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A PROFESSIONAL LIMITED LIABILITY COMPANY

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August 26, 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

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 Responses to TRA Verbal Requests made during the hearing held the week of August 18, 2008. Hard copies of this submission will be provided to the TRA officers in person at the hearing.

Question 1: What is the number of meters that were eliminated with the routes having 13 months of billings?

Response: The working paper attached to TN-TRA-02 labeled as TN-TRA-02-Q02-REVENUE ADJUSTMENT LINE 1, pdf details the number of meters that were eliminated by size and revenue classification. This working paper is attached. The total number of meters eliminated total 6,370.

Question 2: Please provide the working papers for the Walden's Ridge costs eliminated in the filing as indicated in response to TN-TRA 5-Q004.

Response: Attached are the Company's working papers related to the Walden's Ridge costs that were eliminated from the filing. Each attachment is also included on the enclosed CD on the excel file labeled as WRUD UPIS detail.xls. The historical booster cost in the amount of \$177,700.26 was not included in the response to TN-TRA-5-Q004. However, this amount was not included in the fuel

and power cost in the Company's filing. The monthly breakdown for the booster cost during the historical test year is attached. The Company did not calculate an attrition year amount for this cost since it had been eliminated.

Question 3: In Mr. Miller's testimony, he indicated that the working capital amount would total \$1,139,171. However, in the Company's amended exhibits filed on August 18, 2008, the working capital totals \$1,414,084. Please explain.

Response: The amount of \$1,139,171 that Mr. Miller referred to in his rebuttal testimony was the working capital amount after eliminating only the working cash, prepaid insurance, unamortized debt expense and changing the sewer collection average days from the mailing date to the payment date to 24.43 days. The Company inadvertently omitted the correction to the sewer collections on the amended exhibits produced on August 18, 2008. Attached are corrected exhibits reflecting all known adjustments. The working capital, including the adjustments to chemicals and fuel and power, totals \$1,164,171.

Question 4: Will the \$16 million new debt issuance included in the Company's capital structure be done pursuant to the financing authority granted in 2006, or will the Company be seeking addition authority for that amount?

Response: The Company will seek additional authority for the \$16 million new debt issue.

If we can provide any further clarification or answers to address any additional TRA concerns, please do not hesitate to contact me.

Sincerely



Erin M. Everitt

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)

Chairman Tre Hargett
August 26, 2008
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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*)

Question 1

Tennessee American Water Company
 TRA DR 2 Question 2
 Adjustment - Line 1
 Normalized Revenue adjustments:

Routes with 13 bills - eliminate 13th bill:

Billing Determinants:									
Meter count:									
	5/8	3/4	1	1 1/2	2	3	4	500-5000	
Residential	5,364	6	12	1	0	0	0	65-500	500-5000
Commercial	676	13	139	26	68	0	0	257.50	-
Industrial	6	1	4	1	5	0	0	8,782.28	1,118.23
OPA	15	1	8	4	16	1	2	350.00	2,229.00
	6,061	21	163	32	80	1	0	100.95	824.00
	10.42	17.51	29.14	58.30	93.27	174.89	281.49	19,558.58	21,606.69
	63,155.62	367.71	4,749.82	1,865.60	8,394.30	174.89	592.98	0.194	3,073
								3,793.98	66,397.36
								21,384.88	6,019.06
								97,595.30	175,885

Question 2

Tennessee American Water
Sale for Resale
Walden's Ridge

Acct 173363

Revenues

2006

Walden's
Ridge

Jan 2006	
Feb	28,199.06
Mar	23,606.25
Apr	32,206.88
May	35,747.81
June	42,647.81
July	37,792.50
Aug	35,265.94
Sept	34,135.31
Oct	28,940.63
Nov	27,927.19
Dec	25,528.13
	<u>351,997.51</u>

Usage

2006

Waldens
Ridge

Jan	
Feb	30,079
Mar	25,180
Apr	34,354
May	38,131
June	46,100
July	40,312
Aug	37,617
Sept	36,411
Oct	30,870
Nov	29,789
Dec	27,230
	<u>376,073</u>

2007

Walden's
Ridge

Jan 2007	24,590.63
Feb	27,830.63
Mar	25,434.38
Apr	33,214.69
May	34,974.38
June	49,898.44
July	41,542.50
Aug	46,479.38
Sept	47,431.88
Oct	45,815.63
Nov	32,069.06
Dec	31,770.94
	<u>441,052.54</u>

Waldens
Ridge

Jan	26,230
Feb	29,686
Mar	27,130
Apr	35,429
May	37,306
June	53,225
July	44,312
Aug	49,578
Sept	50,594
Oct	48,870
Nov	34,207
Dec	33,889
	<u>470,456</u>

0.9375

Test Year 12 ending November 30, 2007

Revenues

434,809.73

Usage

463,797.00

Tennessee American Water Company
Utility Plant & accumulated depreciation

Task	Description	UPIS	In Service Date	Amount	Utility Plant	Acc Depr Adjustment
50071498	16" DI Main Mtn Springs Rd to Tank Access Rd	331300	12/3/2005	\$216,131.93	\$216,131.93	1.50% 8,105
50071499	12" DI Main Tank Access Rd to Canebreak Dr	331300	12/3/2005	\$175,742.74		1.50%
		331300	4/6/2006	-\$7,853.00		1.50%
		331300	6/30/2006	\$19,055.11	\$186,944.85	1.50% 7,010
50071501	16" DI Main Canebreak Dr to Booster Station	331300	12/3/2005	\$496,741.65		1.50%
		331300	2/3/2006	\$9,349.36		1.50%
		331300	3/9/2006	-\$9,349.36		1.50%
		331300	4/6/2006	-\$302.92		1.50%
50071502	12" DI Main E Brow Rd to Clegg St	331300	5/26/2006	\$1,619.81	\$498,058.54	1.50% 18,677
		331300	12/3/2005	\$283,293.26		1.50%
		331300	2/3/2006	\$11,698.65		1.50%
		331300	3/9/2006	-\$11,698.65		1.50%
		331300	4/6/2006	-\$7,056.05		1.50%
		331300	5/26/2006	\$451.54		1.50%
50072719	Hydrant at WRUD Pump Station	331300	6/30/2006	\$7,851.95	\$284,540.70	1.50% 10,670
50073560	Construct and Install WR Pump Station	335000	12/3/2005	\$296.88	\$296.88	2.63% 20
		330000	12/3/2005	\$1,385,993.96		2.08%
		330000	2/3/2006	\$114,585.60		2.08%
		330000	3/9/2006	-\$114,585.60		2.08%
		330000	4/6/2006	-\$104,447.16		2.08%
		330000	5/26/2006	\$42,460.91		2.08%
		330000	6/30/2006	\$32,289.66		2.08%
		330000	7/28/2006	\$0.00		2.08%
50075848	16" Steel Main from Pump Station to WRUD	330000	8/25/2006	\$0.00	\$1,356,297.37	2.08% 70,527
		331300	12/3/2005	\$1,863,530.92		1.50%
		331300	2/3/2006	\$460,967.41		1.50%
		331300	3/9/2006	-\$460,967.41		1.50%
		331300	4/6/2006	-\$176,665.81		1.50%
		331300	5/26/2006	\$18,194.68		1.50%
		331300	6/30/2006	\$178,594.87		1.50%
		331300	7/28/2006	\$0.00	\$1,883,654.66	1.50% 70,637
50084901	SCADA Equipment	340300	12/3/2005	\$16,816.88		1.83%
		340300	2/3/2006	\$13,578.87		1.83%
		340300	3/9/2006	-\$6,997.54		1.83%
		340300	4/6/2006	\$4,013.67		1.83%
		340300	5/26/2006	\$2,482.66	\$29,894.54	1.83% 1,368
					\$4,455,819.47	187,014
					\$4,455,819.47	187,014

