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A PROFESSIONAL LIMITED LIABILITY COMPANY

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OTHER OFFICES

KNOXVILLE
MEMPHIS

August 19, 2008

VIA E-MAIL AND HAND DELIVERY

Chairman Tre Hargett
c/o Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

filed electronically in docket office on 08/19/08

Re: *Petition of Tennessee American Water Company To Change And Increase Certain Rates And Charge So As To Permit It To Earn A Fair And Adequate Rate Of Return On Its Property Used And Useful In Furnishing Water Service To Its Customers*
Docket No. 08-00039

Dear Chairman Hargett:

Enclosed please find an original and seven (7) sets of copies of Tennessee American Water Company's updated exhibits to the testimony of Sheila Miller, filed pursuant to the TRA Staff's request at the Hearing of this matter on August 18, 2008. Hard copies of this submission will be provided to the TRA officers in person at the hearing.

Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

Sincerely



Adam B. Futrell

Enclosures

cc: Hon. Mary W. Freeman (*w/o enclosure*)
Hon. Sara Kyle (*w/o enclosure*)
Hon. Eddie Roberson, PhD (*w/o enclosure*)
Ms. Darlene Standley, Chief of Utilities Division (*w/o enclosure*)
Richard Collier, Esq. (*w/o enclosure*)
Mr. Jerry Kettles, Chief of Economic Analysis & Policy Division (*w/o enclosure*)
Ms. Pat Murphy (*w/o enclosure*)
Timothy C. Phillips, Esq. (*w/enclosure*)
David C. Higney, Esq. (*w/enclosure*)
Henry M. Walker, Esq. (*w/enclosure*)
Michael A. McMahan, Esq. (*w/enclosure*)
Frederick L. Hitchcock, Esq. (*w/enclosure*)
Mr. John Watson (*w/o enclosure*)
Mr. Michael A. Miller (*w/o enclosure*)

Overall Financial Summary

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 1, Schedule 1
8/18/2008
Page 1 of 1

Line No.	Description	Reference to Supporting Exhibit	Proposed Test Year
1			
2			
3			
4			
5			
6			
7	Rate Base	Exhibit 1, Schedule 2	\$117,188,963
8			
9	Operating Income at Attrition Year Present Rates	Exhibit 2, Schedule 1	5,453,705
10			
11	Earned Rate of Return		4.650%
12			
13	Rate of Return	Exhibit 3, Schedule 1	8.514%
14			
15	Required Operating Income		9,977,553
16			
17	Operating Income Deficiency		4,523,848
18			
19	Gross Revenue Deficiency Factor		1.71974555
20			
21	Revenue Deficiency		7,779,868
22			
23			
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Computation of Attrition Year Rate Base

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 1, Schedule 2
8/18/2008

Line No.		Footnote Reference	Per Books Rate Base @ 11/30/07	Adjustments	Rate Base 13 mo average @ 08/31/09
1	<u>Additions</u>				
2	Utility Plant in Service (UPIS)	(1)	\$191,067,256	\$12,931,133	\$203,998,392
3	Construction Work in Progress	(2)	2,829,032	4,139,747	6,968,779
4	Utility Plant Capital Lease		1,590,500		1,590,500
5	Deferred Maintenance	(3)	0	0	0
6	Limited-Term Utility Plant - Net	(4)	0	0	0
7	Working Capital		1,414,084	0	1,414,084
8	Total Additions		196,900,876	17,070,880	213,971,755
9	<u>Deductions</u>				
10	Accumulated Provision for Depreciation UPIS	(5)	56,457,113	5,106,092	63,563,205
11	RWIP		(151,351)	0	(151,351)
12	Accumulated Amortization of Utility Plant Capital Lease	(6)	1,007,317	132,542	1,139,858
13	Deferred Income Taxes	(7)	16,511,634	1,420,137	16,931,771
14	Customer Advances for Construction	(8)	5,750,627	1,043,308	6,793,935
15	Contributions in Aid of Construction	(9)	8,258,501	140,515	8,399,016
16	Unamortized Investment Tax Credit	(10)	37,993	0	37,993
17	Utility Plant Acquisition Adjustment	(11)	74,850	(7,485)	67,365
18	Total Deductions		86,946,684	7,835,109	96,781,792
19	Rate Base		107,954,191	9,235,772	117,189,963

Attition Year Rate Base
Footnotes

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 1, Schedule 2
8/18/2008
Page 2 of 3

Line No.	FOOTNOTE REFERENCE	DESCRIPTION	AMOUNT
1			
2			
3			
4			
5			
6	(1)	Net Additions to UPIS through August 2009	\$12,931,133
7			
8	(2)	Adjustment to CWIP through August 2009	4,139,747
9			
10	(3)	Adjustment to Deferred Maintenance	0
11			
12	(4)	Adjustment to Limited - Term Utility Plant - Net	0
13			
14	(5)	Adjustment to Accumulated Provision for Depreciation of UPIS	5,106,092
15			
16	(6)	Adjustment to Accumulated Amortization of Utility Plant - Capital Lease	132,542
17			
18	(7)	Adjustment to Deferred Income Taxes	1,420,137
19			
20	(8)	Change in Customer Advances	1,043,308
21			
22	(9)	Change in Contributions in Aid of Construction	140,515
23			
24	(10)	Change in Unamortized Investment Tax Credit	0
25			
26	(11)	Adjustment to Utility Plant Acquisition Adjustment	(7,485)
27			
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Tennessee Regulatory Authority
Company: Tennessee-American Water Company
Case No:

