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BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

PETITION OF TENNESSEE WATER SERVICE, INC. TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES

DOCKET NO. 09-00017

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DIRECT TESTIMONY OF TERRY BUCKNER

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June 24, 2009

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

PETITION OF TENNESSEE WATER SERVICE, INC. TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES

DOCKET NO. 09-00017

AFFIDAVIT

I, Terry Buckner, Regulatory Analyst, for the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

Terry Buckner

TERRY BUCKNER

EMILY KNIGHT
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TENN.
My Commission Expires AUG. 23, 2011

Sworn to and subscribed before me this 24th day of June, 2009.

Emily Knight

NOTARY PUBLIC
My commission expires: Aug. 23, 2011

INTRODUCTION

Q. Please state your name for the record.

A. My name is Terry Buckner.

Q. By whom are you employed and what is your position?

A. I am employed by the Consumer Advocate and Protection Division ("Consumer Advocate") in the Office of the Attorney General for the State of Tennessee ("Office") as a Regulatory Analyst.

Q. How long have you been employed in conjunction with the public utility industry?

A. Approximately thirty years. Before my current employment with the Office, I was employed by the Comptroller of the Treasury for the State of Tennessee for nearly two years as the Assistant Director responsible for public utility audits. Prior to that, I was employed for approximately eight years with the Office. Formerly, I was employed with the Tennessee Public Service Commission ("Commission") in the Utility Rates Division as a financial analyst for approximately six years. My responsibilities included testifying before the Commission as to the appropriate cost of service for public utilities operating in Tennessee. Prior to my employment with the Commission, I was employed by TDS Telecom for eight years and the First Utility District of Knox County for three years.

Q. What is your educational background and what degrees do you hold?

A. I have a Bachelors degree in Business Administration from the University of Tennessee, Knoxville with a major in Accounting. I am also a Tennessee Certified Public Accountant ("CPA") and a member of the American Institute of Certified Public Accountants.

Q. Would you briefly describe your responsibilities as a Regulatory Analyst with the Consumer Advocate?

A. I prepare testimony and financial exhibits in rate proceedings as an employee with the Consumer Advocate. Additionally, I review tariff filings by Tennessee public utilities, which are subject to the jurisdiction of the Tennessee Regulatory Authority ("TRA").

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present the forecasted financial exhibits prepared by the Consumer Advocate ("Exhibits of Consumer Advocate") and provide my exhibit of work papers ("Work Papers of Consumer Advocate") for forecasted Operating Revenues, Operating Expenses, Income Taxes, and Rate Base for Tennessee Water Service, Inc. ("TWS" or "Company") for the normalized results from the Test Year ending December 31, 2008. TWS is a wholly-owned operating subsidiary of Utilities, Inc. located in Northbrook, Illinois. TWS provides water service to approximately 560 residential customers located in the Chalet Village Subdivision in Sevier County. The Company's original tariff was effective in 1984 and their last rate filing was effective in early 1990.

Q. What were the historical source documents for your exhibits and work papers?

A. Prior to filing, the Company initiated an informal discovery process and discussion with the Consumer Advocate in late 2007. The intent was to work, if possible, to mitigate rate case costs to ratepayers for a small utility such as TWS. Through the discussion, the Company's filing reflects a rate of return of 6.89%. In addition to pre-filed discussion, the parties informally exchanged information and the Company provided discovery responses. The discovery responses are management's representation of TWS' financial information. By statute, the Consumer Advocate does not have audit authority therefore, the Consumer Advocate must rely upon the discovery responses from TWS as fairly reflecting the financial condition of TWS.

RATEMAKING THEORY AND PRACTICE

Q. What is a public utility?

A. In the context of this case, a public utility is a business formed as a shareholder-owned corporation. Even though the public utility in this case is a for-profit corporation, it is also important to note that this public utility is:

> an organization that has been designated by law as a business affected with a significant public interest, and that also possesses all of the following characteristics: (1) The business is essentially free from direct competition, i.e., it operates in a monopolistic environment; (2) The business is required by law to charge rates for its services that are reasonable and not unjustly discriminatory; (3) The business is allowed to earn (but not guaranteed) a "reasonable" profit; and (4) The business is obligated to provide adequate service to its customers, on demand.[1]

Q. Does TWS possess these public utility characteristics?

A. Yes. TWS is a public utility that has been granted the advantage of operating in a monopolistic environment in exchange for special obligations, namely, the requirement to

[1] *Accounting for Public Utilities*, Hahne and Aliff §1.01.

provide adequate service to all customers at rates that are just, reasonable, and non-discriminatory.

Q. From a regulated ratemaking perspective, what is the TRA called upon to do in this proceeding?

A. In a rate case, the TRA is asked to establish the amount of revenues that the utility should collect in order to cover its reasonable and necessary expenses and to reasonably compensate the utility's investors for their investment in the plant and equipment necessary to provide utility service to the public. TWS has investment in plant and equipment. Additionally, investment has been contributed to TWS by various land developers.

Q. Please explain the difference between a "Test Year" and an "Attrition Year."

A. A "Test Year" is a measure of a utility's financial operations and investment over a specific twelve month period. It is the "raw material" for developing an Attrition Year measure of the utility's financial operations and investment (that is, the utility's Rate Base, Operations and Maintenance Expense, Depreciation Expense, and Taxes). Therefore, the selection of the Test Year is quite important:

> The selection of the timing of the test year may be the most significant single factor in the rate-making

> process. The more outdated the test year levels of operations, the more critical is the need for significant restatement to produce representative levels of future conditions.[2]

An "Attrition Year," also known as a forecast period, is the "finished product" and is to be representative of the period for any rate adjustment. The Attrition Year can also be viewed as the first year during which the TRA's rate order will be applied.

In this docket, TWS's filing used a Test Year ended December 2006. In an effort to eliminate outdated financial information, to use a more appropriate cost allocation method, and to shorten the forecast window, the Consumer Advocate has adopted the Test Year ended December 2008 as representative of the period for any rate adjustment.

SUMMARY OF RESULTS

Q. Please summarize the results of the Consumer Advocate's analysis of TWS's earnings for the Test Year.

A. The Test Year in this case is the twelve months ending December 31, 2008. TWS's petition, however, used a normalized Test Year ended December 31, 2006. In its first request for a rate increase since 1990, TWS asked for a $150,902

[2] *Accounting for Public Utilities*, Hahne and Aliff §7.03.

rate increase whereas the Consumer Advocate's results show that TWS's request should be reduced by at least $23,215[3], which primarily is a difference between the Test Years of TWS and the Consumer Advocate. Again, TWS asked for overall rate of return of 6.89%. Thus, the Consumer Advocate believes TWS's requested increase should be reduced by at least 15%. The Consumer Advocate realizes that any rate increase is a difficult matter for ratepayers, but would note that the cumulative rate of inflation since the end of 1989, the last date TWS's rates were last set[4], has been 55.82%[5]. The approximate $23,215 difference is due to the following areas: (1) The Consumer Advocate's regulated revenues are approximately $23,000 lower than the revenue estimates included in TWS's rate increase petition; (2) the Consumer Advocate is projecting about $38,000 less in operating expenses than the amount projected by TWS; (3) the Consumer Advocate computes about $8,000 less in taxes other than income than TWS; and (4) the Consumer Advocate's rate base is about $26,000 more than the petition of TWS.

Accordingly, the Consumer Advocate's position is that TWS has requested at least $23,000 more in customer rates than

[3] Exhibits of Consumer Advocate, Schedule 1.
[4] Tennessee PSC Docket #89-11616, dated February 8, 1990.
[5] Work Papers of Consumer Advocate, CA-1, Index of Work Papers, Page 1.

the Company actually needs to meet their expenses and to provide a fair return.

Q. Please summarize the reasons why the Consumer Advocate is projecting $23,000 less in regulated operating revenues than TWS.

A. TWS projects total Pro Forma regulated operating revenues of $215,231 for the year ending December 31, 2006 (which is their Test Year in this case), but the Consumer Advocate used $192,299[6] for the year ended December 31, 2008. Obviously, the Consumer Advocate believes that an actual total operating revenue number using their latest known operations should be adopted for setting rates over a forecasted amount.