**Attrition Year Provision for Depreciation Expense
For Utility Plant in Service**

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

Depreciation expense without Walden's Ridge

Line No.	Account Number	Account Description	Depreciable Property at 11/30/07	Depreciation Rate	Normalized Test Year Depreciation Expense	13 Month Avg. Depreciable Property at End of Attrition Year	New Depreciation Rates	Attrition Year Depreciation Expense
1	339600	Comprehensive Planning Study	\$405,132	20.00%	\$81,026	0	0.00%	\$0
2	304200	Pumping Structures	3,810,529	3.89%	\$147,086	3,883,562	1.98%	76,496
3	304300	Water Treatment Structures	2,013,177	4.57%	\$92,002	2,964,841	4.11%	121,659
4	304301	Water Treatment Structures-Parting	1,694,608	10.00%	\$169,461	1,694,608	12.06%	204,394
5	304400	T & D Structures	524,790	3.51%	\$16,420	524,790	1.17%	11,178
6	304400	Office Structures	148,174	3.95%	\$5,937	308,629	1.13%	3,465
7	304700	Stores, Shop, & Garage Structures	312,942	4.65%	\$14,538	312,942	0.73%	2,282
8	304800	Miscellaneous Structures	657,573	5.94%	\$37,087	657,573	0.49%	3,222
9	306000	Lakes, Rivers, & Other Flakes	489,123	3.40%	\$16,830	489,123	0.83%	4,060
10	309000	Supply Mains	602,664	5.92%	\$35,678	603,834	1.87%	11,262
11	310100	Power Generation Equipment	227,422	3.44%	\$7,823	227,422	12.33%	28,041
12	311200	Electric Pumping Equipment	5,962,338	1.73%	\$97,958	5,717,338	2.45%	140,075
13	311300	Diesel Pumping Equipment	119,296	1.97%	\$2,350	119,296	2.50%	2,962
14	311500	Other Pumping Equipment	268,083	3.94%	\$10,562	317,113	1.63%	5,803
15	320100	Water Treatment Equipment	12,378,400	4.27%	\$528,358	12,726,963	1.09%	138,724
16	320200	Granular Activated Carbon	0	38.42%	\$0	0	0.00%	0
17	330000	T & D Reservoirs & Sandpiles	5,137,849	1.80%	\$92,481	5,564,977	2.08%	115,752
18	330003	T & D Reservoirs & Sandpiles-Parting	1,710,126	10.00%	\$171,013	1,994,569	11.06%	220,986
19	330100	Elevated Tanks & Sandpiles	1,780,709	1.80%	\$32,053	1,800,119	2.74%	51,769
20	330400	Cleatwells	680,784	1.80%	\$12,254	680,784	1.65%	11,233
21	331001	T & D Mains not Classified	1,950,624	1.41%	\$27,504	2,217,681	1.50%	33,268
22	331001	T & D Mains - Mains (4" or less)	4,718,972	1.62%	\$76,447	4,678,232	1.50%	70,173
23	331210	T & D Mains - Mains (6" - 8")	1,458	1.36%	\$20	1,458	1.50%	22
24	331210	T & D Mains - Mains (8" - 10")	60,596,262	1.36%	\$824,110	64,141,552	1.50%	962,123
25	331350	T & D Mains - Mains (10" - 16")	6,745,591	1.42%	\$95,787	6,745,591	1.50%	101,164
26	331350	T & D Mains - Mains (16" - 18")	23,581,824	1.42%	\$334,862	23,918,974	1.50%	386,755
27	333000	Services	18,888,649	2.28%	\$429,962	20,333,945	6.81%	333,477
28	334100	Meters	4,623,103	0.96%	\$45,306	4,681,223	6.81%	323,473
29	334110	Meters-Plastic Case/Old Style	12,851	2.45%	\$310	1,324,025	6.81%	91,490
30	334120	Meters - Metal Case	0	15.35%	\$0	0	6.81%	0
31	334131	Meters-rem rtr	18,786	0.96%	\$165	833,022	6.81%	57,562
32	334200	Meter Installations	10,990,262	1.84%	\$179,584	10,810,746	3.23%	349,167
33	335000	Hydrants	7,420,322	2.21%	\$163,969	8,077,845	2.63%	212,447
34	336200	Other P.E. SS	6,526	5.92%	\$505	6,526	0.00%	0
35	340100	Office Furniture	628,617	2.73%	\$17,112	607,584	1.39%	8,445
36	340200	Computer & Peripheral Equipment	308,231	15.00%	\$49,009	308,231	2.19%	6,750
37	340210	Computer & Mainframe Equipment	603,486	15.00%	\$90,594	603,486	2.19%	13,216
38	340220	Computer & Periph Personal	619,567	15.00%	\$92,934	412,683	2.19%	9,042
39	340230	Computer & Periph Other	288,972	15.00%	\$40,859	80,963	2.19%	1,303
40	340300	Computer Software	352,233	15.00%	\$50,775	386,963	1.53%	7,391
41	340310	Computer Software Mainframe	3,555,059	15.00%	\$532,974	3,555,059	1.83%	64,892
42	340320	Computer Software Personal	206,245	15.00%	\$30,744	191,464	1.83%	3,504
43	340330	Computer Software Other	14,222	15.00%	\$2,251	14,222	1.83%	260
44	340400	Data Handling Equipment	137,216	15.00%	\$20,580	15,264	4.64%	755
45	340500	Other Office Equipment	137,216	15.00%	\$20,580	15,264	4.64%	755
46	341100	Light Trucks	1,074,347	9.38%	\$100,559	1,381,600	16.00%	221,057
47	341200	Heavy Trucks	753,952	9.38%	\$70,322	953,058	16.00%	158,398
48	341300	Automobiles	294,772	10.54%	\$30,853	299,015	11.38%	34,028
49	341400	Transportation-Other	237,242	0.70%	\$2,961	237,242	7.24%	17,176
50	342000	Stores Equipment	43,382	0.96%	\$4,611	43,382	0.00%	90,695
51	343000	Tools, Shop, & Garage Equipment	1,162,044	1.65%	\$19,509	1,315,016	9.89%	3,854
52	344000	Laboratory Equipment	370,126	11.12%	\$41,158	381,626	0.01%	0
53	345000	Power Operated Equipment	332,767	9.21%	\$30,646	332,767	0.01%	16,434
54	346100	Communication Equipment	394,631	4.43%	\$15,719	390,368	4.21%	3,241
55	346200	Communication Equipment-Telephone	153,731	14.91%	\$23,219	92,350	3.51%	3,241
56	347000	Miscellaneous Equipment	1,075,561	2.89%	\$31,064	1,097,161	6.33%	69,452
57	348000	Other Tangible Plant	4,918	2.89%	\$142	4,918	5.10%	(188,427)
58		Amortization of CIAC			(169,437)			
59								
60		Total Plant in Service	180,834,917		4,941,471	203,328,896		4,624,314
61					5,110,908			
62					2.58%			2.27%
63		Land	432,342			203,998,392		
64		Cap Lease Asset	1,590,500			(671,496)		
65		Total UP	192,657,759					
		GL Balance	197,113,579					
		Walden's Ridge	(4,455,619)					

Depreciation expense with Walden's Ridge

Line No.	Account Number	Account Description	Depreciable Property at 11/30/07	Depreciation Rate	Normalized Test Year Depreciation Expense	Depreciable Property at End of Attribution Year	New Depreciation Rates	Attribution Year Depreciation Expense
1	336000	Comprehensive Planning Study	405,132	20.00%	\$81,026	0	0.00%	\$0
2	304200	Pumping Structures	3,810,528	3.85%	\$147,086	3,863,562	1.98%	78,489
3	304300	Water Treatment Structures	2,013,177	4.57%	\$92,002	2,964,841	4.11%	121,859
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	1.13%	11,178
6	304600	Office Structures	149,174	3.98%	\$5,937	306,629	1.13%	3,485
7	304700	Stores - Shop, & Garage Structures	312,642	4.65%	\$14,538	312,642	0.73%	2,282
8	304800	Miscellaneous Structures	857,573	5.84%	\$37,087	657,573	0.49%	3,222
9	306000	Lakes, Rivers, & Other Intakes	489,123	3.40%	\$16,830	489,123	0.63%	4,060
10	309000	Supply Means	602,664	5.92%	\$33,758	603,634	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%	\$97,968	5,717,338	2.43%	140,075
13	311300	Diesel Pumping Equipment	119,298	1.97%	\$2,350	119,298	2.50%	2,982
14	311500	Other Pumping Equipment	288,063	3.94%	\$10,562	317,113	1.83%	5,803
15	320100	Water Treatment Equipment	12,378,400	4.27%	\$528,558	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	6,494,748	1.80%	\$116,885	6,921,274	2.08%	143,968
18	330003	T & D Reservoirs & Standpipes-Painting	1,710,128	10.00%	\$171,013	1,964,569	11.06%	220,966
19	330100	Elevated Tanks & Standpipes	1,780,709	1.80%	\$32,053	1,800,119	2.74%	51,769
20	330400	Cleanwells	880,784	1.80%	\$12,254	880,784	1.65%	11,233
21	331001	T & D Mains not Classified	1,950,624	1.41%	\$27,504	2,217,661	1.50%	33,286
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" - 8")	1,458	1.36%	\$20	1,458	1.50%	982,122
24	331210	T & D Mains - Mains (8" - 10")	80,396,252	1.42%	\$824,110	84,141,552	1.50%	982,122
25	331300	T & D Mains - Mains (10" - 16")	9,814,622	1.42%	\$139,372	9,814,622	1.50%	147,225
26	331350	T & D Mains - Mains (16" - 18")	23,381,824	1.42%	\$334,862	25,916,874	1.50%	388,755
27	333000	Services	18,858,648	2.28%	\$420,962	20,333,945	1.64%	333,477
28	334100	Meters	4,023,103	0.98%	\$45,308	4,861,223	6.91%	323,473
29	334110	Meters - Metal Case/OU Style	12,651	2.45%	\$310	1,324,025	6.91%	91,460
30	334120	Meters - Plastic Case	18,786	15.35%	\$0	0	6.91%	57,560
31	334131	Meters - Iron for	10,950,282	1.64%	\$179,584	10,810,744	2.23%	340,187
32	334200	Meter Installations	7,420,618	2.21%	\$163,995	5,078,142	0.60%	212,458
33	335000	Hydrants	8,528	5.92%	\$505	8,073,260	1.39%	8,446
34	339200	Other PLE SS	826,817	2.73%	\$17,112	807,594	1.98%	8,446
35	340100	Office Furniture	308,231	13.00%	\$40,069	308,231	2.19%	8,750
36	340200	Computer & Peripheral Equipment	803,486	13.80%	\$95,854	603,466	2.19%	13,216
37	340210	Computer & Mainframe Equipment	119,587	13.80%	\$16,514	60,042	2.19%	9,042
38	340220	Computer & Periph Personal	215,972	13.80%	\$29,344	119,983	2.19%	4,183
39	340230	Computer & Periph Other	342,122	13.80%	\$46,528	238,838	1.83%	7,848
40	340300	Computer Software	3,333,059	13.80%	\$452,074	3,535,059	1.83%	64,892
41	340310	Computer Software Mainframe	206,245	13.80%	\$28,783	19,448	1.83%	3,504
42	340320	Computer Software Personal	1,422,501	13.80%	\$194,261	14,222	1.83%	3,504
43	340330	Computer Software Other	13,284	13.80%	\$1,820	15,284	4.94%	755
44	340400	Data Handling Equipment	137,210	13.80%	\$18,911	92,691	1.39%	1,288
45	340500	Other Office Equipment	1,074,347	6.07%	\$65,559	1,381,698	16.00%	221,057
46	341000	Heavy Trucks	733,952	9.84%	\$73,322	953,058	16.62%	158,398
47	341200	Automobiles	237,242	10.54%	\$24,853	286,015	11.38%	34,028
48	341300	Transportation-Other	43	0.76%	\$2	237,242	7.24%	17,178
49	341400	Stores Equipment	43	0.98%	\$2	43,302	0.60%	0
50	342000	Tools, Shop, & Garage Equipment	1,182,044	3.85%	\$45,559	1,315,016	6.89%	90,605
51	343000	Laboratory Equipment	370,128	11.93%	\$41,158	331,626	1.01%	3,854
52	344000	Power Operated Equipment	322,767	9.21%	\$30,468	332,767	0.00%	0
53	345000	Communication Equipment	354,631	4.43%	\$15,719	380,386	4.21%	16,434
54	346100	Miscellaneous Equipment-Telephone	1,073,581	1.45%	\$23,219	927,350	3.51%	3,241
55	346200	Miscellaneous Equipment	1,073,581	2.88%	\$31,142	1,097,181	6.33%	68,452
56	347000	Other Tangible Plant	4,918	2.88%	\$142	4,918	5.10%	251
57	348000	Amortization of CAC	0					(168,437)
60		Total Plant in Service	195,090,736		5,014,230	207,782,716		4,698,120
61					5,163,667			4,624,314
62		Land	432,342		2.57%	203,328,896		2,26%
63		Cap Lease Asset	1,590,500			4,455,819		
64		Total UP	197,113,578					
65		GL Balance	197,113,578					

Tennessee-American Water Company

Chemical Usage and Costs:

Chemicals @ original cost with Walden's Ridge
Pounds

	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Total
Polyaluminum Chloride	110486	126626	121998	164483	116555	110108	107186	92745	100900	88066	94395	104686	1,338,234
Chlorine	42250	40000	35440	46037	44221	56312	60990	60300	67878	60788	52637	44871	611,724
Fluoride	42347	43071	41173	43453	42373	57286	51313	51568	55950	50765	51538	44704	575,541
Caustic				5520	20369	63383	93929	56222	31114	26977	3073		300,587
Corrosion Inhibitor	37359	33623	35616	40749	44453	49118	56160	52742	57531	50411	55705	39501	552,968
Filter Aid	628	647	600	753	668	106	0	0	0	5	95	221	3,723
Powdered Carbon	0	0	0	0	0	0	0	21101	11384	7615	0	0	40,100
GAC													