Net Additions to Utility Plant in Service & 13 Month Average
From End of Test Year to End of Forecasted Period

Test Year: Twelve Months Ended: November 30, 2007

Exhibit No. 1, Schedule 2

8/18/2008

Page 3 of 3

Line No.	Account Number	Account Description	2007 Net Additions	2008 Net Additions	2009 Net Additions	Net Additions to Utility Plant in Service 12/31/07-8/31/09	13 month average @ 8/31/09
1	301000	Organization	\$0	\$0	\$0	\$0	0
2	303000	Land & Land Rights	\$13,000	\$240,000	\$0	\$253,000	671,496
3	303600	Comprehensive Planning Study	(\$405,132)	\$0	\$0	(\$405,132)	0
4	335600	Pumping Structures	\$53,033	\$0	\$0	\$53,033	3,863,562
5	304200	Water Treatment Structures	(\$467)	\$568,000	\$1,146,500	\$2,004,033	2,964,941
6	304301	Water Treatment Structures-Painting	\$0	\$0	\$0	\$0	1,694,808
7	304400	T & D Structures	\$0	\$0	\$0	\$0	524,790
8	304500	Office Structures	\$157,455	\$0	\$0	\$157,455	306,629
9	304700	Stores, Shop, & Garage Structures	\$0	\$0	\$0	\$0	312,642
10	304800	Miscellaneous Structures	\$0	\$0	\$0	\$0	657,573
11	306000	Lakes, Rivers, & Other Intakes	\$0	\$0	\$0	\$0	489,123
12	309000	Supply Mains	\$1,171	\$0	\$0	\$1,171	603,834
13	310100	Power Generation Equipment	\$0	\$0	\$0	\$0	227,422
14	310200	Electric Pumping Equipment	\$0	\$30,000	\$65,000	\$95,000	5,717,338
15	311200	Diesel Pumping Equipment	\$0	\$0	\$0	\$0	119,296
16	311300	Other Pumping Equipment	\$49,049	\$0	\$0	\$49,049	317,113
17	320100	Water Treatment Equipment	\$91,217	\$189,000	\$260,000	\$539,217	0
18	320200	Granular Activated Carbon	\$0	\$0	\$0	\$0	12,726,963
19	330000	T & D Reservoirs & Standpipes	\$97,769	\$362,000	\$605,000	\$1,064,769	7,455,096
20	330003	T & D Reservoirs & Standpipes-Painting	\$294,443	\$0	\$0	\$294,443	1,994,569
21	330400	Cleanwells	\$0	\$0	\$0	\$0	680,784
22	331001	T & D Mains not Classified	\$0	\$0	\$0	\$0	2,217,981
23	331100	T & D Mains - Mains (4' or less)	\$241,103	\$30,000	\$0	\$271,103	4,678,232
24	331200	T & D Mains - Mains (6' - 8')	\$47,298	(\$86,319)	(\$36,544)	(\$75,569)	1,456
25	331210	T & D Mains - Mains (6' - 10')	\$278,065	\$0	\$0	\$278,065	64,141,552
26	331300	T & D Mains - Mains (10' - 16')	\$0	\$3,087,512	\$1,864,303	\$4,951,815	6,745,591
27	331350	T & D Mains - Mains (12' or More)	\$651,976	\$0	\$0	\$651,976	26,316,974
28	333000	Services	\$145,861	\$1,875,075	\$1,548,762	\$3,569,716	20,333,945
29	334100	Meets - Metal Case/Old Style	\$58,120	\$1,162,431	\$787,958	\$2,008,509	4,681,223
30	334120	Meets - Metal Case/New Style	\$1,311,374	\$0	\$0	\$1,311,374	1,324,025
31	334130	Meets - Plastic Case	\$183	\$0	\$0	\$183	0
32	334200	Meter Installations	(\$1,153,462)	\$687,600	\$525,300	\$59,438	833,022
33	335000	Hydrants	\$207,822	\$880,000	\$568,500	\$1,556,322	10,810,746
34	335200	Other PIPES	\$0	\$372,345	\$328,887	\$701,232	8,077,845
35	340100	Office Furniture	(\$101,349)	\$0	\$0	(\$101,349)	6,526
36	340200	Computer & Peripheral Equipment	\$0	\$71,500	\$67,000	\$138,500	607,594
37	340210	Computer & Mainframe Equipment	\$0	\$77,900	\$45,900	\$123,800	308,231
38	340220	Computer & Pcpn Personal	(\$311,724)	\$0	\$0	(\$311,724)	603,486
39	340230	Computer & Pcpn Other	(\$65,959)	\$17,600	\$0	(\$30,799)	412,863
40	340300	Computer Software	\$0	\$0	\$17,600	\$17,600	190,983
41	340310	Computer Software Mainframe	\$0	\$14,000	\$19,500	\$33,500	398,963
42	340320	Computer Software Personal	(\$14,760)	\$0	\$0	(\$14,760)	3,535,059
43	340330	Computer Software Other	\$0	\$0	\$0	\$0	191,484
44	340400	Data Handling Equipment	\$0	\$0	\$0	\$0	14,222
45	340500	Other Office Equipment	(\$44,519)	\$0	\$0	(\$44,519)	15,284
46	341100	Light Trucks	(\$43,739)	\$0	\$0	(\$43,739)	92,691
47	341200	Heavy Trucks	\$58,422	\$261,500	\$323,100	\$643,422	1,381,608
48	341300	Automobiles	\$0	\$127,800	\$127,800	\$255,600	963,058
49	341400	Transportation-Other	\$0	\$34,200	\$34,200	\$68,400	298,015
50	342000	Stores Equipment	\$0	\$0	\$0	\$0	237,242
51	343000	Tools, Shop, & Garage Equipment	(\$2,843)	\$0	\$0	(\$2,843)	45,392
52	344000	Laboratory Equipment	\$98,200	\$151,300	\$0	\$247,616	1,315,016
53	345000	Power Operated Equipment	\$0	\$6,000	\$12,000	\$18,000	381,626
54	346100	Communication Equipment	\$35,535	\$0	\$0	\$35,535	332,767
55	346200	Communication Equipment-Telephone	(\$70,027)	\$0	\$0	(\$70,027)	350,366
56	347000	Miscellaneous Equipment	\$5,400	\$5,400	\$5,400	\$15,600	92,350
57	348000	Other Tangible Plant	\$0	\$8,000	\$11,000	\$19,000	1,097,181
58		Total Plant In Service	1,576,771	10,409,144	8,478,466	20,464,381	4,918
59							203,993,392