Q. Please summarize why the Consumer Advocate is projecting about $38,000 less in operating expenses than TWS.

A. There are approximately 20[7] operating expense line items shown for comparative purposes, which net to a difference of about $38,000. The Consumer Advocate normalized the Test Year ending December 31, 2008, under current operating conditions.[8] The Consumer Advocate made two normalization adjustments: (1) the elimination of $1,036 for rate case labor

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[6] Consumer Advocate Response #14.
[7] Exhibits of Consumer Advocate, Schedule 2.
[8] Exhibits of Consumer Advocate, Schedule 2.

cost; and (2) the amortization of $26,000 in rate case costs over a four year period. The $26,000 rate case costs and amortization period were the result of discussions with TWS. Originally, TWS filed for approximately $54,000 in rate case costs to be amortized over a three year period. A high percentage of TWS's operating expenses are direct charges such as purchased water. TWS does have a low percentage of its operating expenses allocated from its parent based on number of customers. The parent company has approximately 300,000 customers of which roughly 560 customers are served by TWS. TWS's petition made various Pro Forma adjustments in their forecast of operating expenses for their Test Year ended December 31, 2006.

Additionally, while the Consumer Advocate does make assessments of prudent operating expenses in larger rate filings, the Consumer Advocate has made no determination to assess the prudency of TWS's operating expenses. A comprehensive examination of operating cost prudency would be cost prohibitive for ratepayers of a small utility such as TWS.

Q. Please summarize why the Consumer Advocate is projecting about $8,000 less in Other Taxes than TWS.

A. The Consumer Advocate made two adjustments to the 2008 Test Year for Other Taxes: (1) property taxes were adjusted to the amount paid in 2009 for the 2008 Test Year. (2) the TRA inspection fee was increased to reflect the new rate of \$4.25/ \$1,000 of operating revenues. Again, TWS adopted the Test Year ending December 2006 and made Pro Forma adjustments, which result in about \$8,000 more than the Consumer Advocate's forecast.

RATE DESIGN

Q. Please discuss TWS's proposed rate design.

A. TWS is requesting a 72.82% increase in the base charge for 2,000 gallons per month, which is the minimum bill and a 69.97% increase in the usage charge for every 1,000 gallons over the minimum. As a result, the base charge would increase from \$14.02 per month to \$24.23 per month and the usage charge would increase from \$6.61 per 1,000 gallons to \$11.23. Again, TWS's last rate increase was in 1990. In prior discussions, TWS contends that the average water bill would increase only \$16 per month.

In this docket, the Consumer Advocate's annual revenue calculation of \$127,687 results in over a 60% increase compared to 2008 actual regulated revenues and billed volumes. Consequently, the percentage rate increase is significant. To mitigate the significance of the large percentage increase in light of the current economic conditions and the protracted length of time since TWS's last rate filing, the Consumer Advocate proposes a "phase-in" of the rate increase over a four year period with no annual percentage increase exceeding 16.7% during the four year "phase-in" period. The "phase in" proposal is consistent with FAS 92 which states:

> ....some regulators have adopted phase-in plans to moderate the initial rate increase. The objective of those plans is to increase rates more gradually than would be the case under conventional rate making, while providing the utility eventual recovery of all of its allowable costs and a return on investment.

FAS 92 amends FAS 71, which provides accounting for the effect of certain types of regulation.

Additionally, the Consumer Advocate proposes that the base charge be increased by no more than half of the overall percentage increase of approximately 65%. The usage or volumetric charge would be increased to meet the remaining revenue requirement. Consequently, the ratepayers with more volumetric usage bear the brunt of the rate increase. This means that ratepayers that conserve will benefit from their conservation efforts. Since a large portion of the operating expenses of TWS is the cost of purchased water, the Consumer Advocate's proposal provides a more equitable rate design and encourages conservation efforts.

Finally, in light of the large rate increase requested and the current economic environment, the Consumer Advocate recommends that the TRA order TWS to provide at least the following benefits for its ratepayers: (1) future customers of TWS will no longer be required to submit a deposit; (2) current customers will have their deposits refunded or credited to their accounts by no later than 30 days after entry of the TRA's Order in this matter. If the deposit check is returned undeliverable and the Company is unable to locate the customer, any unclaimed deposits shall be paid to the State of Tennessee as Unclaimed Property. The Company should be required to provide a report, in electronically searchable format, including the names and amounts of the deposit refunds or credits issued to each customer and whether it was turned over to State of Tennessee, Unclaimed Property, to the Consumer Advocate and the TRA showing how the deposits have been returned until the process is complete. The customer's personally identifiable information on these reports shall be treated as confidential by the TRA and the Consumer Advocate to protect them from identity theft and shall only be provided to law enforcement or as otherwise required pursuant to state or federal law; (3) the Company should be required to establish a process to offer a budget re-payment plan to its customers to pay for any past due amounts and any associated charges;

Specifically, the Company should be required to provide their customers with the opportunity (and promote the budget re-payment plan program) to pay the past due bill, including returned check fees and other charges, disconnection and reconnection charges in a payment plan with no interest over no less than a three month billing cycle. The Company should be required to only require that the customer pay the first installment payment in order to have service restored. The Company would not be required to provide customers utilizing a payment plan a second payment plan for a full calendar year from the date the first initial payment plan is implemented. Provided however, if a customer or household member is able to demonstrate a unique financial distress situation or the customer is disabled or a member of the customer's household is disabled, the Company should be required to again consider permitting the customer to have additional installment plan(s) during the same calendar year. If a customer on a payment plan fails to pay a monthly installment as per the terms of the plan and is more than fifteen (15) business days late on any payment, then the customer's service is subject to disconnection and all past due charges in addition to disconnect/reconnect fees would be due and payable prior to having service restored. The Company should be required to provide all the same disconnection notices required for any disconnection prior to disconnecting the customer; (4) the Company should be required to provide a clear and conspicuous notice of the returned check fee charge including the amount of the charge on its monthly billings to customers; (5) the Company should be required to have a process to permit waiving the disconnection and reconnection fees in special circumstances such as financial distress or for disabled customers or customers with an unique situation; (6) to require the Company to provide prompt reconnection. The Consumer Advocate requests that the TRA require that the Company provide prompt and timely reconnection service for all customers within no more than two days of receiving the first installment payment from the past due customer; (7) to require the Company use alternate address notification. The Consumer Advocate seeks that the TRA require the Company to establish a process to permit and notify customers of the opportunity to provide an alternate address for notification of a potential disconnection. If a customer has provided such an address, the Company shall be required to provide the required notice of disconnection to that address in addition to the customer; (8) to require the Company eliminate the $468.75 facilities charge from TWS's tariff since it has not been used; and (9) if the TRA determines to move the Company to monthly billing that the Company be required to provide at least 60 days customer notice of any such change from bi-monthly billing to monthly billing to its customers in a clear and conspicuous manner on each of its prior billings to customers.

Q. Please summarize your testimony.

A. In summary, the Consumer Advocate recommends that the TRA order: (1) TWS to submit new tariffs that would reduce TWS's requested increase in annual rates by approximately $23,215; (2) TWS to phase in the rate increase over a four year period; and (3) TWS to waive customer deposit requirements and disconnection fees and reconnection fees for special circumstances, to provide the other similar protections provided ratepayers in TRA Docket #08-00202.