Cost

Polyaluminum Chloride	\$26,903	\$30,833	\$31,885	\$47,093	\$32,027	\$30,538	\$28,420	\$23,923	\$26,139	\$19,217	\$24,248	\$26,485	\$347,712
Chlorine	\$10,875	\$12,910	\$10,563	\$13,599	\$12,937	\$16,502	\$17,296	\$15,170	\$19,734	\$13,571	\$14,092	\$12,122	\$169,371
Fluoride	\$4,218	\$5,302	\$5,472	\$5,929	\$6,190	\$8,260	\$7,146	\$7,120	\$7,688	\$6,990	\$7,097	\$6,156	\$77,568
Caustic	\$0	\$0	\$0	\$672	\$2,898	\$8,534	\$11,458	\$7,549	\$3,447	\$2,090	\$185	\$0	\$36,833
Corrosion Inhibitor	\$11,312	\$13,097	\$5,310	\$15,903	\$16,130	\$18,649	\$20,038	\$20,082	\$20,711	\$15,641	\$20,080	\$13,978	\$190,931
Filter Aid	\$1,338	\$1,298	\$1,266	\$1,776	\$774	\$238	\$0	\$0	\$0	\$36	\$79	\$460	\$7,265
Powdered Carbon	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,514	\$5,340	\$2,876	\$0	\$0	\$18,730
GAC	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$269,251
Total	\$77,084	\$85,878	\$76,934	\$107,410	\$93,394	\$105,159	\$106,796	\$106,796	\$105,497	\$82,859	\$88,218	\$81,638	\$1,117,661

Cost/lb

Polyaluminum Chloride	\$0.2435	\$0.2435	\$0.2614	\$0.2863	\$0.2748	\$0.2773	\$0.2651	\$0.2579	\$0.2591	\$0.2182	\$0.2569	\$0.2530	\$0.2581
Chlorine	\$0.2574	\$0.3228	\$0.2981	\$0.2954	\$0.2926	\$0.2930	\$0.2836	\$0.2516	\$0.2907	\$0.2233	\$0.2677	\$0.2702	\$0.2789
Fluoride	\$0.0996	\$0.1231	\$0.1329	\$0.1364	\$0.1461	\$0.1442	\$0.1393	\$0.1381	\$0.1374	\$0.1377	\$0.1377	\$0.1377	\$0.1342
Caustic	\$0.3028	\$0.3895	\$0.1491	\$0.3903	\$0.3629	\$0.3797	\$0.3568	\$0.3808	\$0.3600	\$0.3103	\$0.3605	\$0.3539	\$0.1129
Filter Aid	\$1.6000	\$1.6000	\$1.6000	\$2.3586	\$1.1587	\$2.2453		\$0.4983	\$0.4691	\$0.3777			\$2.3414
Powdered Carbon*													\$2.2973
GAC													

Average
Cost/lb

All chemical contracts run from January 1, 2008 through December 31, 2008. The current rates are listed below:

Chemical	Cost/lb
Polyaluminum Chloride	0.2550
Chlorine	0.2300
Fluoride	0.1860
Caustic	0.0770
Corrosion Inhibitor	0.3800
Filter Aid	1.9000 last purchase price-not a contract price
Powdered Carbon	0.5600

The GAC costs are monthly lease which is adjusted annually based on the filters that are regenerated.

269256

Carbon Lease

7139.16
7746.05
7552.39
<u>22,438</u>

Tennessee-American Water Company

Chemical Usage and Costs:

**Chemicals @ original cost with Walden's Ridge
Test Yr**

<u>Chemical</u>	<u>Usage</u>	<u>Current</u> <u>Price/Lb.</u>	<u>Cost</u>
Polyaluminum Chloride	1,338,234	0.2550	341,250
Chlorine	611,724	\$0.2300	140,697
Fluoride	575,541	0.1860	107,051
Caustic	300,587	0.0770	23,145
Corrosion Inhibitor	552,968	0.3800	210,128
Filter Aid	3,723	1.9000	7,074
Powdered Carbon	40,100	0.5600	22,456
GAC			269,251
Total	3,422,877		1,121,052

Tennessee American Water Company
 Chemicals
 Test Year Ended 11/30/07
 Chemicals @ original cost with Walden's Ridge

<u>Chemical Name</u>	Cost Based on Average Cost per CCF on Attrition Year Sys Delivery	<u>ATTRITION YEAR ADJUSTMENTS</u>	<u>Adjusted Attrition Year Cost</u>
Polyaluminum Chloride	329,686		329,686
Chlorine	135,929		135,929
Fluoride	103,423		103,423
Caustic	22,361		22,361
Corrosion Inhibitor	203,007		203,007
Filter Aid	6,834		6,834
Powdered Carbon	21,695		21,695
GAC	260,127		260,127
Total	1,083,062	original filing	1,083,062
			<u>1,049,272</u>
			33,790

Tennessee-American Water Company

Chemical Usage and Costs:

Chemicals @ 2009 contract prices with Walden's Ridge

Pounds	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Total
Polyaluminum Chloride	110486	126626	121998	164483	116555	110108	107186	92745	100900	88066	94395	104686	1,338,234
Chlorine	42250	40000	35440	46037	44221	56312	60990	60300	67878	60788	52637	44871	611,724
Fluoride	42347	43071	41173	43453	42373	57286	51313	51568	55950	50765	51538	44704	575,541
Caustic				5520	20369	63383	93929	56222	31114	26977	3073		300,587
Corrosion Inhibitor	37359	33623	35616	40749	44453	49118	56160	52742	57531	50411	55705	39501	552,968
Filter Aid	628	647	600	753	668	106	0	0	0	5	95	221	3,723
Powdered Carbon	0	0	0	0	0	0	0	21101	11384	7615	0	0	40,100
GAC													

Cost

Polyaluminum Chloride	\$26,903	\$30,833	\$31,885	\$47,093	\$32,027	\$30,538	\$28,420	\$23,923	\$26,139	\$19,217	\$24,248	\$26,485	\$347,712
Chlorine	\$10,875	\$12,910	\$10,563	\$13,599	\$12,937	\$16,502	\$17,296	\$15,170	\$19,734	\$13,571	\$14,092	\$12,122	\$169,371
Fluoride	\$4,218	\$5,302	\$5,472	\$5,929	\$6,190	\$8,260	\$7,146	\$7,120	\$7,688	\$6,990	\$7,097	\$6,156	\$77,568
Caustic	\$0	\$0	\$0	\$672	\$2,898	\$8,534	\$11,458	\$7,549	\$3,447	\$2,090	\$185	\$0	\$36,833
Corrosion Inhibitor	\$11,312	\$13,097	\$5,310	\$15,903	\$16,130	\$18,649	\$20,038	\$20,082	\$20,711	\$15,641	\$20,080	\$13,978	\$190,931
Filter Aid	\$1,338	\$1,298	\$1,266	\$1,776	\$774	\$238	\$0	\$0	\$0	\$36	\$79	\$460	\$7,265
Powdered Carbon	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,514	\$5,340	\$2,876	\$0	\$0	\$18,730
GAC	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$22,438	\$269,251
Total	\$77,084	\$85,878	\$76,934	\$107,410	\$93,394	\$105,159	\$106,796	\$106,796	\$105,497	\$82,859	\$88,218	\$81,638	\$1,117,961

Cost/Lb

Polyaluminum Chloride	\$0.2435	\$0.2435	\$0.2614	\$0.2863	\$0.2748	\$0.2773	\$0.2651	\$0.2579	\$0.2591	\$0.2182	\$0.2569	\$0.2530	\$0.2581
Chlorine	\$0.2574	\$0.3228	\$0.2981	\$0.2954	\$0.2926	\$0.2930	\$0.2836	\$0.2516	\$0.2907	\$0.2233	\$0.2677	\$0.2702	\$0.2789
Fluoride	\$0.0996	\$0.1231	\$0.1329	\$0.1364	\$0.1461	\$0.1442	\$0.1393	\$0.1381	\$0.1374	\$0.1377	\$0.1377	\$0.1377	\$0.1342
Caustic				\$0.1217	\$0.1423	\$0.1346	\$0.1220	\$0.1343	\$0.1108	\$0.0775	\$0.0602	\$0.0377	\$0.1129
Corrosion Inhibitor	\$0.3028	\$0.3895	\$0.1481	\$0.3903	\$0.3629	\$0.3797	\$0.3568	\$0.3808	\$0.3800	\$0.3103	\$0.3605	\$0.3539	\$0.3414
Filter Aid	\$1.6000	\$1.6000	\$1.6000	\$2.3586	\$1.1587	\$2.2453				\$7.2000	\$0.8316	\$2.0814	\$2.2973
Powdered Carbon*								\$0.4983	\$0.4691	\$0.3777			
GAC													

Average Cost/lb

All chemical contracts run from January 1, 2009 through December 31, 2009. The current rates are listed below:

2008 Contract

2009 Contract

09 K 1 yr

Chemical	Cost/lb	09 K 1 yr
Polyaluminum Chloride	0.2550	0.2748
Chlorine	0.2300	0.223
Fluoride	0.1860	0.3075
Caustic	0.0770	0.411
Corrosion Inhibitor	0.3800	1.31
Filter Aid	1.9000	2.0000 last purchase price-not a contract price
Powdered Carbon	0.5600	0.650
GAC		

The GAC costs are monthly lease which is adjusted annually based on the filters that are regenerated.

Carbon Lease

7139.16
7746.05
7552.39
22,438

Tennessee-American Water Company

Chemical Usage and Costs:

Chemicals @ 2009 contract prices with Walden's Ridge

Test Yr

<u>Chemical</u>	<u>Usage</u>	<u>Current</u> <u>Price/Lb.</u>	<u>2009 Contract</u> <u>Price/Lb.</u>	<u>Cost</u>
Polyaluminum Chloride	1,338,234	\$0.2550	\$0.2748	387,352
Chlorine	611,724	0.2300	0.2230	149,567
Fluoride	575,541	0.1860	0.3075	162,590
Caustic	300,587	0.0770	0.4110	92,005
Corrosion Inhibitor	552,968	0.3800	1.3100	570,479
Filter Aid	3,723	1.9000	2.0000	7,911
Powdered Carbon	40,100	0.5600	0.6500	26,733
GAC				269,251
Total	3,422,877			<u>1,665,888</u>

**Tennessee American Water Company
Chemicals**

Test Year Ended 11/30/07

Chemicals @ 2009 contract prices with Walden's Ridge

12 Months
ended
11/30/2007
(CCF)

Water Sales	15,346,430	Normalized Year (CCF)	14,757,652	Attrition Year (CCF)	14,827,312
Non-Revenue Usage	-		-		-
Unaccounted For	4,221,849		4,058,684		4,077,842
Total	19,568,279		18,816,336		18,905,154

Chemical Name	Cost at		Cost Based		Cost Based	
	Current Prices		on Average		on Average	
	Based on	Average Cost	Cost per CCF on	Normalized	Cost per CCF on	Attrition Year
	Test Year	Per CCF	Sys Delivery	Sys Delivery	Attrition Year	Sys Delivery
Polyaluminum Chloride	387,352	0.01979	372,467	374,225		
Chlorine	149,567	0.00764	143,820	144,499		
Fluoride	162,590	0.00831	156,342	157,080		
Cautic	92,005	0.00470	88,470	88,887		
Corrosion Inhibitor	570,479	0.02915	548,557	551,147		
Filter Aid	7,911	0.00040	7,607	7,643		
Powdered Carbon	26,733	0.00137	25,706	25,827		
GAC	269,251	0.01376	258,905	260,127		
Total	1,665,888		1,601,874	1,609,435		

revised filing with 2009 Contract prices without Walden's Ridge

1,559,222

Add'l exp for Walden's Ridge

50,213

**Tennessee American Water Company
Chemicals**

Test Year Ended 11/30/07

Chemicals @ 2009 contract prices with Walden's Ridge

<u>Chemical Name</u>	Cost Based on Average Cost per CCF on Attrition Year Sys Delivery	<u>ATTRITION YEAR ADJUSTMENTS</u>	<u>Adjusted Attrition Year Cost</u>
Polyaluminum Chloride	374,225		374,225
Chlorine	144,499		144,499
Fluoride	157,080		157,080
Caustic	88,887		88,887
Corrosion Inhibitor	551,147		551,147
Filter Aid	7,643		7,643
Powdered Carbon	25,827		25,827
GAC	260,127		260,127
Total	1,609,435	revised filing incl WR original filing	1,609,435 1,049,272
Chemical cost in amended filing without Walden's Ridge			560,163
Add'l exp for Walden's Ridge			509,950
			50,213

CITICO STATION

• • •

TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR

ATTRITION
YEAR

TOTAL BOOSTER STATION FUEL
& POWER COST

\$762,057

CITICO STATION POWER COST

1,224,202

\$1,986,259

.....