Computation of Working Capital

Line No.	Item	Amount
1		
2		
3		
4		
5		
6		
7	Average Cash	0
8		
9	Prepaid Insurance	0
10		
11	Prepaid Taxes	168,877
12		
13	Materials & Supplies	204,853
14		
15	Deferred Regulatory Expenses	1,020,269
16		
17	Unamortized Debt Expense	0
18		
19	Other Deferred Debits	852,184
20		
21	Lead - Lag Study	629,000
22		
23	Total	<u>2,675,183</u>
24		
25	Less:	
26		
27	Customer Deposits	0
28		
29	Incidental Collections	1,461,089
30		
31	Total	<u>1,461,089</u>
32		
33	Working Capital Requirement	<u><u>1,414,084</u></u>
34		
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Computation of Working Capital
Lead/Lag Study

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 1, Schedule 3
8/18/2008
Page 2 of 6

Line No.	Description	Days	Amount
1			
2			
3	Net Operating Funds		37,240,793
4			
5	Average Daily Operating Funds		102,030
6			
7			
8	Composite Average Days Interval Between:		
9			
10	(A) Date Service Furnished and Date Collections Deposited	41.73	
11			
12	(B) Date Expenses Incurred and Date of Payment	35.57	
13			
14	(C) Net Interval	6.16	
15			
16	Operating Funds Advanced		628,505
17			
18	Lead/Lag Study Capital		628,505
19			
20	Use		629,000
21			
22			
23			
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Composite Average Days Interval between Date Expenses
are Incurred and Date of Payment

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 1, Schedule 3
8/18/2008

Line No.	Description	Amount	Post Payment or (Lead) Days	Dollar Days
1				
2				
3	Payrolls Charged to Expense - Hourly	3,386,686	5.50	18,637,774
4	Payrolls Charged to Expense - Salary	1,581,965	14.02	22,179,015
5	Fuel and Power	1,986,259	50.65	100,604,007
6	Chemicals	1,559,222	28.27	44,079,203
7	Waste Disposal	179,088	31.23	5,592,917
8	AWMS Charges	4,335,190	(4.46)	(19,334,948)
9	Group Insurance	1,082,191	(1.31)	(1,417,671)
10	Pensions	1,161,108	0.00	0
11	Insurance Other than Group	583,492	(21.72)	(12,673,446)
12	Rents	11,336	9.24	104,741
13	Telephone Expense	111,452	(2.73)	(304,264)
14	Postage Expense	330,315	24.77	8,181,897
15	Amortizations	0	0.00	0
16	Stock E	142,602	23.77	3,389,650
17				
18				
19				
20	Other Operating and Maintenance Expenses	4,561,418	20.51	93,554,683
21	Total O & M Expenses	21,014,314		
22				
23	Depreciation and Amortization	4,730,347	0.00	0
24	Taxes, Other than Income			
25	Payroll	484,884	10.61	5,144,618
26	Other	3,765,441	174.52	657,144,676
27	FIT-Current	901,899	37.00	33,370,263
28	SIT-Current	159,134	58.63	9,330,026
29	Deferred Taxes	731,069	0.00	0
30	Interest Expense	3,990,319	87.87	351,028,362
31	Preferred Dividends	67,970	89.48	6,081,956
32	Net Earnings	1,395,416	0.00	0
33	Net Operating Funds	37,240,793		1,324,693,459
34				
35				
36	Average Days Interval between Date Expenses are Incurred and Date of Payment		35.57	
37				
38				
39				
40				
41				
42				
43				
44				
45				