Q. Does this conclude your testimony?

A. Yes, it does.

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DOCKET NO. 09-00017

****

Consumer Advocate and Protection Division's
Exhibits

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June 24, 2009

Tennessee Water Service
Index To Schedules
Test Year Ended December 31, 2008

Tennessee Water Service

Schedule 1

Revenue Deficiency
For 12 Months Ending December 31, 2008

Line No.		Consumer Advocate Settlement		Company F/	Difference
1	Rate Base	539,741	A/	513,942	25,799
2	Operating Income at Present Rates	(42,066)	B/	(57,713)	15,647
3	Earned Rate of Return	-7.79%	C/	-11.23%	3.44%
4	Fair Rate of Return	6.89%	D/	6.89%	0.00%
5	Required Operating Income	37,176		35,411	1,765
6	Operating Income Deficiency	79,241		93,124	(13,882)
7	Gross Revenue Conversion Factor	1.61137101	E/	1.62067418	(0.00930)
8	Revenue Deficiency (Surplus)	127,687		150,902	(23,215)

A/ Schedule 3, Line 13.
B/ Schedule 5, Line 12.
C/ Schedule 2, Line 46.
D/ Schedule 10, Line 5.
E/ Schedule 9, Line 10
F/ Company Forecast

Schedule 2

Tennessee Water Service
Rate Making Components
Consumer Advocate

Line #		A/ Company 2008 Actual	ADJUSTMENTS	ADJ.#	Normalized Consumer Advocate
	Income Statement				
1	Water Revenue	**$ 185,879**	$ -		$ 185,879
2	Forfeited Discounts	**4,901**	-		4,901
3	Miscellaneous Revenues	**1,099**	-		1,099
4	Other Revenues	-	-		-
5	AFUDC	**420**			420
6	Total Revenues	**$ 192,299**	$ -		$ 192,299
7	Labor (Salaries & Wages)	**52,575**	1,036	#1	51,539
8	Meter Reading	**2,315**			2,315
9	Purchased Power	**10,807**	-		10,807
10	Purchases Water	**103,980**			103,980
11	Maintenance and Repair	**16,376**			16,376
12	Maintenance Testing	**682**			682
13	Chemicals	**410**			410
14	Transportation	**6**			6
15	Rent	**18**			18
16	Outside Services-Other	**4,714**			4,714
17	Operators Expense	**25,192**			25,192
18	Pension and Other Benefits	**10,102**			10,102
19	Uncollectibles	**3,751**			3,751
20	Insurance	**4,478**			4,478
21	Office Utilities & Office Maintenance	**6,334**			6,334
22	Other	**982**	(6,500)	#2	7,482
25	Office Supplies & Other Office Expense	**3,191**			3,191
26	Total Operating and Maintenance Expense	245,913			251,377
27	Depr. & Amort Expense	**14,150**			14,150
28	Taxes Other Than Income Taxes	**1,619**	(6,383)	#3	8,002
29	Income Taxes	**(32,038)**	7,126		(39,164)
30	Total Operating Expense	$ 229,644			$ 234,365
31	Net Operating Income ("NOI")	$ (37,345)			$ (42,066)
	Rate Base				
32	Plant in Service	**$ 1,670,028**	$ -		1,670,028
33	Advances in Aid of Construction				-
34	Gen. Ledger Add./Capitalized Time	-			-
35	Cash Working Capital	**38,034**	-		38,034
36	Pro Forma Plant	-			-
37	Regional Office Allocation	-			-
38	Total	$ 1,708,062	$ -		$ 1,708,062
	Less Deductions:				
39	Customer Deposits	**2,944**			2,944
40	Accululated Depreciation	**284,826**			284,826
41	Pro Forma Retirements	**-**			-
42	Contributions & advances in aid of contruction	**795,862**			795,862
43	Accumulated Deferred Income Tax	**84,689**			84,689
44	Total Deductions	1,168,321	-		1,168,321
45	Rate Base (line 38- Line 44)	539,741	-		539,741
46	Rate of Return Line (Line 31 / Line 45	-6.92%			-7.79%
47	Fair Rate of Return - CAD	**6.89%**			**6.89%**
48	Deficient (Excess) Rate of Return	13.81%	-		14.68%
49	Defficinet (Excess) NOI	$ 74,533	-		$ 79,254
50	Gross Revenue Conversion Factor	1.61137101	-		1.61137101
51	Revenue Deficienty (Surplus)	$ 120,101	-		$ 127,687

A/ Company Trial Balance

Tennessee Water Service

Schedule 3

Comparative Rate Base
For 12 Months Ending December 31, 2008

Line No.		Consumer Advocate A/	Company B/	Difference
1	Utility Plant in Service	1,670,028	1,571,912	98,116
2	Construction Work In Progress	-	-	-
3	Cash Working Capital	38,034	38,034	-
4	Gen. Ledger Add./Capitalized Time	-	2,253	(2,253)
5	Pro Forma Plant (additions)	-	46,010	(46,010)
6	Regional Office Allocation	-	3,364	(3,364)
	Total Additions	1,708,062	1,661,573	46,489
7	Accumulated Depreciation	284,826	228,468	56,358
8	Accumulated Deferred Income Tax	84,689	70,454	14,235
9	Advances In Aid of Construction	795,862	825,155	(29,293)
10	Pro Forma Retirements	-	21,056	(21,056)
11	Customer Deposits	2,944	2,497	447
12	Total Deductions	1,168,321	1,147,630	20,691
13	Rate Base	539,741	513,942	25,799

A/ Schedule 2, Lines 32-44.
B/ Company Exhibit.

Tennessee Water Service

Schedule 4

Income Statement at Current Rates
For 12 Months Ending December 31, 2008

Line No.		Consumer Advocate		Company	D/	Difference
			A/			
1	Water Service Revenues	$ 185,879		211,824		(25,945)
2	Miscellaneous Revenues	1,099		3,408		(2,309)
3	Forfeited Discounts	4,901		-		4,901
4	AFUDC	420		-		420
	Total Revenue	192,299		215,231		(22,932)
3	Other Operating and Maintenance	251,377		286,815		(35,438)
4	Depreciation and Amort. Exp.	14,150		17,170		(3,020)
5	Taxes Other Than Income	8,002		16,804		(8,802)
6	Income taxes-Federal	(32,524)	B/	(39,715)		7,191
7	Income Taxes- State	(6,640)	C/	(8,130)		1,490
	Total Operating Expense	234,365		272,944		(38,579)
8	Net Operating Income for Return	(42,066)		(57,713)		15,647

A/ Schedule 2.
B/ Schedule 8, Line 16
C/ Schedule 8, Line 11
D/ Company Exhibit

Tennessee Water Service

Schedule 5

Income Statement at Proposed Rates
For 12 Months Ending December 31, 2008

Line No.		Consumer Advocate Current Rates		Rate Adjustments		Consumer Advocate Proposed Rates	
			A/				
1	Water Service Revenues	185,879		127,687	B/	313,566	
2	Miscellaneous Revenues	1,099		-		1,099	
3	Forfeited Discounts	4,901		790	C/	5,691	
4	AFUDC	420					
4	Total Revenue	192,299		128,478		320,357	
5	Other Operating and Maintenance	251,377				251,377	
6	Depreciation	14,150		-		14,150	
9	Taxes Other Than Income	8,002				8,002	
10	Income taxes-Federal	(32,524)		40,843		8,319	D/
11	Income Taxes- State	(6,640)		8,351		1,711	E/
	Total Operating Expense	234,365		49,194		283,559	
12	Net Operating Income for Return	(42,066)		79,284		37,176	

A/ Shedule 4.
B/ Schedule 1, Line 8.
C/ Schedule 9, Line 8 minus Line 12 times Schedule 5 Line 1.
D/ Schedule 8, Line 16.
E/ Schedule 8, Line 11.

Schedule 6

Tennessee Water Service
Operating Maintenance Expenses
For 12 Months Ending December 31, 2008

Line No.		Consumer Advocate A/	Company B/	Difference
	(Maintenance Expenses)			
1	Salaries and Wages	**51,539**	20,905	30,634
2	Purchased Power	**10,807**	23,582	(12,775)
3	Purchased Water	**103,980**	170,879	(66,899)
4	Maintenance and Repair	**16,376**	25,053	(8,677)
5	Maintenance Testing	**682**	1,012	(330)
6	Meter Reading	**2,315**	1,931	384
7	Chemicals	**410**	2,236	(1,826)
8	Transportation	**6**	2,245	(2,239)
9	Op. Exp. Chgd. To Plant	-	(4,158)	4,158
10	Outside Services - Other	**4,714**	3,034	1,680
11	Total Maintenance	190,829	246,719	(55,890)
	(General Expenses)			
12	Salaries and Wages	-	6,784	(6,784)
13	Off Sup. & Other Off. Exp.	**3,191**	5,231	(2,040)
14	Regulatory Com. Exp.	**6,500**	17,979	(11,479)
15	Pension & Other Benefits	**10,102**	4,861	5,241
16	Rent	**18**	-	18
17	Insurance	**4,478**	1,986	2,492
18	Office Utilities/Maintenance	**6,334**	2,026	4,308
19	Other/Miscellaneous	**29,925**	1,229	28,696
20	Total General	60,548	40,096	20,452
21	Total O&M Expense	251,377	286,815	(35,438)

A/ Company Trial Balance.
B/ Company Exhibits.