TENNESSEE - AMERICAN WATER COMPANY FUEL & POWER ATTRITION TEST YEAR																							
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL										
BOOSTER STATIONS																							
KWH'S '08 BUDGET	787,312	689,204	819,410	769,478	702,740	853,656	895,170	864,234	1,101,009	770,043	799,828	582,307	9,634,391										
ADJUSTMENT FOR ATTRITION Y1	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611										
ADJUSTED KWH	737,405	645,516	767,468	720,702	658,194	799,544	838,426	809,451	1,031,217	721,231	749,128	545,395	9,023,677										
COSTS PER KWH PER THE 2008 BUDGET	\$0.0591	\$0.0605	\$0.0591	\$0.0595	\$0.0602	\$0.0591	\$0.0585	\$0.0589	\$0.0573	\$0.0595	\$0.0590	\$0.0617											
TOTAL KWH COST	\$43,589	\$39,058	\$45,363	\$42,898	\$39,621	\$47,249	\$49,016	\$47,716	\$59,052	\$42,899	\$44,213	\$33,636	\$534,310										
TOTAL KWD	1,755	1,792	1,808	1,765	1,854	1,904	1,880	1,926	2,051	1,905	1,884	1,788	22,312										
COSTS PER KWD PER THE 2008 BUDGET	\$9.9162	\$9.9475	\$10.0171	\$9.9535	\$10.0939	\$10.0720	\$10.1633	\$10.2529	\$10.2867	\$10.1953	\$10.1953	\$9.9983											
TOTAL KWD COST	\$17,403	\$17,826	\$18,111	\$17,568	\$18,714	\$19,177	\$19,107	\$19,747	\$21,098	\$19,422	\$19,208	\$17,877	\$225,258										
TOTAL ELECTRIC COST	\$60,992	\$56,884	\$63,474	\$60,466	\$58,335	\$66,426	\$68,123	\$67,463	\$80,150	\$62,321	\$63,421	\$51,513	\$759,568										
DIESEL FUEL PER THE 2007 BUDGET	\$211	\$260	\$279	\$182	\$172	\$161	\$208	\$212	\$179	\$203	\$226	\$196	\$2,489										
TOTAL BOOSTER STATION FUEL & POWER COST	\$61,203	\$57,144	\$63,753	\$60,648	\$58,507	\$66,587	\$68,331	\$67,675	\$80,329	\$62,524	\$63,647	\$51,709	\$762,057										
TOTAL STATION DELIVERY - BUDN	580,174	539,309	599,955	575,249	516,423	649,270	674,557	669,180	780,081	634,784	591,886	414,726	7,225,594										
TOTAL KWH'S - BUDGET	787,312	689,204	819,410	769,478	702,740	853,656	895,170	864,234	1,101,009	770,043	799,828	582,307	9,634,391										
BOOSTER COSTS PER '08 BUDGET	46,539	41,702	48,433	45,602	42,303	50,447	52,333	50,845	63,048	45,802	47,205	35,912	570,471										
KWH COST PER '08 BUDGET	\$0.0591	\$0.0605	\$0.0591	\$0.0595	\$0.0602	\$0.0591	\$0.0585	\$0.0589	\$0.0573	\$0.0595	\$0.0590	\$0.0617											
KW DEMAND - BUDGET	1,755	1,792	1,808	1,765	1,854	1,904	1,880	1,926	2,051	1,905	1,884	1,788	22,312										
KWD COST PER '08 BUDGET	17,403	17,826	18,111	17,568	18,714	19,177	19,107	19,747	21,098	19,422	19,208	17,877	225,258										
KWH COST PER KWD	\$9.9162	\$9.9475	\$10.0171	\$9.9535	\$10.0939	\$10.0720	\$10.1633	\$10.2529	\$10.2867	\$10.1953	\$10.1953	\$9.9983											
\$	17,403	\$	17,828	\$	18,111	\$	17,568	\$	18,714	\$	19,107	\$	19,422	\$	21,098	\$	19,422	\$	19,208	\$	17,877	\$	225,258

**TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR**

SYSTEM DELIVERY - '08 BUDGET	14,641,340	Adj Factor
SYSTEM DELIVERY - ATTRITION YEAR	13,713,242	93.661100%
SALES - ATTRITION YEAR	10,773,534	
SALES - TEST YEAR	11,509,823	
SYSTEM DELIVERY - TEST YEAR	14,650,394	
RATIO - SALES / SYSTEM DELIVERY	78.563%	

ATTRITION TEST YEAR
Fuel & Power @ original cost with Walden's Ridge

CITICO STATION

SYSTEM DELIVER

	2009	2009	2009	2009	2009	2009	2009	2009	2009	2008	2008	2008	TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
	1,113,930	1,063,715	1,118,604	1,071,300	1,164,174	1,266,267	1,221,993	1,287,449	1,270,718	1,339,641	1,365,066	1,358,483	14,641,340
	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	
	1,076,919	1,028,372	1,081,437	1,035,705	1,125,493	1,224,194	1,181,391	1,244,672	1,228,497	1,295,130	1,319,710	1,313,346	14,154,866
	1.261	1.075	1.251	1.202	1.248	1.224	1.265	1.227	1.237	1.118	1.221	1.172	
	1,357,995	1,105,500	1,352,878	1,244,917	1,404,615	1,498,413	1,494,460	1,527,213	1,519,651	1,447,955	1,611,366	1,539,242	17,104,205

RATES

CUSTOMER CHARGE	\$1.61	\$1.61	\$1.61	\$1.61	\$1.61	\$1.61
FIRST 15,000 KWH IN CENTS	\$5.01	\$5.01	\$5.01	\$5.01	\$5.01	\$5.01
OVER 15,000 KWH IN CENTS	\$5.01	\$5.01	\$5.01	\$5.01	\$5.01	\$5.01
	\$1.61	\$1.61	\$1.61	\$1.61	\$1.61	\$1.61

CALCULATED BILL

CUSTOMER CHARGE												
FIRST 15,000 KWH IN CENTS												
OVER 15,000 KWH IN CENTS												
161	161	161	161	161	161	161	161	161	161	161	161	161
752	752	752	752	752	752	752	752	752	752	752	752	752
67,284	54,634	67,028	61,619	69,620	74,319	74,121	75,762	75,383	71,791	79,978	76,365	847,903
TOTAL												
68,196	55,546	67,940	62,531	70,532	75,231	75,033	76,674	76,295	72,703	80,890	77,277	838,848
1,023	833	1,019	938	1,058	1,128	1,125	1,150	1,144	1,091	1,213	1,159	12,881
TAX AT 1.5 %												
TOTAL COST												
\$89,219	\$56,379	\$68,959	\$63,469	\$71,590	\$76,359	\$76,158	\$77,824	\$77,439	\$73,794	\$82,103	\$78,436	\$871,729
TOTAL DEMAND - '08 BUDGET												
2,129	2,129	2,160	2,236	2,399	2,399	2,399	2,399	2,310	2,285	2,206	2,129	27,180

RATES

[illegible]

CALCULATED BILL

[illegible]

GRAND TOTAL

GRAND TOTAL	\$98,839	\$85,999	\$99,038	\$94,673	\$105,208	\$109,978	\$109,776	\$111,442	\$109,739	\$105,724	\$112,864	\$108,056	\$1,251,337
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TENNESSEE - AMERICAN WATER COMPANY													
FUEL & POWER													
ATTRITION TEST YEAR													
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
BOOSTER STATIONS													
KWHs '08 BUDGET	787,312	689,204	819,410	769,478	702,740	853,656	895,170	864,234	1,101,009	770,043	799,828	582,307	9,634,391
ADJUSTMENT FOR ATTRITION Yr	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774
ADJUSTED KWH	761,153	666,305	792,184	743,911	679,391	825,292	865,427	835,519	1,064,427	744,458	773,253	562,959	9,314,279
COSTS PER KWH PER THE													
2008 BUDGET	\$0.0591	\$0.0605	\$0.0591	\$0.0595	\$0.0602	\$0.0591	\$0.0585	\$0.0589	\$0.0573	\$0.0595	\$0.0590	\$0.0617	
TOTAL KWH COST	\$44,993	\$40,316	\$46,824	\$44,280	\$40,897	\$48,771	\$50,595	\$49,252	\$60,953	\$44,280	\$45,637	\$34,719	\$551,517
TOTAL KWD	1,755	1,792	1,808	1,765	1,854	1,904	1,880	1,926	2,051	1,905	1,884	1,788	22,312
COSTS PER KWD PER THE													
2008 BUDGET	\$9.9162	\$9.9475	\$10.0171	\$9.9535	\$10.0939	\$10.0720	\$10.1633	\$10.2529	\$10.2867	\$10.1953	\$10.1953	\$9.9983	
TOTAL KWD COST	\$17,403	\$17,826	\$18,111	\$17,568	\$18,714	\$19,177	\$19,107	\$19,747	\$21,098	\$19,422	\$19,208	\$17,877	\$225,258
TOTAL ELECTRIC COST	\$62,396	\$58,142	\$64,935	\$61,848	\$59,611	\$67,948	\$69,702	\$68,999	\$82,051	\$63,702	\$64,845	\$52,596	\$776,775
DIESEL FUEL PER THE													
2007 BUDGET	\$211	\$260	\$279	\$182	\$172	\$161	\$208	\$212	\$179	\$203	\$226	\$196	\$2,489
TOTAL BOOSTER STATION													
FUEL & POWER COST	\$62,607	\$58,402	\$65,214	\$62,030	\$59,783	\$68,109	\$69,910	\$69,211	\$82,230	\$63,905	\$65,071	\$52,792	\$779,264
TOTAL STATION DELIVERY - BUDG	580,174	539,309	599,955	575,249	516,423	649,270	674,557	669,180	780,081	634,784	591,886	414,726	7,225,594
TOTAL KWHs - BUDGET	787,312	689,204	819,410	769,478	702,740	853,656	895,170	864,234	1,101,009	770,043	799,828	582,307	9,634,391
BOOSTER COSTS PER '08 BUDGET	48,539	41,702	48,433	45,802	42,303	50,447	52,333	50,945	63,048	46,802	47,205	35,912	570,471
KWH COST PER '08 BUDGET	\$0.0591	\$0.0605	\$0.0591	\$0.0595	\$0.0602	\$0.0591	\$0.0585	\$0.0589	\$0.0573	\$0.0595	\$0.0590	\$0.0617	
KW DEMAND - BUDGET	1,755	1,792	1,808	1,765	1,854	1,904	1,880	1,926	2,051	1,905	1,884	1,788	22,312
KWD COST PER '08 BUDGET	17,403	17,826	18,111	17,568	18,714	19,177	19,107	19,747	21,098	19,422	19,208	17,877	225,258
KWH COST PER KWD	\$9.9162	\$9.9475	\$10.0171	\$9.9535	\$10.0939	\$10.0720	\$10.1633	\$10.2529	\$10.2867	\$10.1953	\$10.1953	\$9.9983	
\$	17,403	\$ 17,826	\$ 18,111	\$ 17,568	\$ 18,714	\$ 19,177	\$ 19,107	\$ 19,747	\$ 21,098	\$ 19,422	\$ 19,208	\$ 17,877	\$ 225,258

**TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR**

SYSTEM DELIVERY - '08 BUDGET	14,641,340	
SYSTEM DELIVERY - ATTRITION YEAR	14,154,862	Adj Factor 96.677400%
SALES - ATTRITION YEAR	11,120,484	
SALES - TEST YEAR	11,509,823	
SYSTEM DELIVERY - TEST YEAR	14,650,394	
RATIO - SALES / SYSTEM DELIVERY	78.563%	

ATTRITION TEST YEAR
Fuel & power @ new tariff without Walden's Ridge

CITICO STATION

GRAND TOTAL	\$93,704	\$81,736	\$93,914	\$89,905	\$99,853	\$104,299	\$104,112	\$105,664	\$100,719	\$100,245	\$106,837	\$102,294	\$1,183,283
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**TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR**

ATTENTION
YEAR

TOTAL BOOSTER STATION FUEL & POWER COST	\$738,760	\$ 762,057
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CITCO STATION POWER COST

\$1,922,043	\$	1,986,259
<u>1,986,259</u>		

Fuel & Power at new tariff rates w/o Walden's Ridge	-64,216	-64,216
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-864,216

**TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
TENNESSEE - AMERICAN WATER COMPANY FUEL & POWER ATTRITION TEST YEAR													
BOOSTER STATIONS													
KWH'S '08 BUDGET	787,312	689,204	819,410	769,478	702,740	853,656	895,170	864,234	1,101,009	770,043	799,828	582,307	9,634,391
ADJUSTMENT FOR ATTRITION Yr	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	0.936611	
ADJUSTED KWH	737,405	645,516	767,468	720,702	658,194	799,544	838,426	809,451	1,031,217	721,231	749,128	545,395	9,023,677
COSTS PER KWH PER THE 2008 BUDGET	\$0.0571	\$0.0584	\$0.0570	\$0.0574	\$0.0581	\$0.0570	\$0.0564	\$0.0569	\$0.0552	\$0.0574	\$0.0569	\$0.0595	
TOTAL KWH COST	\$42,069	\$37,696	\$43,763	\$41,391	\$38,235	\$45,584	\$47,277	\$46,031	\$56,937	\$41,391	\$42,652	\$32,473	\$515,499
TOTAL KWD	1,755	1,792	1,808	1,765	1,854	1,904	1,880	1,926	2,051	1,905	1,884	1,788	22,312
COSTS PER KWD PER THE 2008 BUDGET	\$9.7191	\$9.7500	\$9.8175	\$9.7552	\$9.8927	\$9.8713	\$9.9612	\$10.0483	\$10.0819	\$9.9921	\$9.9920	\$9.7992	
TOTAL KWD COST	\$17,057	\$17,472	\$17,750	\$17,218	\$18,341	\$18,795	\$18,727	\$19,353	\$20,678	\$19,035	\$18,825	\$17,521	\$220,772
TOTAL ELECTRIC COST	\$59,126	\$55,168	\$61,513	\$58,609	\$56,576	\$64,379	\$66,004	\$65,384	\$77,615	\$60,426	\$61,477	\$49,994	\$736,271
DIESEL FUEL PER THE 2007 BUDGET	\$211	\$260	\$279	\$182	\$172	\$161	\$208	\$212	\$179	\$203	\$226	\$196	\$2,489
TOTAL BOOSTER STATION FUEL & POWER COST	\$59,337	\$55,428	\$61,792	\$58,791	\$56,748	\$64,540	\$66,212	\$65,596	\$77,794	\$60,629	\$61,703	\$50,190	\$738,760
TOTAL STATION DELIVERY -BUD	580,174	539,309	599,955	575,249	516,423	649,270	674,557	669,180	780,081	634,784	591,886	414,726	7,225,594
TOTAL KWHFS - BUDGET	787,312	689,204	819,410	769,478	702,740	853,656	895,170	864,234	1,101,009	770,043	799,828	582,307	9,634,391
BOOSTER COSTS PER '08 BUDGET	44,916	40,247	46,725	44,192	40,823	48,669	50,477	49,146	60,790	44,192	48,539	34,671	550,387
KWH COST PER '08 BUDGET	\$0.0571	\$0.0584	\$0.0570	\$0.0574	\$0.0581	\$0.0570	\$0.0564	\$0.0569	\$0.0552	\$0.0574	\$0.0569	\$0.0595	
KW DEMAND - BUDGET	1,755	1,792	1,808	1,765	1,854	1,904	1,880	1,926	2,051	1,905	1,884	1,788	22,312
KWD COST PER '08 BUDGET	17,057	17,472	17,750	17,218	18,341	18,795	18,727	19,353	20,678	19,035	18,825	17,521	220,772
KWH COST PER KWD	\$9.7191	\$9.7500	\$9.8175	\$9.7552	\$9.8927	\$9.8713	\$9.9612	\$10.0483	\$10.0819	\$9.9921	\$9.9920	\$9.7992	
\$	17,057 \$	17,472 \$	17,750 \$	17,218 \$	18,341 \$	18,795 \$	18,727 \$	19,353 \$	20,678 \$	19,035 \$	18,825 \$	17,521 \$	220,771

TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR

SYSTEM DELIVERY - '08 BUDGET	14,641,340	
SYSTEM DELIVERY - ATTRITION YEAR	13,713,242	Adj Factor 93.661100%
SALES - ATTRITION YEAR	10,773,534	
SALES - TEST YEAR	11,509,823	
SYSTEM DELIVERY - TEST YEAR	14,650,394	
RATIO - SALES / SYSTEM DELIVERY	78.563%	

**TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR**

ATTRITION
YEAR

TOTAL BOOSTER STATION FUEL
& POWER COST

\$755,363 \$ 762,057

CITICO STATION POWER COST

1,209,284 \$ 1,224,202

\$1,964,647 \$ 1,986,259
1,986,259

1,986,259

Fuel & Power at new tariff rates incl Walden's Ridge	-21,611	-21,611
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-21,611

-521,611

TENNESSEE - AMERICAN WATER COMPANY FUEL & POWER ATTRITION TEST YEAR													
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
BOOSTER STATIONS													
KWHS '08 BUDGET	787,312	689,204	819,410	769,478	702,740	853,656	895,170	864,234	1,101,009	770,043	799,828	582,307	9,634,391
ADJUSTMENT FOR ATTRITION YI	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	0.966774	
ADJUSTED KWH	761,153	666,305	792,184	743,911	679,391	825,292	865,427	835,519	1,064,427	744,458	773,253	562,959	9,314,279
COSTS PER KWH PER TIE													
2008 BUDGET	\$0.0571	\$0.0584	\$0.0570	\$0.0574	\$0.0581	\$0.0570	\$0.0564	\$0.0569	\$0.0552	\$0.0574	\$0.0569	\$0.0595	
TOTAL KWH COST	\$43,424	\$38,910	\$45,173	\$42,724	\$39,467	\$47,052	\$48,800	\$47,513	\$58,770	\$42,724	\$44,026	\$33,519	\$532,102
TOTAL KWD	1,755	1,792	1,808	1,765	1,854	1,904	1,880	1,926	2,051	1,905	1,884	1,788	22,312
COSTS PER KWD PER TIE													
2008 BUDGET	\$9.7191	\$9.7500	\$9.8175	\$9.7552	\$9.8927	\$9.8713	\$9.9612	\$10.0483	\$10.0819	\$9.9921	\$9.9920	\$9.7992	
TOTAL KWD COST	\$17,057	\$17,472	\$17,750	\$17,218	\$18,341	\$18,795	\$18,727	\$19,353	\$20,678	\$19,035	\$18,825	\$17,521	\$220,772
TOTAL ELECTRIC COST	\$60,481	\$56,382	\$62,923	\$59,942	\$57,808	\$65,847	\$67,527	\$66,866	\$79,448	\$61,759	\$62,851	\$51,040	\$752,874
DIESEL FUEL PER TIE													
2007 BUDGET	\$21.1	\$260	\$279	\$182	\$172	\$161	\$208	\$212	\$179	\$203	\$226	\$196	\$2,489
TOTAL BOOSTER STATION FUEL & POWER COST	\$60,692	\$56,642	\$63,202	\$60,124	\$57,980	\$66,008	\$67,735	\$67,078	\$79,627	\$61,962	\$63,077	\$51,236	\$755,363
TOTAL STATION DELIVERY -BUDG	580,174	539,309	599,955	575,249	516,423	649,270	674,557	669,180	780,081	634,784	591,886	414,726	7,225,594
TOTAL KWHS - BUDGET	787,312	689,204	819,410	769,478	702,740	853,656	895,170	864,234	1,101,009	770,043	799,828	582,307	9,634,391
BOOSTER COSTS PER '08 BUDGET	44,916	40,247	48,725	44,192	40,823	48,669	50,477	49,146	60,790	44,192	45,539	34,671	550,387
KWH COST PER '08 BUDGET	\$0.0571	\$0.0584	\$0.0570	\$0.0574	\$0.0581	\$0.0570	\$0.0564	\$0.0569	\$0.0552	\$0.0574	\$0.0569	\$0.0595	
KW DEMAND -BUDGET	1,755	1,792	1,808	1,765	1,854	1,904	1,880	1,926	2,051	1,905	1,884	1,788	22,312
KWD COST PER '08 BUDGET	17,057	17,472	17,750	17,218	18,341	18,795	18,727	19,353	20,678	19,035	18,825	17,521	220,772
KWH COST PER KWD	\$9.7191	\$9.7500	\$9.8175	\$9.7552	\$9.8927	\$9.8713	\$9.9612	\$10.0483	\$10.0819	\$9.9921	\$9.9920	\$9.7992	
	\$ 17,057	\$ 17,472	\$ 17,750	\$ 17,218	\$ 18,341	\$ 18,795	\$ 18,727	\$ 19,353	\$ 20,678	\$ 19,035	\$ 18,825	\$ 17,521	\$ 220,771

TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR

SYSTEM DELIVERY - '08 BUDGET	14,641,340	Adj Factor 96.677400%
SYSTEM DELIVERY - ATTRITION YEAR	14,154,862	
SALES - ATTRITION YEAR	11,120,484	
SALES - TEST YEAR	11,509,823	
SYSTEM DELIVERY - TEST YEAR	14,650,394	
RATIO - SALES / SYSTEM DELIVERY	78.563%	

Tennessee American Water Company
Walden's Ridge Power Costs
For the 12 months ending 11/30/07