Average Days Interval between Number of Days
From Date Services are Furnished to Date Collections are Received

Line No.	Revenues Amount	Median Service Days	Dollar Days
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12	Revenues less private fire 34,283,659	15.21	521,454,457
13			
14	Private Fire billed in advance 1,489,608	(45.63)	(67,970,813)
15			
16	Total <u>35,773,267</u>		<u>453,483,644</u>
17			
18			
19			
20			
21			
22			
23			
24	Average Median Service Days 12.68		
25			
26	Number of Days between the Reading Date and the Date the Bills are Issued 4.62		
27			
28			
29	Number of Days between the Billed Date and the Date the Bills are paid 24.43		
30			
31			
32	Total Average Days' Interval between Number of Days from Date Services are Furnished to Date Collections are Received <u>41.73</u>		
33			
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Notes: private fire Quarterly is billed in advance
All monthly customers are billed in arrears

Computation of Average Materials & Supplies Paid

Line No.	End of Month	
	<u>Date</u>	<u>Amount</u>
1		
2		
3		
4		
5		
6	Nov-06	581,029
7		
8	Dec-06	229,367
9		
10		
11	Jan-07	195,445
12		
13	Feb-07	233,008
14		
15	Mar-07	224,864
16		
17	Apr-07	270,637
18		
19	May-07	291,693
20		
21	Jun-07	294,104
22		
23	Jul-07	213,158
24		
25	Aug-07	230,819
26		
27	Sep-07	302,090
28		
29	Oct-07	245,557
30		
31	Nov-07	230,169
32		
33	Total	<u>3,541,929</u>
34		
35		
36		
37		
38		
39		
40	Average Balance	<u>272,456</u>
41		
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Computation of Average Materials and Supplies Unpaid

Line No.	Date	Amount
1		
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Average Balance

67,603

Tennessee Regulatory Authority
Company: Tennessee-American Water Company
Case No:

Operating Revenues Per Books for the Test Year and
for the Attrition Year under both Present and Proposed Rates

Test Year: Twelve Months Ended: November 30, 2007
Exhibit No. 2, Schedule 2
8/18/2008
Page 1 of 1

Line No.	Description	Per Books 12 Months Ended 11/30/07	Test Year Adjustments Present Rates	Normalized Test Year	Attrition Year Adjustments	Attrition Year at Present Rates	Adjustments for Proposed Rates	Attrition Year at Proposed Rates
1	Sales of Water							
2								
3	Metered Sales to General Customers							
4								
5	Residential	\$15,183,550	(\$286,909)	\$14,896,641	\$98,315	\$14,994,956	\$3,190,566	\$18,185,522
6								
7	Commercial	11,084,750	246,854	11,331,604	128,661	11,460,265	\$2,464,930	13,925,195
8	Industrial	3,834,564	80,169	3,914,733	0	3,914,733	\$848,260	4,762,993
9								
10	Other Public Authorities	2,482,512	120,566	2,603,078	0	2,603,078	\$561,216	3,164,294
11								
12	Sales for Resale	1,717,504	(406,877)	1,310,627	0	1,310,627	\$194,851	1,505,478
13								
14	Private Fire Service	1,438,263	51,345	1,489,608	0	1,489,608	320,857	1,810,465
15								
16	Miscellaneous	0	0	0	0	0	0	0
17								
18	Total Sales of Water	35,741,144	(194,853)	35,546,291	226,976	35,773,267	7,580,680	43,353,947
19								
20								
21	Other Operating Revenues							
22								
23	Activity / New Service Fees	290,095	0	290,095	0	290,095	0	290,095
24								
25	Late Payment Penalty	302,740	(1,650)	301,090	1,923	303,013	64,211	367,224
26								
27	Rents from Water Property	125,563	0	125,563	0	125,563	0	125,563
28								
29	Sewer Billing Revenues	442,596	(1,752)	440,844	2,718	443,562	0	443,562
30								
31	Miscellaneous	25,492	0	25,492	0	25,492	0	25,492
32								
33	Reconnection Fee	181,468	0	181,468	0	181,468	0	181,468
34								
35	Total Other Operating Revenues	1,367,954	(3,402)	1,364,552	4,641	1,369,193	64,211	1,433,404
36								
37								
38	Total Operating Revenues	37,109,098	(198,255)	36,910,843	231,617	37,142,460	7,644,891	44,787,351
39								
40								
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45								

Did not revise this schedule or original tariffs.