Schedule 7

Tennessee Water Service
Taxes other Than Income Taxes
For 12 Months Ending December 31, 2008

Line No.		CAPD Settlement A/	Company B/	Difference
1	Property Tax (Real Estate)	4,011	4,020	(9)
2	State Gross Receipts Tax	164	220	(56)
3	Payroll Tax	717	10,093	(9,376)
4	Franchise Tax	2,308	1,830	478
5	Other General Taxes	164	-	164
6	TRA Utility Fee	638	605	33
7	Unknown	-	36	(36)
8				-
9				-
10				-
11	Total Taxes Other Than Income Taxes	8,002	16,804	(8,802)

A/ Company Responses
B/ Company Exhibit, Company Schedule 6.

Tennessee Water Service

Schedule 8

Excise and Income Taxes

For 12 Months Ending December 31, 2008

Line No.		Test Year Pro Forma	A/	Proposed Pro Forma A/
1	Total Revenue	191,879		320,357
2	Other Operating and Maintenance	251,377		251,377
3	Depreciation & Amortization	14,150		14,150
4	Taxes Other Than Income	8,002		8,002
5	NOI Before Excise And Income Taxes	(81,650)		46,828
	Less: Interest Expense	20,505	B/	20,505
6	Pre-Tax Book Income	(102,155)		26,323
7	Excise taxable Income			
8	Excise Tax Rate	6.50%		6.50%
9	Excise Tax	(6,640)		1,711
10	Pre-Tax Book Income	(102,155)		26,323
11	Excise Tax	(6,640)		1,711
12	FIT Taxable Income	(95,515)		24,612
13	FIT Rate	34.00%		34.00%
14	FIT Before Amortization of Def. Tax	(32,475)		8,368
15	Amortization of Deferred Tax Liability	(49)		(49)
16	Federal Income Tax Expense	(32,524)	F/	8,319
17	Total Income Taxes	(39,164)		10,030

A/ Schedule 5

B/ Schedule 3, Line 13 (Rate Base) * Schedule 10, Line 2 (Weighted Cost of Debt)

Tennessee Water Service
Revenue Conversion Factor
For 12 Months Ending December 31, 2008

Schedule 9

Line No.		Consumer Advocate Amount		Consumer Advocate Tax Rate
1	Operating Revenues			1.000000
2	Add Forfeited Discounts	0.02637	A/	0.026367
3	Balance			1.026367
4	Uncollectible Ratio	0.020180	A/	0.020712
5	Balance			1.005655
6	State Excise Tax	0.065000		0.065368
7	Balance			0.940287
8	Federal Income Tax	0.340000		0.319698
9	Balance			0.620590
10	Revenue Conversion Factor (1/Line9)			1.61137101

A/ Forfeited Discounts. (4901/185879)
B/ Uncollectible Accts. (3751/185879)

Tennessee Water Service

Schedule 10

Cost of Capital

For 12 Months Ending December 31, 2008

Line No.		Ratio A/	Cost	Weighted Cost
1	Short term Debt	0.00%	0.00% A/	0.00%
2	Long Term Debt	59.36%	6.40% A/	3.80%
3	Preferred Stock	0.00%	0.00% A/	0.00%
4	Stockholder's Equity	40.64%	7.60% A/	3.09%
5	Total	100.00%		6.89%

A/ Company Schedule 9

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

PETITION OF TENNESSEE WATER SERVICE, INC. TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES

DOCKET NO. 09-00017

****

Consumer Advocate and Protection Division's
Work Papers

****

June 24, 2009

TENNESSEE WATER SERVICE
TRA DOCKET #09-00017
INDEX OF WORK PAPERS

LINE	WORK PAPER DESCRIPTION	WORK PAPER #	PAGES#
1	GDP Chained Price Deflator	**CA-1**	P1-P22
2	2008 Property Tax Bills	**CA-2**	P23-P24
3	FAS Summary Statement No. 92	**CA-3**	P25

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF THE GROSS DOMESTIC PRODUCT ("GDP") CHAINED PRICE DEFLATOR
TENNESSEE WATER SERVICE, INC. TRA DOCKET #09-00017
FOR THE TEN YEARS ENDED DECEMBER 31, 2008

	QUARTER				ATTR YR
YEAR	1/1 - 3/31	4/1 - 6/30	7/1 - 9/30	10/1 - 12/31	GDP IDP
1989	77.588	78.342	78.913	79.433	78.5690
1990	80.389	81.326	82.053	82.689	81.6143
1991	83.662	84.194	84.772	85.200	84.4570
1992	85.766	86.212	86.587	87.042	86.4018
1993	87.729	88.204	88.599	89.030	88.3905
1994	89.598	89.980	90.525	90.958	90.2653
1995	91.554	91.891	92.281	92.734	92.1150
1996	93.302	93.615	94.064	94.455	93.8590
1997	94.963	95.291	95.541	95.864	95.4148
1998	96.096	96.284	96.620	96.901	96.4753
1999	97.328	97.674	98.013	98.432	97.8618
2000	99.317	99.745	100.259	100.666	99.9968
2001	101.478	102.252	102.675	103.191	102.3990
2002	103.568	103.938	104.328	104.907	104.1853
2003	105.724	106.062	106.611	107.190	106.3968
2004	108.175	109.178	109.793	110.671	109.4543
2005	111.765	112.346	113.468	114.525	113.0260
2006	115.533	116.317	117.017	117.732	116.6498
2007	118.956	119.547	119.997	120.743	119.8108
2008	121.508	121.890	123.056	123.244	122.4245
	CUMULATIVE GROWTH IN AVERAGE GDP DEFLATOR				55.82%

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1989 I	1989 II	1989 III	1989 IV
1	**Gross domestic product**	**77.588**	**78.342**	**78.913**	**79.433**
2	**Personal consumption expenditures**	**75.827**	**76.815**	**77.304**	**77.943**
3	Durable goods	103.427	103.521	103.802	104.119
4	Nondurable goods	78.317	80.109	80.228	80.714
5	Services	69.628	70.335	71.050	71.820
6	**Gross private domestic investment**	**93.832**	**94.378**	**94.780**	**95.244**
7	Fixed investment	92.907	93.469	93.851	94.338
8	Nonresidential	102.103	102.472	102.923	103.427
9	Structures	70.671	71.504	72.053	72.600
10	Equipment and software	116.399	116.378	116.714	117.137
11	Residential	72.321	73.197	73.442	73.886
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	99.610	99.718	99.104	98.806
15	Goods	109.881	109.775	108.702	107.953
16	Services	77.798	78.322	78.634	79.226
17	Imports	100.878	101.964	100.203	100.732
18	Goods	106.229	107.681	105.398	105.759
19	Services	79.504	79.303	79.376	80.454
20	**Government consumption expenditures and gross investment**	**73.459**	**73.940**	**74.351**	**74.808**
21	Federal	74.286	74.524	74.983	74.916
22	National defense	75.259	75.409	75.863	75.580
23	Nondefense	72.066	72.574	73.051	73.612
24	State and local	73.033	73.704	74.081	74.942