Facility	Commodity	Unit	2006-12 (Dec-06)	2007-1 (Jan-07)	2007-2 (Feb-07)	2007-3 (Mar-07)	2007-4 (Apr-07)	2007-5 (May-07)	2007-6 (Jun-07)	2007-7 (Jul-07)	2007-8 (Aug-07)	2007-9 (Sep-07)	2007-10 (Oct-07)	2007-11 (Nov-07)	Totals
TNAWC - Electricity	\$		12,697.32	12,478.00	11,377.31	11,938.02	13,312.59	15,341.57	16,967.75	15,401.38	18,488.11	18,089.36	16,707.69	14,891.15	177,700.26
TNAWC - Electricity	kW		549.6	549.6	549.6	553.6	559.2	560	560	564	564	564	564	1,000.80	1,000.80
TNAWC - Electricity	kWh		124,717.24	121,340.16	121,496.77	129,907.90	142,027.59	192,560.00	213,090.00	182,233.87	238,687.56	209,328.57	190,719.35	149,725.47	2,015,834.48

Question 3

Overall Financial Summary

Line No.	Description	Reference to Supporting Exhibit	Proposed Test Year
1			
2			
3			
4			
5			
6			
7	Rate Base	Exhibit 1, Schedule 2	\$116,940,050
8			
9	Operating Income at Attrition Year Present Rates	Exhibit 2, Schedule 1	5,450,404
10			
11	Earned Rate of Return		4.660%
12			
13	Rate of Return	Exhibit 3, Schedule 1	8.514%
14			
15	Required Operating Income		9,956,276
16			
17	Operating Income Deficiency		4,505,872
18			
19	Gross Revenue Deficiency Factor		1.71974555
20			
21	Revenue Deficiency		7,748,953
22			
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Computation of Attrition Year Rate Base

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 1, Schedule 2
8/25/2008
Page 1 of 3

Line No.	Additions	Footnote Reference	Per Books Rate Base @ 11/30/07	Adjustments	Rate Base 13 mo average @ 08/31/09
1	Utility Plant in Service (UPIS)	(1)	\$191,067,259	\$12,931,133	\$203,998,392
2	Construction Work in Progress	(2)	2,829,032	4,139,747	6,968,779
3	Utility Plant Capital Lease		1,590,500		1,590,500
4	Deferred Maintenance	(3)	0	0	0
5	Limited-Term Utility Plant - Net	(4)	0	0	0
6	Working Capital		1,164,171	0	1,164,171
7	Total Additions		196,650,962	17,070,880	213,721,842
8	Deductions				
9	Accumulated Provision for Depreciation UPIS	(5)	58,457,113	5,106,092	63,563,205
10	RWIP		(151,351)	0	(151,351)
11	Accumulated Amortization of Utility Plant Capital Lease	(6)	1,007,317	132,542	1,139,858
12	Deferred Income Taxes	(7)	15,511,634	1,420,137	16,931,771
13	Customer Advances for Construction	(8)	5,750,627	1,043,308	6,793,935
14	Contributions in Aid of Construction	(9)	8,258,501	140,515	8,399,016
15	Unamortized Investment Tax Credit	(10)	37,993	0	37,993
16	Utility Plant Acquisition Adjustment	(11)	74,850	(7,485)	67,365
17	Total Deductions		88,946,684	7,835,109	96,781,792
18	Rate Base		107,704,278	9,235,772	116,940,050

Attrition Year Rate Base
Footnotes

Line No.	FOOTNOTE REFERENCE	DESCRIPTION	AMOUNT
1			
2			
3			
4			
5			
6			
7			
8	(1)	Net Additions to UPIS through August 2009	\$12,931,133
9	(2)	Adjustment to CWIP through August 2009	4,139,747
10	(3)	Adjustment to Deferred Maintenance	0
11	(4)	Adjustment to Limited -Term Utility Plant - Net	0
12	(5)	Adjustment to Accumulated Provision for Depreciation of UPIS	5,106,092
13	(6)	Adjustment to Accumulated Amortization of Utility Plant - Capital Lease	132,542
14			
15			
16			
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)
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Net Additions to Utility Plant in Service & 13Month Average
From End of Test Year to End of Forecasted Period

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

Test Year: Twelve Months Ended: November 30, 2007
Exhibit No. 1, Schedule 2
8/25/2008
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 12/31/07-9/31/09	13 month average Utility Plant In Service @ 09/31/09
1	301000	Organization	\$0	\$0	\$0	\$0	\$0
2	303000	Land & Land Rights	\$13,000	\$240,000	\$0	\$253,000	671,496
3	303000	Comprehensive Planning Study	(\$405,132)	\$0	\$0	(\$405,132)	-
4	303000	Pumping Structures	\$53,033	\$0	\$0	\$53,033	3,893,582
5	304200	Water Treatment Structures	(\$467)	\$858,000	\$1,146,500	\$2,004,033	2,964,941
6	304300	Water Treatment Structures-Painting	\$0	\$0	\$0	\$0	1,694,808
7	304301	T & D Structures	\$0	\$0	\$0	\$0	524,780
8	304400	Office Structures	\$157,455	\$0	\$0	\$157,455	306,629
9	304600	Stores, Shop, & Garage Structures	\$0	\$0	\$0	\$0	312,642
10	304700	Miscellaneous Structures	\$0	\$0	\$0	\$0	657,573
11	304800	Lakes, Rivers, & Other Intakes	\$0	\$0	\$0	\$0	489,123
12	306000	Supply Mains	\$1,171	\$0	\$0	\$1,171	603,834
13	309000	Power Generation Equipment	\$0	\$0	\$0	\$0	227,422
14	310100	Electric Pumping Equipment	\$0	\$30,000	\$65,000	\$95,000	5,717,338
15	311200	Diesel Pumping Equipment	\$49,049	\$0	\$0	\$49,049	119,296
16	311300	Other Pumping Equipment	\$81,217	\$188,000	\$260,000	\$539,217	317,113
17	311500	Water Treatment Equipment	\$97,769	\$362,000	\$605,000	\$1,064,769	12,726,963
18	320100	Granular Activated Carbon	\$284,443	\$0	\$0	\$284,443	7,455,096
19	330000	T & D Reservoirs & Standpipes	\$0	\$0	\$0	\$0	1,994,569
20	330003	T & D Reservoirs & Standpipes-Painting	\$0	\$0	\$0	\$0	680,784
21	330400	Cleanwells	\$0	\$0	\$0	\$0	2,217,881
22	331001	T & D Mains not Classified	\$241,103	\$30,000	\$0	\$271,103	4,678,232
23	331100	T & D Mains - Mains (4" or less)	\$278,065	(\$96,319)	(\$36,544)	(\$75,565)	1,458
24	331200	T & D Mains - Mains (6" - 8")	\$3,087,512	\$0	\$0	\$3,087,512	64,141,552
25	331300	T & D Mains - Mains (10" - 16")	\$851,976	\$0	\$1,864,303	\$4,951,815	8,745,591
26	331350	T & D Mains - Mains (12" or More)	\$145,881	\$1,875,075	\$1,548,762	\$651,978	25,916,974
27	333000	Services	\$58,120	\$1,182,431	\$787,958	\$2,008,509	20,333,945
28	334100	Meters	\$1,311,374	\$0	\$0	\$1,311,374	4,681,223
29	334120	Meters-Metal Case/Old Style	\$183	\$0	\$0	\$183	1,324,025
30	334130	Meters - Plastic Case	(\$1,153,462)	\$687,800	\$525,300	\$59,438	833,022
31	334200	Meter Installations	\$207,822	\$880,000	\$968,500	\$1,696,322	10,810,746
32	335000	Hydrants	\$0	\$372,345	\$328,887	\$701,232	8,077,845
33	339200	Office Furniture	(\$101,349)	\$0	\$0	(\$101,349)	8,526
34	340100	Computer & Peripheral Equipment	\$0	\$71,500	\$67,000	\$138,500	607,584
35	340200	Computer & Mainframe Equipment	\$0	\$77,900	\$45,900	\$123,800	308,231
36	340220	Computer & Periph Personal	(\$311,724)	\$0	\$0	(\$311,724)	803,486
37	340230	Computer & Periph Other	(\$65,969)	\$17,600	\$17,600	(\$30,769)	412,863
38	340300	Computer Software	\$0	\$0	\$0	\$0	180,983
39	340310	Computer Software Mainframe	(\$14,760)	\$14,000	\$19,500	\$33,500	3,535,059
40	340320	Computer Software Personal	\$0	\$0	\$0	(\$14,760)	191,484
41	340330	Computer Software Other	\$0	\$0	\$0	\$0	14,222
42	340400	Data Handling Equipment	\$0	\$0	\$0	\$0	15,284
43	340500	Other Office Equipment	(\$44,519)	\$0	\$0	(\$44,519)	92,891
44	341100	Light Trucks	(\$43,739)	\$0	\$0	(\$43,739)	1,381,608
45	341200	Heavy Trucks	\$58,422	\$261,900	\$323,100	\$643,422	953,058
46	341300	Automobiles	\$0	\$127,800	\$127,800	\$255,600	299,015
47	341400	Transportation-Other	\$0	\$34,200	\$34,200	\$68,400	237,242
48	342000	Stores Equipment	\$0	\$0	\$0	\$0	43,392
49	343000	Tools, Shop, & Garage Equipment	(\$2,843)	\$0	\$0	(\$2,843)	1,315,016
50	344000	Laboratory Equipment	(\$1,894)	\$98,200	\$151,300	\$247,818	381,626
51	345000	Power Operated Equipment	\$0	\$6,000	\$12,000	\$18,000	332,767
52	346100	Communication Equipment	\$35,535	\$0	\$0	\$35,535	390,366
53	346200	Communication Equipment-Telephone	(\$70,027)	\$0	\$0	(\$70,027)	92,350
54	347000	Miscellaneous Equipment	\$6,753	\$5,400	\$5,400	\$12,153	1,097,181
55	348000	Other Tangible Plant	\$0	\$5,000	\$5,000	\$10,000	4,918
56		Total Plant in Service	1,576,771	10,409,144	8,478,466	20,464,381	203,996,392

Computation of Working Capital

Line
 No.
 1
 2
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Item	Amount
Average Cash	0
Prepaid Insurance	0
Prepaid Taxes	168,877
Materials & Supplies	204,853
Deferred Regulatory Expenses	1,020,269
Unamortized Debt Expense	0
Other Deferred Debits	852,184
Lead - Lag Study	636,000
Total	<u>2,882,183</u>
Less:	
Customer Deposits	0
Incidental Collections	1,718,012
Total	<u>1,718,012</u>
Working Capital Requirement	<u>1,164,171</u>

Computation of Working Capital
Lead/Lag Study

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 1, Schedule 3
8/25/2008
Page 2 of 6

Line No.	Description	Days	Amount
1			
2			
3			
4	Net Operating Funds		37,240,793
5			
6	Average Daily Operating Funds		102,030
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	35.5	
13			
14	(C) Net Interval	6.23	
15			
16	Operating Funds Advanced		635,647
17			
18	Lead/Lag Study Capital		635,647
19			
20	Use		636,000
21			
22			
23			
24			
25			
26			
27			
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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
8/25/2008
Page 3 of 6