Tennessee Regulatory Authority
Company: Tennessee-American Water Company
Case No:

Summary of Adjustments to Operation and Maintenance Expenses

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 2, Schedule 3
8/18/2008

Page 1 of 1

Line No.	Adjustment Number Reference	Description	Per Books 12 Months Ended 11/30/07	Test Year Adjustments Present Rates	Normalized Test Year	Attention Year Adjustments	Attention Year at Present Rates	Adjustments for Proposed Rates	Attention Year at Proposed Rates
1	1	Operation and Maintenance Labor	\$4,641,460	\$372,181	\$5,013,641	\$45,346	\$5,058,987	\$0	\$5,058,987
2	2	Purchased Water	\$58,216	0	58,216	(6,106)	52,110	0	52,110
3	3	Fuel and Power	\$2,274,868	(359,197)	1,915,671	6,372	1,922,043	0	1,922,043
4	4	Chemicals	\$1,075,171	476,489	1,551,661	7,561	1,559,222	0	1,559,222
5	5	Waste Disposal	\$161,721	0	161,721	17,367	179,088	0	179,088
6	6	Management Fees	\$4,789,601	(729,713)	4,059,888	275,302	4,335,190	0	4,335,190
7	7	Group Insurance	\$1,596,405	136,797	1,733,202	(18,652)	1,714,550	0	1,714,550
8	8	Pensions	\$726,428	(44,427)	682,001	479,107	1,161,108	0	1,161,108
9	9	Regulatory Expense	\$508,129	0	508,129	35,255	543,384	0	543,384
10	10	Insurance Other than Group	\$559,655	0	559,655	23,837	583,492	0	583,492
11	11	Customer Accounting	\$704,362	19,101	723,464	15,381	738,845	0	738,845
12	12	Uncollectible Expense	\$417,277	(2,901)	414,376	3,380	417,756	115,844	533,600
13	13	Rents	\$30,037	(18,701)	11,336	0	11,336	0	11,336
14	14	General Office Expense	\$244,966	(11,748)	233,217	12,708	245,926	0	245,926
15	15	Miscellaneous Expense	\$1,931,046	(198,102)	1,732,944	285,679	2,018,623	0	2,018,623
16	16	Other Maintenance Expense	\$1,211,604	(310,752)	900,852	35,493	936,345	0	936,345
17	17	Interest on Customer Deposits	0	0	0	0	0	0	0
18	18	AFUDC	(\$110,499)	0	(110,499)	(353,191)	(463,690)	0	(463,690)
Total Operation and Maintenance Expenses			20,820,445	(670,972)	20,149,474	864,841	21,014,314	115,844	21,130,158

Summary of Adjustments to Depreciation and Amortization Expenses

Test Year: Twelve Months Ended: November 30, 2007
Exhibit No. 2, Schedule 4
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Line No.	Adjustment Number Reference	Description	Per Books 12 Months Ended 11/30/07	Test Year Adjustments Present Rates	Normalized Test Year	Attrition Year Adjustments	Attrition Year at Present Rates	Adjustments for Proposed Rates	Attrition Year at Proposed Rates
1	1	Depreciation Expense	\$5,065,064	\$45,844	\$5,110,908	(\$300,167)	\$4,810,741	\$0	\$4,810,741
2	2	Amortization of Utility Plant Acquisition Adjustment	0	0	0	0	0	0	0
3									
4	3	Amortization of Utility Capital Lease	106,033	0	106,033	0	106,033	0	106,033
5									
6	4	Amortization of Leased Alteration Expense	0	0	0	0	0	0	0
7									
8	5	Amortization of Accumulated Depreciation on CIAC	(255,448)	86,011	(169,437)	(16,990)	(186,427)	0	(186,427)
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45									
			4,915,650	131,855	5,047,504	(317,157)	4,730,347	0	4,730,347