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1990 I	1990 II	1990 III	1990 IV
1	**Gross domestic product**	**80.389**	**81.326**	**82.053**	**82.689**
2	**Personal consumption expenditures**	**79.096**	**79.947**	**80.950**	**81.998**
3	Durable goods	104.572	104.455	104.464	104.753
4	Nondurable goods	82.547	83.153	84.679	86.525
5	Services	72.721	73.854	74.734	75.478
6	**Gross private domestic investment**	**95.755**	**96.027**	**96.644**	**97.088**
7	Fixed investment	94.862	95.168	95.772	96.365
8	Nonresidential	103.899	104.204	104.930	105.745
9	Structures	73.208	73.726	74.336	74.789
10	Equipment and software	117.459	117.568	118.314	119.331
11	Residential	74.497	74.799	75.149	75.275
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	98.904	99.245	100.155	101.624
15	Goods	107.478	107.604	108.046	108.992
16	Services	80.459	81.216	83.024	85.468
17	Imports	102.244	100.461	103.404	109.194
18	Goods	107.096	104.430	107.435	113.770
19	Services	82.497	83.715	86.347	90.147
20	**Government consumption expenditures and gross investment**	**75.941**	**76.655**	**77.395**	**78.563**
21	Federal	76.009	76.713	77.251	78.597
22	National defense	76.925	77.474	78.182	79.459
23	Nondefense	73.997	75.121	75.200	76.721
24	State and local	76.108	76.831	77.726	78.764

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1991 I	1991 II	1991 III	1991 IV
1	**Gross domestic product**	**83.662**	**84.194**	**84.772**	**85.200**
2	**Personal consumption expenditures**	**82.614**	**83.072**	**83.660**	**84.328**
3	Durable goods	105.693	105.879	106.274	106.477
4	Nondurable goods	86.377	86.635	86.844	87.260
5	Services	76.432	77.030	77.834	78.691
6	**Gross private domestic investment**	**97.873**	**97.784**	**97.826**	**97.514**
7	Fixed investment	97.069	97.056	97.018	96.698
8	Nonresidential	106.671	106.495	106.215	105.874
9	Structures	75.461	75.581	75.559	74.820
10	Equipment and software	120.370	119.992	119.555	119.499
11	Residential	75.488	75.829	76.298	76.033
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	102.017	101.445	100.783	101.006
15	Goods	109.088	108.402	107.067	107.071
16	Services	86.443	86.113	86.783	87.435
17	Imports	105.904	103.057	101.839	102.881
18	Goods	109.468	106.491	104.839	106.006
19	Services	90.294	88.003	88.311	88.898
20	**Government consumption expenditures and gross investment**	**79.274**	**79.445**	**80.015**	**80.412**
21	Federal	79.675	79.818	80.450	80.985
22	National defense	80.149	80.224	81.046	81.867
23	Nondefense	78.843	79.157	79.289	79.111
24	State and local	79.200	79.393	79.918	80.214

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1992 I	1992 II	1992 III	1992 IV
1	**Gross domestic product**	**85.766**	**86.212**	**86.587**	**87.042**
2	**Personal consumption expenditures**	**84.982**	**85.526**	**86.123**	**86.667**
3	Durable goods	106.497	106.748	106.798	106.980
4	Nondurable goods	87.464	87.862	88.418	88.677
5	Services	79.659	80.316	81.011	81.749
6	**Gross private domestic investment**	**97.243**	**97.279**	**97.415**	**97.645**
7	Fixed investment	96.517	96.555	96.687	96.920
8	Nonresidential	105.736	105.421	105.335	105.153
9	Structures	74.800	75.084	75.427	76.009
10	Equipment and software	119.285	118.606	118.259	117.625
11	Residential	75.784	76.486	77.029	78.042
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	100.870	100.939	100.983	100.776
15	Goods	106.615	106.446	106.046	105.632
16	Services	87.937	88.477	89.412	89.632
17	Imports	102.407	103.031	104.616	104.156
18	Goods	105.185	105.755	107.062	106.816
19	Services	89.666	90.473	93.094	91.807
20	**Government consumption expenditures and gross investment**	**81.015**	**81.598**	**82.039**	**82.224**
21	Federal	81.939	82.498	83.033	82.939
22	National defense	83.031	83.660	84.236	83.584
23	Nondefense	79.590	79.994	80.437	81.626
24	State and local	80.567	81.167	81.541	81.924

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1993 I	1993 II	1993 III	1993 IV
1	**Gross domestic product**	**87.729**	**88.204**	**88.599**	**89.030**
2	**Personal consumption expenditures**	**87.116**	**87.678**	**87.979**	**88.443**
3	Durable goods	106.962	107.584	108.113	108.703
4	Nondurable goods	88.996	88.981	88.758	89.157
5	Services	82.334	83.173	83.700	84.172
6	**Gross private domestic investment**	**98.143**	**98.459**	**98.680**	**98.804**
7	Fixed investment	97.446	97.727	97.953	98.096
8	Nonresidential	105.472	105.508	105.470	105.497
9	Structures	76.610	77.278	77.916	78.605
10	Equipment and software	117.768	117.450	117.042	116.714
11	Residential	78.938	79.675	80.397	80.753
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	100.815	101.067	100.917	100.794
15	Goods	105.658	105.776	105.592	105.342
16	Services	89.690	90.205	90.124	90.260
17	Imports	102.621	103.369	102.470	102.226
18	Goods	104.956	105.698	104.769	104.363
19	Services	91.579	92.337	91.576	92.001
20	**Government consumption expenditures and gross investment**	**83.092**	**83.583**	**84.028**	**84.454**
21	Federal	83.899	84.448	85.186	85.620
22	National defense	84.454	85.040	85.676	86.082
23	Nondefense	82.778	83.241	84.200	84.693
24	State and local	82.726	83.177	83.426	83.848

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1994 I	1994 II	1994 III	1994 IV
1	**Gross domestic product**	**89.598**	**89.980**	**90.525**	**90.958**
2	**Personal consumption expenditures**	**88.794**	**89.278**	**90.070**	**90.472**
3	Durable goods	109.055	109.697	110.475	110.683
4	Nondurable goods	89.009	89.235	90.022	90.153
5	Services	84.771	85.356	86.148	86.716
6	**Gross private domestic investment**	**99.388**	**99.663**	**99.979**	**100.222**
7	Fixed investment	98.648	98.965	99.348	99.573
8	Nonresidential	105.837	106.066	106.174	105.954
9	Structures	79.245	79.735	80.712	81.861
10	Equipment and software	116.892	116.985	116.648	115.761
11	Residential	81.684	82.155	83.043	84.135
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	101.274	101.649	102.281	102.930
15	Goods	105.970	106.361	106.848	107.692
16	Services	90.435	90.778	91.703	91.938
17	Imports	101.694	102.996	104.675	105.171
18	Goods	103.670	105.237	106.840	107.287
19	Services	92.143	92.330	94.320	95.031
20	**Government consumption expenditures and gross investment**	**85.237**	**85.794**	**86.188**	**86.788**
21	Federal	86.165	87.126	87.126	87.824
22	National defense	86.503	87.402	87.540	88.203
23	Nondefense	85.508	86.601	86.306	87.083
24	State and local	84.789	85.091	85.735	86.274

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1995 I	1995 II	1995 III	1995 IV
1	**Gross domestic product**	**91.554**	**91.891**	**92.281**	**92.734**
2	**Personal consumption expenditures**	**90.909**	**91.412**	**91.801**	**92.185**
3	Durable goods	111.054	110.890	110.490	110.253
4	Nondurable goods	90.213	90.564	90.782	90.958
5	Services	87.353	88.041	88.646	89.240
6	**Gross private domestic investment**	**100.663**	**100.985**	**101.088**	**101.027**
7	Fixed investment	99.981	100.310	100.439	100.437
8	Nonresidential	106.056	106.353	106.383	106.165
9	Structures	82.844	83.392	84.293	84.987
10	Equipment and software	115.446	115.621	115.235	114.593
11	Residential	85.175	85.577	85.928	86.398
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	104.030	104.825	104.571	104.077
15	Goods	109.091	109.832	109.424	108.648
16	Services	92.387	93.298	93.382	93.506
17	Imports	105.618	107.465	106.736	105.828
18	Goods	108.115	109.729	108.725	107.723
19	Services	93.721	96.626	97.176	96.709
20	**Government consumption expenditures and gross investment**	**87.730**	**88.094**	**88.401**	**89.205**
21	Federal	88.832	88.963	89.293	90.924
22	National defense	88.979	89.255	89.657	90.501
23	Nondefense	88.569	88.408	88.593	91.833
24	State and local	87.173	87.678	87.971	88.288