Line No.	Description	Amount	Post Payment or (Lead) Days	Dollar Days
1				
2				
3				
4				
5	Payrolls Charged to Expense - Hourly	3,388,686	5.50	18,637,774
6	Payrolls Charged to Expense - Salary	1,581,955	14.02	22,179,015
7	Fuel and Power	1,922,043	50.65	97,351,476
8	Chemicals	1,559,222	28.27	44,079,203
9	Waste Disposal	179,088	31.23	5,592,917
10	AWWS Charges	4,335,190	(4.46)	(19,334,948)
11	Group Insurance	1,082,191	(1.31)	(1,417,671)
12	Pensions	1,161,108	0.00	0
13	Insurance Other than Group	583,492	(21.72)	(12,673,446)
14	Rents	11,336	9.24	104,741
15	Telephone Expense	111,452	(2.73)	(304,264)
16	Postage Expense	330,315	24.77	8,181,897
17	Amortizations	0	0.00	0
18	Stock E	142,602	23.77	3,389,650
19				
20	Other Operating and Maintenance Expenses	4,625,634	20.51	94,871,749
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	3,765,379	174.52	657,133,914
27	FIT-Current	904,704	37.00	33,474,048
28	SIT-Current	159,691	58.63	9,362,683
29	Deferred Taxes	731,069	0.00	0
30	Interest Expense	3,981,809	87.97	350,279,738
31	Preferred Dividends	67,825	89.48	6,068,981
32	Net Earnings	1,400,770	0.00	0
33	Net Operating Funds	37,240,793		
34				
35				
36	Average Days Interval between Date Expenses are Incurred and Date of Payment		35.50	
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	15.21	521,454,457
13			
14	Private Fire billed in advance	(45.63)	(67,970,813)
15			
16	Total		453,483,644
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	41.73	
33			
34			
35			
36			
37			
38			
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42			
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45			

Notes: private fire Quarterly is billed in advance
All monthly customers are billed in arrears

Computation of Average Materials & Supplies Paid

Line No.	Date	End of Month	Amount
1	Nov-06		581,029
2	Dec-06		229,357
3	Jan-07		195,445
4	Feb-07		233,008
5	Mar-07		224,864
6	Apr-07		270,637
7	May-07		291,693
8	Jun-07		294,104
9	Jul-07		213,158
10	Aug-07		230,819
11	Sep-07		302,090
12	Oct-07		245,557
13	Nov-07		230,169
14	Total		3,541,929
15			
16			
17			
18			
19			
20			
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43			
44			
Average Balance			272,456

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

Computation of Average Materials and Supplies Unpaid

Test Year: Twelve Months Ended: November 30, 2007
 Exhibit No. 1, Schedule 3
 8/26/2008
 Page 6 of 6

Line No.	Date	End of Month	Amount
1	Nov-06		65,592
2			
3	Dec-06		62,794
4			
5	Jan-07		77,330
6			
7	Feb-07		76,101
8			
9	Mar-07		70,975
10			
11	Apr-07		71,313
12			
13	May-07		74,198
14			
15	Jun-07		76,903
16			
17	Jul-07		61,895
18			
19	Aug-07		52,926
20			
21	Sep-07		52,775
22			
23	Oct-07		52,123
24			
25	Nov-07		83,918
26			
27	Total		878,843
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39	Average Balance		67,603
40			
41			
42			
43			
44			
45			

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
8/25/2008
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								
9	Industrial	3,834,564	80,169	3,914,733	0	3,914,733	\$848,260	4,762,993
10								
11	Other Public Authorities	2,482,512	120,566	2,603,078	0	2,603,078	\$561,216	3,164,294
12								
13	Sales for Resale	1,717,504	(406,877)	1,310,627	0	1,310,627	\$194,851	1,505,478
14								
15	Private Fire Service	1,438,263	51,345	1,489,608	0	1,489,608	320,857	1,810,465
16								
17	Miscellaneous	0	0	0	0	0	0	0
18								
19	Total Sales of Water	35,741,144	(194,853)	35,546,291	226,976	35,773,267	7,580,580	43,353,947
20								
21								
22	Other Operating Revenues							
23								
24	Activity / New Service Fees	290,095	0	290,095	0	290,095	0	290,095
25								
26	Late Payment Penalty	302,740	(1,650)	301,090	1,923	303,013	64,211	367,224
27								
28	Rents from Water Property	125,563	0	125,563	0	125,563	0	125,563
29								
30	Sewer Billing Revenues	442,596	(1,752)	440,844	2,718	443,562	0	443,562
31								
32	Miscellaneous	25,492	0	25,492	0	25,492	0	25,492
33								
34	Reconnection Fee	181,468	0	181,468	0	181,468	0	181,468
35								
36	Total Other Operating Revenues	1,367,954	(3,402)	1,364,552	4,641	1,369,193	64,211	1,433,404
37								
38								
39	Total Operating Revenues	37,109,098	(198,255)	36,910,843	231,617	37,142,460	7,644,891	44,787,351
40								
41								
42								
43								
44								
45								

Did not revise this schedule or original tariffs.

Summary of Adjustments to Operation and Maintenance Expenses

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 2, Schedule 3
8/25/2008
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	Attrition Year Adjustments	Attrition Year at Present Rates	Adjustments for Proposed Rates	Attrition 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								
3	3	Purchased Water	\$58,216	0	58,216	(6,106)	52,110	0	52,110
4	4								
5	5	Fuel and Power	\$2,274,868	(359,197)	1,915,671	6,372	1,922,043	0	1,922,043
6	6								
7	7	Chemicals	\$1,075,171	476,489	1,551,661	7,561	1,559,222	0	1,559,222
8	8								
9	9	Waste Disposal	\$161,721	0	161,721	17,367	179,088	0	179,088
10	10								
11	11	Management Fees	\$4,789,601	(729,713)	4,059,888	275,302	4,335,190	0	4,335,190
12	12								
13	13	Group Insurance	\$1,596,405	136,797	1,733,202	(18,652)	1,714,550	0	1,714,550
14	14								
15	15	Pensions	\$726,428	(44,427)	682,001	479,107	1,161,108	0	1,161,108
16	16								
17	17	Regulatory Expense	\$508,129	0	508,129	35,255	543,384	0	543,384
18	18								
19	19	Insurance Other than Group	\$559,655	0	559,655	23,837	583,492	0	583,492
20	20								
21	21	Customer Accounting	\$704,362	19,101	723,464	15,381	738,845	0	738,845
22	22								
23	23	Uncollectible Expense	\$417,277	(2,901)	414,376	3,380	417,756	115,385	533,141
24	24								
25	25	Rents	\$30,037	(18,701)	11,336	0	11,336	0	11,336
26	26								
27	27	General Office Expense	\$244,966	(11,748)	233,217	12,708	245,926	0	245,926
28	28								
29	29	Miscellaneous Expense	\$1,931,046	(198,102)	1,732,944	285,679	2,018,623	0	2,018,623
30	30								
31	31	Other Maintenance Expense	\$1,211,604	(310,752)	900,852	35,493	936,345	0	936,345
32	32								
33	33	Interest on Customer Deposits	0	0	0	0	0	0	0
34	34								
35	35	AFUDC	(\$110,499)	0	(110,499)	(353,191)	(463,690)	0	(463,690)
36	36								
37	37								
38	38								
39	39								
40	40								
41	41	Total Operation and Maintenance Expenses	20,820,445	(670,972)	20,149,474	864,841	21,014,314	115,385	21,129,699
42	42								
43	43								

Summary of Adjustments to Depreciation and Amortization Expenses

Test Year: Twelve Months Ended: November 30, 2007
Exhibit No. 2, Schedule 4
8/26/2008
Page 1 of 2

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		0	0	0	0	0	0	0
3	3	Amortization of Utility Plant Acquisition Adjustment	106,033	0	106,033	0	106,033	0	106,033
4	4	Amortization of Utility Capital Lease							
5	5								
6	6	Amortization of Leased Alteration Expense	0	0	0	0	0	0	0
7	7								
8	8								
9	9	Amortization of Accumulated Depreciation on CIAC	(255,448)	86,011	(169,437)	(16,990)	(186,427)	0	(186,427)
10	10								
11	11								
12	12								
13	13								
14	14								
15	15								
16	16								
17	17								
18	18								
19	19								
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43	43								
44	44								
			4,915,650	131,855	5,047,504	(317,157)	4,730,347	0	4,730,347

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

Attrition Year Provision for Depreciation Expense
For Utility Plant in Service

Test Year: Twelve Months Ended: November 30, 2007
 Exhibit No. 2, Schedule 4
 8/12/2008
 Page 2 of 2

