESSEE AMERICAN WATER COMPANY TRA DOCKET #08-00039
 FOR THE ATTRITION YEAR ENDED AUGUST 31, 2009

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>ATTRITION</u> <u>YEAR</u>	<u>LEAD/</u> <u>LAG DAYS</u>	<u>DOLLAR</u> <u>DAYS</u>
1	Sales & Use Tax	A/ \$ 7,057 A/	17.92	\$ 126,461
2	Sewer Collections	B/ 82,930 C/	23.35	1,936,416
3	Total	\$ 89,987		\$ 2,062,877

A/ TAWC Response to CAPD 2nd Discovery, #18, Page 1 of 6.

B/ TAWC Response to CAPD 2nd Discovery, #18, Page 2 of 6.

C/ TAWC Response to CAPD 2nd Discovery, #18, Page 2 of 6 (43.74) less TAWC Working Papers, TRA Docket #03-00118, Book 2 of 2

CONSUMER ADVOCATE AND PROTECTION DIVISION
SUMMARY OF ACCUMULATED AMORTIZATION OF UTILITY PLANT CAPITAL LEASE
TENNESSEE AMERICAN WATER COMPANY TRA DOCKET #08-00039
FOR THE THIRTEEN MONTHS ENDED AUGUST, 31, 2009

REVISED
RB-AMORT CAPITAL LEASE

	2008	\$	<u>Amortization</u>	\$	<u>Balance</u>
AUGUST					1,086,842 A/
SEPTEMBER			8,836		1,095,678
OCTOBER			8,836		1,104,514
NOVEMBER			8,836		1,113,350
DECEMBER			8,836		1,122,186
JANUARY			8,836		1,131,022
FEBRUARY			8,836		1,139,858
MARCH			8,836		1,148,694
APRIL			8,836		1,157,530
MAY			8,836		1,166,366
JUNE			8,836		1,175,202
JULY			8,836		1,184,038
AUGUST	2009		8,836		1,192,874

AVERAGE ACCUM. AMORT.

\$
1,139,858

A/ TAWC General Ledger balance at 1/1/30/07 plus nine months of amortization.

REVISED
RB-ADIT

CONSUMER ADVOCATE AND PROTECTION DIVISION
SUMMARY OF ACCUMULATED DEFERRED INCOME TAXES
TENNESSEE AMERICAN WATER COMPANY TRA DOCKET #08-00039
FOR THE THIRTEEN MONTHS ENDED AUGUST, 31, 2009

	B/ <u>Change</u>	<u>Balance</u>	
		\$	A/
MARCH		14,588,588	
APRIL	62,333	14,650,921	
MAY	62,333	14,713,253	
JUNE	62,333	14,775,586	
JULY	62,333	14,837,918	
AUGUST		14,900,251	2008
SEPTEMBER	62,333	14,962,584	
OCTOBER	62,333	15,024,916	
NOVEMBER	62,333	15,087,249	
DECEMBER	62,333	15,149,582	
JANUARY	50,818	15,200,399	
FEBRUARY	50,818	15,251,217	
MARCH	50,818	15,302,035	
APRIL	50,818	15,352,853	
MAY	50,818	15,403,670	
JUNE	50,818	15,454,488	
JULY	50,818	15,505,306	
AUGUST		15,556,124	2009

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-
-

AVERAGE ACC. DEF INCOME TAXES **\$ 15,242,359**

A/ TAWC Trial Balance Sum of Deferred Regulatory Assets, Deferred Income Taxes, and Deferred Regulatory Liability (excluding #256250).
B/ TAWC per TRA #13, TN-TRA-01-Q013-RATE BASE BACK-UP, Page 5 of 52.