Attrition Year Provision for Depreciation Expense
For Utility Plant in Service

Test Year: Twelve Months Ended: November 30, 2007

Exhibit No. 2, Schedule 4

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Line No.	Account Number	Account Description	Depreciable	Depreciation	Normalized	13 Month Avg.	New	Attrition Year
			Property at 11/30/07	Rate	Test Year Depreciation Expense	Depreciable Property at End of Attrition Year	Depreciation Rates	Depreciation Expense
1	339600	Comprehensive Planning Study	\$406,132	20.00%	\$81,026	0	0.00%	\$0
2	304200	Pumping Structures	3,610,529	3.86%	\$147,066	2,663,562	1.98%	76,459
3	304300	Water Treatment Structures	2,013,177	4.57%	\$92,002	2,964,941	4.11%	121,869
4	304301	Water Treatment Structures-Painting	1,694,808	10.00%	\$169,481	1,694,808	12.06%	204,394
5	304400	T & D Structures	524,790	3.51%	\$18,420	524,790	2.13%	11,178
6	304600	Office Structures	149,174	3.98%	\$5,937	306,629	1.13%	3,465
7	304700	Stores, Shop, & Garage Structures	312,642	4.65%	\$14,538	312,642	0.73%	2,282
8	304900	Miscellaneous Structures	657,573	5.64%	\$37,087	657,573	0.49%	3,222
9	306000	Lakes, Rivers, & Other Intakes	489,123	3.40%	\$16,630	489,123	0.63%	4,060
10	306000	Supply Mains	602,664	5.92%	\$35,678	603,834	1.87%	11,292
11	310100	Power Generation Equipment	227,422	3.44%	\$7,823	227,422	12.33%	28,041
12	311200	Electric Pumping Equipment	5,662,338	1.73%	\$97,858	5,717,338	2.45%	140,075
13	311200	Diesel Pumping Equipment	119,286	1.97%	\$2,350	119,286	2.50%	2,992
14	311500	Other Pumping Equipment	268,063	3.94%	\$10,562	317,113	1.83%	5,803
15	320100	Water Treatment Equipment	12,378,400	4.27%	\$528,568	12,726,963	1.09%	138,724
16	320200	Granular Activated Carbon	0	36.42%	\$0	0	0.00%	0
17	330000	T & D Reservoirs & Standpipes	5,137,849	1.80%	\$92,481	5,564,977	2.08%	115,752
18	330003	T & D Reservoirs & Standpipes-Painting	1,710,126	10.00%	\$171,013	1,994,569	11.08%	220,998
19	330100	Elevated Tanks & Standpipes	1,780,709	1.80%	\$32,053	1,890,119	2.74%	51,789
20	330400	Cleavells	680,784	1.80%	\$12,284	680,784	1.65%	11,233
21	331001	T & D Mains not Classified	1,950,624	1.41%	\$27,504	2,217,861	1.50%	33,268
22	331100	T & D Mains - Mains (4' or less)	4,718,972	1.62%	\$76,447	4,678,232	1.50%	70,173
23	331200	T & D Mains - Mains (6' - 10')	60,566,292	1.36%	\$824,110	64,141,552	1.50%	962,123
24	331210	T & D Mains - Mains (6' - 10')	6,745,591	1.42%	\$95,787	6,745,591	1.50%	101,184
25	331300	T & D Mains - Mains (10' - 16')	23,581,824	1.42%	\$334,862	25,916,974	1.50%	388,755
26	331350	T & D Mains - Mains (12' or More)	18,693,849	2.26%	\$429,982	20,333,945	1.64%	333,477
27	333000	Services	4,623,103	0.98%	\$45,306	4,661,223	6.91%	323,473
28	334100	Meters-Metal Case/Old Style	12,651	2.45%	\$310	1,324,025	6.91%	91,490
29	334110	Meters - Plastic Case	0	15.35%	\$0	0	6.91%	0
30	334120	Meters - Plastic Case	16,786	0.93%	\$165	833,022	6.91%	57,562
31	334131	Meters-rem rdr	10,990,262	1.64%	\$179,584	10,810,746	3.23%	349,187
32	334200	Water Installations	7,420,322	2.21%	\$163,989	8,077,845	2.63%	212,447
33	335000	Hydrants	8,526	5.92%	\$505	8,526	0.00%	0
34	339200	Other P/E SS	626,817	2.73%	\$17,112	607,584	1.39%	8,445
35	340100	Office Furniture	308,231	15.90%	\$49,009	308,231	2.19%	6,750
36	340200	Computer & Peripheral Equipment	603,466	15.90%	\$95,984	603,466	2.19%	13,216
37	340210	Computer & Mainframe Equipment	619,567	15.90%	\$98,514	412,963	2.19%	9,042
38	340220	Computer & Periph Personal	266,972	15.90%	\$40,859	190,963	2.19%	4,183
39	340230	Computer & Periph Other	382,233	15.90%	\$60,775	388,963	1.83%	7,301
40	340300	Computer Software	3,535,059	15.90%	\$562,074	3,535,059	1.83%	64,692
41	340310	Computer Software Mainframe	206,245	15.90%	\$32,793	181,484	1.83%	3,504
42	340320	Computer Software Personal	14,222	15.90%	\$2,261	14,222	1.83%	260
43	340330	Computer Software Other	15,264	15.90%	\$2,450	15,264	1.96%	755
44	340400	Data Handling Equipment	137,210	4.07%	\$5,584	92,691	1.96%	1,288
45	340500	Other Office Equipment	1,074,347	9.36%	\$100,559	1,381,608	16.00%	221,057
46	341100	Light Trucks	733,962	10.54%	\$73,322	963,058	16.62%	158,398
47	341200	Heavy Trucks	254,777	10.54%	\$26,853	299,015	11.38%	34,028
48	341300	Automobiles	237,242	0.70%	\$2,661	237,242	7.24%	17,176
49	341400	Transportation-Other	43,382	4.96%	\$2,161	43,382	0.00%	0
50	342000	Stores Equipment	1,192,044	3.85%	\$45,509	1,315,016	6.89%	90,605
51	343000	Tools, Shop, & Garage Equipment	370,156	11.12%	\$41,158	381,626	1.01%	3,654
52	344000	Laboratory Equipment	332,767	9.21%	\$30,648	332,767	0.00%	0
53	345000	Power Operated Equipment	364,831	4.43%	\$15,719	360,386	4.21%	16,434
54	346100	Communication Equipment	165,731	14.91%	\$23,219	92,350	3.51%	3,241
55	346200	Communication Equipment-Telephone	1,075,561	2.89%	\$31,084	1,057,181	6.33%	69,452
56	347000	Miscellaneous Equipment	4,918	2.89%	\$142	4,918	5.10%	251
57	348000	Other Tangible Plant						
58		Amortization of CAC			(169,437)			(186,427)
59								
60		Total Plant in Service	190,694,917		4,941,471	203,326,896		4,624,314
61					5,110,908			
62		Land	432,342		2.59%	671,496		432,342
63		Cap Lease Asset	1,590,500			1,590,500		2.27%
64		Total UP	192,657,759			205,588,892		
65			197,115,579				432,342	
			-4,455,919					
		GL Balance						
		Warden's Ridge						