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1996 I	1996 II	1996 III	1996 IV
1	**Gross domestic product**	**93.302**	**93.615**	**94.064**	**94.455**
2	**Personal consumption expenditures**	**92.758**	**93.352**	**93.725**	**94.352**
3	Durable goods	110.394	109.587	109.228	108.817
4	Nondurable goods	91.718	92.568	92.577	93.403
5	Services	89.792	90.501	91.186	91.898
6	**Gross private domestic investment**	**100.622**	**100.307**	**100.623**	**100.528**
7	Fixed investment	100.117	99.816	100.114	100.064
8	Nonresidential	105.552	104.926	104.915	104.651
9	Structures	85.069	85.410	86.535	87.165
10	Equipment and software	113.667	112.609	112.094	111.435
11	Residential	86.718	87.118	88.083	88.520
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	103.875	103.514	102.777	101.785
15	Goods	107.904	107.390	106.052	104.288
16	Services	94.479	94.463	95.063	95.802
17	Imports	105.411	104.950	103.787	103.968
18	Goods	107.104	106.441	104.932	104.989
19	Services	97.239	97.724	98.218	98.998
20	**Government consumption expenditures and gross investment**	**90.321**	**90.016**	**90.523**	**91.102**
21	Federal	92.245	91.451	91.812	92.419
22	National defense	92.351	91.946	92.321	92.898
23	Nondefense	92.068	90.484	90.818	91.492
24	State and local	89.285	89.268	89.860	90.422

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1997 I	1997 II	1997 III	1997 IV
1	**Gross domestic product**	**94.963**	**95.291**	**95.541**	**95.864**
2	**Personal consumption expenditures**	**94.781**	**94.961**	**95.218**	**95.536**
3	Durable goods	108.369	107.290	106.581	106.031
4	Nondurable goods	93.833	93.678	93.801	94.026
5	Services	92.485	93.065	93.570	94.099
6	**Gross private domestic investment**	**100.373**	**100.189**	**100.130**	**99.937**
7	Fixed investment	99.914	99.793	99.807	99.626
8	Nonresidential	104.245	103.890	103.589	103.061
9	Structures	88.047	88.854	89.813	90.810
10	Equipment and software	110.463	109.611	108.783	107.624
11	Residential	88.969	89.396	90.167	90.839
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	101.534	101.452	101.183	100.760
15	Goods	104.063	103.781	103.423	102.712
16	Services	95.520	95.912	95.860	96.133
17	Imports	102.763	100.819	100.165	99.516
18	Goods	103.678	101.321	100.767	100.092
19	Services	98.321	98.420	97.263	96.744
20	**Government consumption expenditures and gross investment**	**91.819**	**91.908**	**92.115**	**92.715**
21	Federal	93.284	93.386	93.481	93.982
22	National defense	93.620	93.634	93.631	93.979
23	Nondefense	92.646	92.920	93.204	93.999
24	State and local	91.055	91.136	91.405	92.060

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1998 I	1998 II	1998 III	1998 IV
1	**Gross domestic product**	**96.096**	**96.284**	**96.620**	**96.901**
2	**Personal consumption expenditures**	**95.610**	**95.771**	**96.088**	**96.443**
3	Durable goods	105.245	104.524	103.773	103.067
4	Nondurable goods	93.578	93.521	93.973	94.213
5	Services	94.598	95.040	95.503	96.133
6	**Gross private domestic investment**	**99.328**	**99.035**	**98.915**	**98.863**
7	Fixed investment	99.105	98.834	98.769	98.736
8	Nonresidential	102.220	101.591	101.133	100.739
9	Structures	92.138	93.157	93.926	94.674
10	Equipment and software	105.898	104.615	103.676	102.845
11	Residential	91.102	91.723	92.635	93.499
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	99.768	99.225	98.461	98.165
15	Goods	101.491	100.714	99.628	99.052
16	Services	95.680	95.686	95.675	96.044
17	Imports	96.720	95.664	94.515	94.513
18	Goods	97.189	95.745	94.337	94.057
19	Services	94.461	95.348	95.498	96.895
20	**Government consumption expenditures and gross investment**	**92.953**	**93.231**	**93.628**	**94.066**
21	Federal	94.266	94.431	94.555	94.794
22	National defense	94.405	94.542	94.675	94.948
23	Nondefense	94.011	94.225	94.332	94.504
24	State and local	92.274	92.612	93.154	93.697

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		1999 I	1999 II	1999 III	1999 IV
1	**Gross domestic product**	**97.274**	**97.701**	**98.022**	**98.475**
2	**Personal consumption expenditures**	**96.687**	**97.319**	**97.855**	**98.438**
3	Durable goods	102.292	101.833	101.455	100.923
4	Nondurable goods	94.566	95.801	96.751	97.575
5	Services	96.535	97.094	97.620	98.322
6	**Gross private domestic investment**	**99.036**	**99.003**	**98.855**	**98.993**
7	Fixed investment	98.922	98.925	98.790	98.916
8	Nonresidential	100.632	100.235	99.737	99.625
9	Structures	95.302	95.880	96.513	97.331
10	Equipment and software	102.476	101.732	100.844	100.413
11	Residential	94.415	95.442	96.253	97.010
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	97.956	98.145	98.345	98.807
15	Goods	98.710	98.627	98.801	99.331
16	Services	96.154	96.967	97.227	97.528
17	Imports	94.023	95.268	96.634	97.914
18	Goods	93.481	94.666	96.103	97.573
19	Services	96.880	98.448	99.459	99.735
20	**Government consumption expenditures and gross investment**	**94.803**	**95.639**	**96.475**	**97.397**
21	Federal	96.055	96.583	97.120	97.777
22	National defense	96.199	96.658	97.091	97.595
23	Nondefense	95.791	96.443	97.172	98.114
24	State and local	94.162	95.157	96.146	97.205

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		2000 I	2000 II	2000 III	2000 IV
1	**Gross domestic product**	**99.292**	**99.780**	**100.241**	**100.687**
2	**Personal consumption expenditures**	**99.296**	**99.777**	**100.239**	**100.687**
3	Durable goods	100.471	100.337	99.715	99.477
4	Nondurable goods	98.816	99.717	100.562	100.905
5	Services	99.276	99.685	100.194	100.845
6	**Gross private domestic investment**	**99.496**	**99.788**	**100.253**	**100.463**
7	Fixed investment	99.481	99.788	100.252	100.479
8	Nonresidential	99.772	99.841	100.191	100.195
9	Structures	98.482	99.366	100.455	101.697
10	Equipment and software	100.212	100.005	100.102	99.681
11	Residential	98.683	99.635	100.418	101.263
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	99.461	99.989	100.223	100.327
15	Goods	99.642	100.032	100.118	100.208
16	Services	99.010	99.876	100.486	100.628
17	Imports	99.321	99.487	100.506	100.686
18	Goods	99.182	99.474	100.570	100.773
19	Services	100.054	99.554	100.164	100.227
20	**Government consumption expenditures and gross investment**	**98.970**	**99.395**	**100.486**	**101.149**
21	Federal	99.489	99.223	100.449	100.838
22	National defense	99.527	99.482	100.377	100.614
23	Nondefense	99.421	98.765	100.576	101.238
24	State and local	98.707	99.483	100.504	101.306