Line No.	Account Number	Account Description	Depreciable Property at 11/30/07	Normalized Test Year Depreciation Expense	Depreciation Rate	13 Month Avg. Depreciable Property at End of Attrition Year	New Depreciation Rate	Attrition Year Depreciation Expense
1	339600	Comprehensive Planning Study	\$405,132	\$81,026	20.00%	0	0.00%	\$0
2	334200	Pumping Structures	3,810,529	\$147,086	1.98%	3,863,562	1.98%	76,499
3	304300	Water Treatment Structures	2,013,177	\$92,002	4.57%	2,964,941	4.11%	121,859
4	304301	Water Treatment Structures-Painting	1,694,808	\$169,481	10.00%	1,694,808	12.06%	204,394
5	304400	T & O Structures	524,790	\$18,420	3.51%	524,790	2.13%	11,178
6	304600	Office Structures	149,174	\$5,937	3.98%	306,629	1.13%	3,465
7	304700	Stores, Shop, & Garage Structures	312,642	\$14,538	4.65%	312,642	0.73%	2,282
8	304800	Miscellaneous Structures	657,573	\$37,087	5.64%	657,573	0.49%	3,222
9	309000	Lakes, Rivers, & Other Intakes	489,123	\$16,630	3.40%	489,123	0.83%	4,060
10	309000	Supply Mains	802,664	\$35,678	5.92%	603,634	1.87%	11,292
11	310100	Power Generation Equipment	227,422	\$7,823	3.44%	227,422	12.33%	28,041
12	311200	Electric Pumping Equipment	5,662,338	\$97,958	1.73%	5,717,338	2.45%	140,075
13	311300	Diesel Pumping Equipment	119,296	\$2,350	1.97%	119,296	2.50%	2,982
14	311500	Other Pumping Equipment	269,063	\$10,562	3.94%	317,113	1.83%	5,803
15	320100	Water Treatment Equipment	12,378,400	\$528,558	4.27%	12,726,963	1.09%	138,724
16	320200	Granular Activated Carbon	0	\$0	36.42%	0	0.00%	0
17	330000	T & D Reservoirs & Standpipes	5,137,849	\$92,481	1.80%	5,564,977	2.08%	115,752
18	330003	T & D Reservoirs & Standpipes	1,710,126	\$171,013	10.00%	1,994,569	11.08%	220,988
19	330100	Elevated Tanks & Standpipes	1,780,709	\$32,053	1.80%	1,890,119	2.74%	51,789
20	330400	Cleanwells	680,784	\$12,254	1.80%	680,784	1.65%	11,233
21	331001	T & D Mains not Classified	1,950,624	\$27,504	1.41%	2,217,881	1.50%	33,268
22	331100	T & D Mains - Mains (4" or less)	4,718,972	\$76,447	1.62%	4,878,232	1.50%	70,173
23	331200	T & D Mains - Mains (6" - 8")	1,458	\$20	1.36%	1,458	1.50%	22
24	331210	T & D Mains - Mains (6" - 8")	60,596,292	\$824,110	1.36%	64,141,552	1.50%	962,123
25	331300	T & D Mains - Mains (10" - 16")	6,745,591	\$95,787	1.42%	6,745,591	1.50%	101,184
26	331350	T & D Mains - Mains (10" - 16")	23,581,824	\$334,862	1.42%	25,916,874	1.50%	388,795
27	333000	Services	18,858,849	\$425,982	2.28%	20,333,945	1.64%	333,477
28	334100	Meters	4,623,103	\$45,306	0.98%	4,681,223	6.91%	323,473
29	334110	Meters - Metal Case/Old Style	12,851	\$310	2.45%	1,324,025	6.91%	91,490
30	334120	Meters - Plastic Case	0	\$0	15.35%	0	6.91%	0
31	334131	Meters - Meter for	16,786	\$165	0.98%	833,022	6.91%	57,562
32	334200	Meter Installations	10,950,662	\$179,584	2.64%	10,810,746	3.23%	348,167
33	335000	Hydants	7,420,322	\$163,989	2.21%	8,077,845	2.63%	212,447
34	336000	Other PLE SS	8,325	\$85	0.98%	8,226	0.00%	0
35	340200	Computer & Peripheral Equipment	628,177	\$17,112	2.73%	608,354	1.35%	8,445
36	340210	Computer & Peripheral Equipment	309,231	\$45,012	15.80%	309,231	2.18%	6,750
37	340220	Computer & Peripheral Equipment	609,486	\$95,954	15.80%	603,486	2.18%	13,216
38	340230	Computer & Peripheral Equipment	619,587	\$99,514	15.80%	412,963	2.18%	9,042
39	340240	Computer & Peripheral Equipment	298,972	\$40,859	15.80%	190,983	2.18%	4,183
40	340300	Computer Software	382,233	\$60,775	15.80%	398,963	1.83%	7,301
41	340310	Computer Software Mainframe	3,535,059	\$62,074	15.90%	3,535,059	1.83%	64,692
42	340320	Computer Software Personal	206,245	\$32,793	15.90%	191,484	1.83%	3,504
43	340330	Computer Software Other	14,222	\$2,261	15.90%	14,222	1.83%	260
44	340400	Data Handling Equipment	137,210	\$2,430	15.90%	15,284	4.94%	755
45	340500	Other Office Equipment	15,284	\$5,584	4.07%	92,691	1.39%	1,288
46	341100	Light Trucks	733,992	\$100,559	9.36%	1,381,608	16.00%	221,057
47	341200	Heavy Trucks	254,777	\$73,322	9.95%	953,068	16.62%	158,398
48	341300	Automobiles	237,242	\$28,853	10.54%	299,015	11.38%	34,028
49	341400	Transportation-Other	237,242	\$28,853	10.54%	237,242	7.24%	17,176
50	342000	Stores Equipment	43,392	\$1,661	0.70%	43,392	0.00%	0
51	343000	Tools, Shop, & Garage Equipment	1,182,044	\$45,509	3.85%	1,315,016	6.89%	90,605
52	344000	Laboratory Equipment	370,126	\$41,158	11.12%	381,626	1.01%	3,854
53	345000	Power Operated Equipment	332,767	\$30,648	9.21%	332,767	0.00%	0
54	346100	Communication Equipment	354,831	\$15,719	4.43%	390,366	4.21%	16,434
55	346200	Communication Equipment-Telephone	155,731	\$23,219	14.91%	92,350	3.51%	3,241
56	347000	Miscellaneous Equipment	1,075,581	\$31,084	2.89%	1,097,181	6.33%	69,452
57	348000	Other Tangible Plant	4,918	\$142	2.89%	4,918	5.10%	251
58		Amortization of CAC		(169,437)				(169,437)
60		Total Plant in Service	190,634,917	4,941,471		203,326,896		4,624,314
62		Land	432,342	671,496		671,496	432,342	2,27%
63		Cap Lease Asset	1,590,500	1,590,500		1,590,500	432,342	
64		Total UP	192,657,759	205,568,892		205,568,892		
65		GL Balance	Walden's Ridge					

Summary of Adjustments to Taxes Other than Income

Test Year: Twelve Months Ended: November 30, 2007
Amended Exhibit No. 2, Schedule 5
8/26/2008
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	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	86,316	964,539	219,550	1,184,089
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	(52)	2,545	0	2,545	0	2,545
6		Total	4,133,274	(287,158)	3,846,116	305,814	4,151,930	219,550	4,371,480

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	Federal Income Tax - Current	\$2,115,677	(\$866,664)	\$1,249,013	(\$344,309)	\$904,704	\$2,426,238	\$3,330,942
2								
3	State Income Tax - Current	(37,777)	255,369	217,592	(57,901)	159,691	481,911	641,602
4								
5	Deferred Federal Income Tax	(372,909)	782,057	409,148	146,915	556,063	0	556,063
6								
7	Deferred State Income Tax	428,593	(177,219)	251,374	0	251,374	0	251,374
8								
9	Amortization of ITC	(76,368)	0	(76,368)	0	(76,368)	0	(76,368)
10								
11	Adjustment of Prior Years - FIT	(11,247)	11,247	0	0	0	0	0
12								
13	Adjustment of Prior Years - SIT	4,072	(4,072)	0	0	0	0	0
14								
15	Total	2,050,040	719	2,050,759	(255,295)	1,795,464	2,906,149	4,703,613
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Tennessee Regulatory Authority
 Consent: Tennessee-American Water Company
 Case No.

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

Consolidation of Current Federal and State Income Taxes Based on Current Rates for the
 Normalized and Attribution Years and Proposed Rates for the Attribution Year

Line No	Description	Per Books Test Year Present Rates		Normalized Year Present Rates		Attribution Year Present Rates		Attribution Year Proposed Rates	
		Federal	State	Federal	State	Federal	State	Federal	State
1	Operating Revenues	\$37,109,098	\$37,109,098	\$38,919,943	\$38,919,943	\$37,142,460	\$37,142,460	\$44,891,413	\$44,891,413
2									
3	Operating and Maintenance Expenses	20,820,445	20,484,474	20,148,474	20,148,474	21,014,314	21,014,314	21,129,899	21,129,899
4	Depreciation and Amortization	4,915,650	5,047,504	5,047,504	5,047,504	4,730,347	4,730,347	4,730,347	4,730,347
5	State Other Tax Income	4,185,115	3,985,115	3,985,115	3,985,115	4,185,115	4,185,115	4,185,115	4,185,115
6	State Income Taxes - Current	148,591	217,592	217,592	217,592	159,891	159,891	641,802	641,802
7	State Income Taxes - Deferred	440,469	440,469	251,374	251,374	251,374	251,374	251,374	251,374
8	Federal Income Taxes - Current	2,067,769	2,067,769	1,249,013	1,249,013	904,704	904,704	3,330,942	3,330,942
9	Federal Income Taxes - Deferred	(336,248)	(336,248)	420,148	420,148	550,083	550,083	550,083	550,083
10	State Income Tax Credit	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)
11	State Income Tax Credit	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)
12	State Income Tax Credit	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)	(1,153,533)
13	Total Income Before Deductions	31,019,410	31,019,410	31,033,553	31,033,553	31,892,056	31,892,056	34,635,140	34,635,140
14	Total Other Income	79,250	79,250	5,818,960	5,818,960	5,450,404	5,450,404	9,856,273	9,856,273
15	Total Other Deductions	81,890	81,890						
16	Total Other Deductions	81,890	81,890						
17	Total Other Deductions	81,890	81,890						
18	Total Other Deductions	81,890	81,890						
19	Total Taxes Applicable to Other Income and Deductions	9937	9937						
20	Total Taxes Applicable to Other Income and Deductions	9937	9937						
21	Total Taxes Applicable to Other Income and Deductions	9937	9937						
22	Total Taxes Applicable to Other Income and Deductions	9937	9937						
23	Net Income	3,779,907	3,779,907	3,981,809	3,981,809	3,981,809	3,981,809	3,981,809	3,981,809
24	State Income Taxes	822,037	822,037	1,835,161	1,835,161	1,468,595	1,468,595	5,974,464	5,974,464
25	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
26	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
27	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
28	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
29	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
30	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
31	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
32	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
33	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
34	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
35	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
36	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
37	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
38	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
39	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
40	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
41	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
42	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
43	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
44	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
45	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
46	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
47	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
48	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
49	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
50	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
51	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
52	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
53	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
54	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
55	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
56	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
57	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
58	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
59	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
60	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
61	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
62	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
63	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
64	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
65	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
66	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
67	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
68	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
69	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
70	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
71	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
72	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
73	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
74	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
75	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
76	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
77	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
78	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
79	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
80	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
81	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
82	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
83	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978
84	Federal Income Taxes	1,655,163	1,655,163	468,968	468,968	411,085	411,085	862,978	862,978

TENNESSEE-AMERICAN WATER COMPANY
ANALYSIS OF SEWER LAG SUMMARY
TWELVE MONTHS ENDING 11/30/07

DATE	AMOUNT	LAG DAYS	DOLLAR DAYS
Dec-06	2,117,882	44.77	94,822,670
Jan-07	2,485,840	43.49	108,108,016
Feb-07	2,057,653	44.86	92,312,618
Mar-07	2,325,163	43.70	101,617,005
Apr-07	2,242,245	43.50	97,533,368
May-07	2,546,198	40.93	104,205,405
Jun-07	2,743,242	43.71	119,906,574
Jul-07	2,676,409	43.09	115,335,430
Aug-07	2,760,950	43.64	120,491,788
Sep-07	2,632,520	43.81	115,320,958
Oct-07	2,722,910	44.69	121,680,369
Nov-07	2,414,877	45.04	108,762,399
TOTAL	29,725,889	43.74	1,300,096,600

TOTAL SEWER BILLINGS 29,725,889

AVERAGE DAILY AMOUNT 81,441

AVERAGE DAYS BILLED BEFORE PAYMENT TO CITY 43.74

AVERAGE DAYS - MAILING DATE TO PAYMENT DATE 24.43

NET DAYS 19.31

WORKING CAPITAL REQUIREMENT 1,572,626

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served via the method(s) indicated, on this the 26th day of August, 2008, upon the following:

☒ Hand-Delivery	Timothy C. Phillips, Esq.
☐ U.S. Mail	Consumer Advocate and Protection Division
☐ Facsimile	Office of Attorney General
☐ Overnight	2nd Floor
☒ Email	425 5th Avenue North
	Nashville, TN 37243-0491
☒ Hand-Delivery	David C. Higney, Esq.
☐ U.S. Mail	Counsel for Chattanooga Manufacturers Association
☐ Facsimile	Grant, Konvalinka & Harrison, P.C.
☐ Overnight	633 Chestnut Street, 9th Floor
☒ Email	Chattanooga, TN 37450
☒ Hand-Delivery	Henry M. Walker, Esq.
☐ U.S. Mail	Counsel for Chattanooga Manufacturers Association
☐ Facsimile	Boult, Cummings, Conners & Berry, PLC
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☐ Facsimile	Counsel for City of Chattanooga
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