Test Year: Twelve Months Ended: November 30, 2007
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Line No.	Adjustment Number	Description	Per Books 12 Months Ended 11/30/07	Test Year Adjustments Present Rates	Normalized Test Year	Attrition Year Adjustments	Attrition Year at Present Rates	Adjustments for Proposed Rates	Attrition Year at Proposed Rates
1	1	Property Taxes	\$2,901,497	(\$317,200)	\$2,584,297	\$216,543	\$2,800,840	\$0	\$2,800,840
2	2	Other General Taxes	878,223	0	878,223	86,378	964,601	220,424	1,185,025
3	3	F.U.T.A. Taxes	5,136	(47)	5,089	0	5,089	0	5,089
4	4	F.I.C.A. Taxes	345,822	30,140	375,962	2,955	378,917	0	378,917
5	5	S.U.T.A. Taxes	2,597	(62)	2,545	0	2,545	0	2,545
		Total	4,133,274	(287,158)	3,846,116	305,875	4,151,992	220,424	4,372,416

Summary of Income Taxes

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 2, Schedule 6
8/18/2008

Line No.	Description	Per Books 12 Months Ended 11/30/07	Test Year Adjustments Present Rates	Normalized Test Year	Attribution Year Adjustments Present Rates	Attribution Year at Proposed Rates	Attribution Year Adjustments at Proposed Rates
1	Federal Income Tax - Current	\$2,115,677	(\$969,449)	\$1,246,228	(\$344,329)	\$901,899	\$2,435,918
2	State Income Tax - Current	(37,777)	254,816	217,039	(57,905)	159,134	483,834
3	Deferred Federal Income Tax	(372,809)	782,057	409,148	146,915	\$56,063	0
4	Deferred State Income Tax	426,593	(177,219)	251,374	0	251,374	0
5	Amortization of ITC	(76,368)	0	(76,368)	0	(76,368)	0
6	Adjustment of Prior Years - FIT	(11,247)	11,247	0	0	0	0
7	Adjustment of Prior Years - SIT	4,072	(4,072)	0	0	0	0
8	Total	2,050,040	(2,619)	2,047,421	(255,319)	1,792,102	2,919,752
9							4,711,854