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		2001 I	2001 II	2001 III	2001 IV
1	**Gross domestic product**	**101.507**	**102.290**	**102.690**	**103.122**
2	**Personal consumption expenditures**	**101.502**	**102.146**	**102.291**	**102.437**
3	Durable goods	99.137	98.369	97.669	97.279
4	Nondurable goods	101.256	102.121	101.895	100.852
5	Services	102.149	102.997	103.512	104.368
6	**Gross private domestic investment**	**100.454**	**100.839**	**101.355**	**101.405**
7	Fixed investment	100.410	100.856	101.399	101.427
8	Nonresidential	99.605	99.743	99.818	99.564
9	Structures	103.196	104.835	106.512	107.069
10	Equipment and software	98.376	97.996	97.497	96.964
11	Residential	102.628	103.889	105.639	106.377
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	100.345	100.017	99.512	98.623
15	Goods	100.174	99.781	99.133	98.172
16	Services	100.779	100.610	100.448	99.735
17	Imports	99.926	98.416	97.089	94.556
18	Goods	99.803	98.112	96.467	93.609
19	Services	100.610	100.051	100.342	99.510
20	**Government consumption expenditures and gross investment**	**101.929**	**102.384**	**102.792**	**103.072**
21	Federal	101.309	101.587	102.143	102.589
22	National defense	101.489	101.677	102.314	102.528
23	Nondefense	100.984	101.426	101.841	102.703
24	State and local	102.245	102.789	103.121	103.315

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		2002 I	2002 II	2002 III	2002 IV
1	**Gross domestic product**	**103.553**	**103.944**	**104.347**	**104.926**
2	**Personal consumption expenditures**	**102.673**	**103.385**	**103.841**	**104.268**
3	Durable goods	96.496	96.029	95.594	94.946
4	Nondurable goods	100.895	102.238	102.464	102.760
5	Services	104.937	105.608	106.390	107.137
6	**Gross private domestic investment**	**101.347**	**101.472**	**101.512**	**102.229**
7	Fixed investment	101.348	101.480	101.532	102.279
8	Nonresidential	99.542	99.485	99.380	99.645
9	Structures	108.065	109.455	110.612	111.988
10	Equipment and software	96.607	96.087	95.598	95.534
11	Residential	106.151	106.720	107.130	108.960
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	98.360	99.048	99.772	99.911
15	Goods	97.831	98.359	99.164	99.290
16	Services	99.654	100.717	101.253	101.423
17	Imports	94.146	96.474	97.304	97.441
18	Goods	93.139	95.563	96.177	96.272
19	Services	99.430	101.256	103.236	103.590
20	**Government consumption expenditures and gross investment**	**104.378**	**105.126**	**105.795**	**106.728**
21	Federal	105.098	105.231	105.502	106.696
22	National defense	104.784	105.112	105.744	107.529
23	Nondefense	105.665	105.449	105.073	105.193
24	State and local	103.997	105.064	105.943	106.734

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		2003 I	2003 II	2003 III	2003 IV
1	**Gross domestic product**	**105.742**	**106.076**	**106.616**	**107.204**
2	**Personal consumption expenditures**	**105.059**	**105.235**	**105.851**	**106.242**
3	Durable goods	93.795	92.785	91.848	91.037
4	Nondurable goods	104.175	103.423	104.424	104.558
5	Services	108.076	109.002	109.808	110.629
6	**Gross private domestic investment**	**102.941**	**102.759**	**103.093**	**103.971**
7	Fixed investment	103.067	102.865	103.207	104.111
8	Nonresidential	99.664	99.341	99.509	99.849
9	Structures	113.295	113.239	113.894	115.058
10	Equipment and software	95.173	94.774	94.799	94.902
11	Residential	111.434	111.496	112.225	114.331
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	100.920	101.192	101.423	102.181
15	Goods	100.168	100.575	100.405	101.410
16	Services	102.736	102.689	103.864	104.044
17	Imports	100.078	99.093	99.734	99.836
18	Goods	99.008	97.305	97.909	98.028
19	Services	105.636	108.627	109.450	109.449
20	**Government consumption expenditures and gross investment**	**109.107**	**109.449**	**110.118**	**110.724**
21	Federal	109.578	109.987	110.257	110.556
22	National defense	110.206	110.597	110.915	111.284
23	Nondefense	108.441	108.878	109.053	109.220
24	State and local	108.840	109.144	110.041	110.822

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		2004 I	2004 II	2004 III	2004 IV
1	**Gross domestic product**	**108.180**	**109.185**	**109.807**	**110.677**
2	**Personal consumption expenditures**	**107.163**	**108.179**	**108.703**	**109.521**
3	Durable goods	90.927	90.986	90.415	90.454
4	Nondurable goods	105.918	107.530	107.903	109.153
5	Services	111.582	112.532	113.406	114.198
6	**Gross private domestic investment**	**105.010**	**106.217**	**107.246**	**108.271**
7	Fixed investment	105.165	106.382	107.404	108.429
8	Nonresidential	100.123	100.729	101.048	101.686
9	Structures	116.960	119.118	122.026	125.544
10	Equipment and software	94.708	94.872	94.477	94.344
11	Residential	117.027	119.511	121.984	123.826
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	103.567	104.785	105.273	106.362
15	Goods	102.966	104.286	104.552	105.489
16	Services	105.034	106.021	107.018	108.455
17	Imports	102.047	103.872	105.212	106.973
18	Goods	100.401	102.326	103.578	105.356
19	Services	110.770	112.040	113.862	115.523
20	**Government consumption expenditures and gross investment**	**112.657**	**114.028**	**115.361**	**116.971**
21	Federal	113.641	115.164	115.863	116.621
22	National defense	114.112	115.679	116.521	117.417
23	Nondefense	112.813	114.250	114.661	115.147
24	State and local	112.088	113.369	115.077	117.191

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		2005 I	2005 II	2005 III	2005 IV
1	**Gross domestic product**	**111.778**	**112.357**	**113.487**	**114.536**
2	**Personal consumption expenditures**	**110.187**	**110.881**	**112.168**	**113.089**
3	Durable goods	90.547	90.343	89.629	89.417
4	Nondurable goods	109.554	110.100	113.057	113.712
5	Services	115.140	116.139	117.088	118.433
6	**Gross private domestic investment**	**109.513**	**110.603**	**111.961**	**113.446**
7	Fixed investment	109.683	110.816	112.249	113.803
8	Nonresidential	102.778	103.459	103.972	105.107
9	Structures	129.122	132.274	136.911	142.400
10	Equipment and software	94.777	94.800	94.260	94.299
11	Residential	125.407	127.492	130.852	133.320
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	107.557	108.489	109.169	110.042
15	Goods	106.606	107.409	107.764	108.364
16	Services	109.828	111.058	112.507	114.026
17	Imports	107.582	110.096	112.840	114.098
18	Goods	105.895	108.452	111.280	112.646
19	Services	116.534	118.782	121.027	121.639
20	**Government consumption expenditures and gross investment**	**119.162**	**120.378**	**122.443**	**123.897**
21	Federal	119.921	120.433	121.364	121.618
22	National defense	120.965	121.503	122.454	122.854
23	Nondefense	117.965	118.423	119.313	119.273
24	State and local	118.722	120.355	123.099	125.273

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		2006 I	2006 II	2006 III	2006 IV
1	**Gross domestic product**	**115.536**	**116.317**	**117.109**	**117.742**
2	**Personal consumption expenditures**	**113.581**	**114.499**	**115.381**	**115.239**
3	Durable goods	89.208	89.027	88.726	88.126
4	Nondurable goods	113.794	115.155	116.412	114.578
5	Services	119.313	120.285	121.279	122.130
6	**Gross private domestic investment**	**114.891**	**115.877**	**116.348**	**117.293**
7	Fixed investment	115.208	116.172	116.610	117.528
8	Nonresidential	106.217	107.070	107.530	108.291
9	Structures	147.181	151.404	153.108	155.595
10	Equipment and software	94.471	94.457	94.578	94.870
11	Residential	135.418	136.670	137.089	138.412
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	110.834	112.418	113.722	113.499
15	Goods	109.174	110.840	112.250	112.260
16	Services	114.783	116.171	117.223	116.448
17	Imports	113.796	116.619	118.055	115.258
18	Goods	112.084	114.884	116.391	113.323
19	Services	122.860	125.795	126.793	125.579
20	**Government consumption expenditures and gross investment**	**125.399**	**126.911**	**127.955**	**128.690**
21	Federal	124.614	125.866	126.233	126.513
22	National defense	126.069	127.426	127.897	128.131
23	Nondefense	121.844	122.891	123.054	123.423
24	State and local	125.880	127.548	128.999	130.008