Line No.	Description	Per Books Test Year		Normalized Year		Attribution Year		Attribution Year	
		Present Rates	State	Present Rates	State	Present Rates	State	Present Rates	State
1	Operating Revenues	\$37,109,099	\$37,109,099	\$36,910,943	\$36,910,943	\$37,142,460	\$37,142,460	\$44,922,328	\$44,922,328
2	Operating Revenues	20,920,445	20,920,445	20,149,474	20,149,474	21,014,314	21,014,314	21,130,156	21,130,156
3	Operation and Maintenance Expenses	4,915,650	4,915,650	5,047,504	5,047,504	4,730,347	4,730,347	4,730,347	4,730,347
4	Depreciation and Amortization	4,133,274	4,133,274	3,846,116	3,846,116	4,151,982	4,151,982	4,372,416	4,372,416
5	Taxes, Other than Income	(45,581)	(45,581)	217,039	217,039	158,134	158,134	642,968	642,968
6	State Income Taxes - Current	440,469	440,469	251,374	251,374	251,374	251,374	337,817	337,817
7	State Income Taxes - Deferred	2,067,759	2,067,759	1,246,228	1,246,228	801,859	801,859	3,337,817	3,337,817
8	Federal Income Taxes - Current	(335,248)	(335,248)	409,148	409,148	556,063	556,063	666,063	666,063
9	Federal Income Taxes - Deferred	(76,389)	(76,389)	(76,389)	(76,389)	(76,389)	(76,389)	(76,389)	(76,389)
10	Investment Tax Credit	31,919,410	31,919,410	31,050,515	31,050,515	31,989,735	31,989,735	34,994,716	34,994,716
11	Stocks	5,189,688	5,189,688	5,820,328	5,820,328	5,453,705	5,453,705	5,877,553	5,877,553
12	Total Income Before Deductions	79,250	79,250	3,990,319	3,990,319	3,990,319	3,990,319	5,987,234	5,987,234
13	Total Other Income	61,880	61,880	1,830,009	1,830,009	1,463,386	1,463,386	5,987,234	5,987,234
14	Total Other Deductions	9,937	9,937	3,990,319	3,990,319	1,463,386	1,463,386	5,987,234	5,987,234
15	Total Taxes Applicable to Other Income and Deductions	3,776,907	3,776,907	1,430,009	1,430,009	1,463,386	1,463,386	5,987,234	5,987,234
16	Total Interest Charges	1,420,214	1,420,214	1,579,008	1,579,008	1,381,594	1,381,594	3,817,512	3,817,512
17	Net Income	622,037	622,037	468,413	468,413	410,508	410,508	894,342	894,342
18	State Income Taxes	1,655,153	1,655,153	1,579,008	1,579,008	1,381,594	1,381,594	3,817,512	3,817,512
19	Federal Income Taxes	3,697,403	3,697,403	3,817,430	3,817,430	3,255,488	3,255,488	10,639,088	10,639,088
20	Pre-tax Income	4,297	4,297	4,297	4,297	4,297	4,297	14,301	14,301
21	Statutory Deductions (Production):	14,301	14,301	14,301	14,301	14,301	14,301	(162,544)	(162,544)
22	Primary Difference	(162,544)	(162,544)	(162,544)	(162,544)	(162,544)	(162,544)	124,042	124,042
23	618,006	124,042	124,042	124,042	124,042	124,042	124,042	(19,904)	(19,904)
24	618,006	(19,904)	(19,904)	(19,904)	(19,904)	(19,904)	(19,904)	10,679,184	10,679,184
25	638,006	3,677,459	3,677,459	3,657,526	3,657,526	3,235,564	3,235,564	10,679,184	10,679,184
26	Total Permanent Differences	199,693	199,693	199,693	199,693	0	0	199,693	199,693
27	Temporary Differences:	604,004	604,004	56,249	56,249	56,249	56,249	56,249	56,249
28	604,004	0	0	0	0	0	0	0	0
29	612,001	56,249	56,249	56,249	56,249	56,249	56,249	56,249	56,249
30	618,002	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)	(1,312)
31	618,002	(626)	(626)	(626)	(626)	(626)	(626)	(626)	(626)
32	618,025	0	0	0	0	0	0	0	0
33	618,025	287,938	287,938	287,938	287,938	287,938	287,938	287,938	287,938
34	618,028	73,259	73,259	73,259	73,259	73,259	73,259	73,259	73,259
35	618,029	(22,200)	(22,200)	(22,200)	(22,200)	(22,200)	(22,200)	(22,200)	(22,200)
36	618,032	1,223,646	1,223,646	1,223,646	1,223,646	1,223,646	1,223,646	1,223,646	1,223,646
37	626,001	(897,588)	(897,588)	(897,588)	(897,588)	(897,588)	(897,588)	(1,107,326)	(1,107,326)
38	638,014	(7,212)	(7,212)	(7,212)	(7,212)	(7,212)	(7,212)	(7,212)	(7,212)
39	638,015	(101,809)	(101,809)	(101,809)	(101,809)	(101,809)	(101,809)	0	0
40	638,016	0	0	0	0	0	0	0	0
41	638,022	(38,774)	(38,774)	(38,774)	(38,774)	(38,774)	(38,774)	(38,774)	(38,774)
42	638,022	(188,249)	(188,249)	(188,249)	(188,249)	(188,249)	(188,249)	345,065	345,065
43	638,027	345,065	345,065	345,065	345,065	345,065	345,065	67,640	67,640
44	638,036	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	2,000	2,000
45	638,036	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
46	638,036	(1,271,232)	(1,271,232)	(1,271,232)	(1,271,232)	(1,271,232)	(1,271,232)	(287,771)	(287,771)
47	638,036	(79,837)	(79,837)	(79,837)	(79,837)	(498,585)	(498,585)	(787,366)	(787,366)
48	Federal Taxable Income Before SIT	3,597,662	2,783,015	3,777,869	3,339,056	2,735,989	2,449,218	10,179,589	9,891,818
49	Correction to Books	378,064	150,387	217,039	217,039	159,134	159,134	642,968	642,968
50	State Income Tax	189,372	2,813,412	3,560,650	3,339,056	2,575,955	2,449,218	9,536,821	9,891,818
51	State Income Tax	3,789,344	2,813,412	3,560,650	3,339,056	2,575,955	2,449,218	9,536,821	9,891,818
52	Computation of Taxes:	1,325,221	139,372	1,246,228	217,039	901,699	159,134	3,337,817	642,968
53	State Income Tax @	0	0	0	0	0	0	0	0
54	Federal Income Tax @	1,325,221	139,372	1,246,228	217,039	901,699	159,134	3,337,817	642,968
55	Total Current Income Tax	1,325,221	139,372	1,246,228	217,039	901,699	159,134	3,337,817	642,968
56	Deferred SIT (on timing differences)	53,028	58,441	138,905	0	0	0	0	0
57	Deferred SIT Reg Assets/Liabilities	(179,873)	454,755	1,284,977	214,804	882,654	165,311	3,368,357	648,233
58	Deferred FIT (on timing differences) including ITC	454,755	134,265	1,284,977	214,804	882,654	165,311	3,368,357	648,233
59	Deferred FIT Reg Assets/Liabilities	134,265	1,734,369	440,746	0	0	0	0	0
60	Deferred FIT Reg Assets/Liabilities	1,734,369	440,746	440,746	0	0	0	0	0
61	Total Income Taxes	1,734,369	440,746	1,284,977	214,804	882,654	165,311	3,368,357	648,233