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		2007 I	2007 II	2007 III	2007 IV
1	**Gross domestic product**	**118.935**	**119.531**	**119.984**	**120.826**
2	**Personal consumption expenditures**	**116.202**	**117.246**	**117.969**	**119.221**
3	Durable goods	87.717	87.365	86.938	86.598
4	Nondurable goods	116.025	117.830	118.682	121.092
5	Services	123.200	124.218	125.179	126.253
6	**Gross private domestic investment**	**117.756**	**117.659**	**117.566**	**117.960**
7	Fixed investment	118.008	117.945	117.836	118.189
8	Nonresidential	108.654	108.730	108.558	109.015
9	Structures	156.912	157.195	157.402	159.138
10	Equipment and software	94.976	94.992	94.712	94.798
11	Residential	139.181	138.733	138.820	138.803
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	114.520	116.011	117.018	118.794
15	Goods	113.188	114.591	115.382	117.085
16	Services	117.690	119.392	120.905	122.855
17	Imports	115.514	119.050	121.200	124.907
18	Goods	113.560	117.091	119.274	123.378
19	Services	125.938	129.478	131.423	132.874
20	**Government consumption expenditures and gross investment**	**130.705**	**132.386**	**133.497**	**135.174**
21	Federal	128.856	130.037	130.342	131.070
22	National defense	130.326	131.701	132.232	133.237
23	Nondefense	126.067	126.869	126.721	126.886
24	State and local	131.828	133.806	135.400	137.649

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		2008 I	2008 II	2008 III	2008 IV
1	**Gross domestic product**	**121.613**	**121.951**	**123.134**	**123.302**
2	**Personal consumption expenditures**	**120.283**	**121.544**	**123.041**	**121.514**
3	Durable goods	86.581	86.237	86.110	85.357
4	Nondurable goods	123.059	125.021	128.129	122.455
5	Services	127.133	128.450	129.538	129.885
6	**Gross private domestic investment**	**117.815**	**117.926**	**118.510**	**119.786**
7	Fixed investment	118.117	118.353	119.037	119.400
8	Nonresidential	109.177	109.788	110.913	112.174
9	Structures	160.182	161.496	164.285	167.229
10	Equipment and software	94.700	95.101	95.710	96.431
11	Residential	137.900	136.687	135.535	132.226
12	Change in private inventories	---	---	---	---
13	**Net exports of goods and services**	---	---	---	---
14	Exports	121.397	124.560	126.592	118.601
15	Goods	119.916	123.456	125.137	116.082
16	Services	124.932	127.211	130.082	124.510
17	Imports	128.722	137.136	140.189	124.747
18	Goods	127.427	136.387	139.607	122.209
19	Services	135.377	140.740	142.873	137.879
20	**Government consumption expenditures and gross investment**	**137.237**	**139.588**	**141.107**	**139.002**
21	Federal	132.879	134.553	135.447	134.277
22	National defense	134.905	136.967	138.004	136.421
23	Nondefense	128.986	129.868	130.465	130.157
24	State and local	139.866	142.632	144.540	141.838

Bureau of Economic Analysis
National Income and Product Accounts Table

Table 1.1.4. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 6/17/2009 Last Revised on May 29, 2009 Next Release Date June 25, 2009

Line		2009 I
1	**Gross domestic product**	**124.168**
2	**Personal consumption expenditures**	**121.208**
3	Durable goods	84.999
4	Nondurable goods	120.835
5	Services	130.233
6	**Gross private domestic investment**	**119.206**
7	Fixed investment	118.819
8	Nonresidential	111.849
9	Structures	165.867
10	Equipment and software	96.454
11	Residential	130.687
12	Change in private inventories	---
13	**Net exports of goods and services**	---
14	Exports	115.199
15	Goods	112.516
16	Services	121.424
17	Imports	114.218
18	Goods	110.591
19	Services	132.643
20	**Government consumption expenditures and gross investment**	**138.887**
21	Federal	135.176
22	National defense	137.336
23	Nondefense	131.025
24	State and local	141.068

PROPERTY TAX NOTICE

TAX YR	2008	RECEIPT NO.	95039

JETTIE B CLABO
SEVIER CO TRUSTEE
125 COURT AVE STE 212W
SEVIERVILLE TN 37862
(865)453-2767

DI	MAP	GP	CTL MAP	PARCEL	S/I

PROPERTY ADDRESS
WS001650

SUBDIVISION NAME	BLK	LOT

ACRES	MTG CODE

ADDITIONAL DESCRIPTION

TAXES ARE DUE AND PAYABLE WITHOUT PENALTY	CLASSIFICATION
	PUB UTILITY
FROM OCT 1 08	ROLLBACK YRS / EQ FACTOR
THRU FEB 28 09	

PROPERTY TAX INFORMATION		CO.
APPRAISAL	$ 0	078
ASSESSMENT @ 00%	$ 257,963	CITY
TAX RATE PER $100 OF ASMT	$ 1.5400	000
CURRENT TAXES	$ 3,973.00	SSD
ROLLBACK TAXES	$ 0.00	000

TOTAL DUE
3,973.00

TENNESSEE WATER SERVICE, I
2335 SANDERS ROAD
NORTHBROOK, IL 60062

3009035

220100.7555

Batch 47612

Doc 138972

ENTERED

FEB 16 2009

PROPERTY TAX NOTICE

TAX YR	2008	RECEIPT NO.	95009

DAVID BEELER
GATLINBURG FINANCE DIR
P O BOX 5
GATLINBURG TN 37738

(865)436-1408

DI	MAP	GP	CTL MAP	PARCEL	S/I

PROPERTY ADDRESS
WS001650

SUBDIVISION NAME	BLK	LOT

ACRES	MTG CODE

ADDITIONAL DESCRIPTION

TAXES ARE DUE AND PAYABLE WITHOUT PENALTY	CLASSIFICATION
	PUB UTILITY
FROM OCT 1 08	ROLLBACK YRS / EQ FACTOR
THRU FEB 28 09	

PROPERTY TAX INFORMATION		CO.
APPRAISAL $	0	078
ASSESSMENT @ 00% $	25,579	CITY
TAX RATE PER $100 OF ASMT $	.1493	287
CURRENT TAXES $	38.19	SSD
ROLLBACK TAXES $	0.00	000

TOTAL DUE
38.19

TENNESSEE WATER SERVICE, I
2335 SANDERS ROAD
NORTHBROOK IL 60062

3009098

Batch 47612

220100 . 7555

Doc 138979

ENTERED

F 3 16 2009

GENERAL INFORMATION

IMPORTANT: When paying property taxes in person, please bring this notice with you. If you mail your property tax payment, please write the receipt number on your check.

Notify the Assessor of Property of any change in mailing address.

If you sold this property after January 1 and the new owner has assumed the responsibility for paying the taxes, please forward this notice to the new owner.

If your taxes are paid by a mortgage company, please forward this notice to them.

PROPERTY TAX RELIEF PROGRAM

State law provides for property tax relief to low-income homeowners age 65 or over, certain homeowners who are permanently and totally disabled, and certain disabled veterans. If you believe you may qualify for this relief, you may contact your County Trustee or city collecting official for details. Applications for property tax relief must be filed **prior to the delinquency date** for your county and/or city.

DELINQUENT TAXES

Penalty and interest will be added to any delinquent taxes at a rate of 1.5% per month. Some cities may by charter have different rates.

Summary of Statement No. 92

Regulated Enterprises-Accounting for Phase-in Plans--an amendment of FASB Statement No. 71 (Issued 8/87)

Summary

This Statement amends FASB Statement No. 71, *Accounting for the Effects of Certain Types of* Regulation, to specify the accounting for phase-in plans.

When a utility completes a new plant, conventional rate-making methods establish rates to recover the allowable costs of the plant. Those allowable costs include current operating costs, depreciation, interest on borrowed funds invested in the plant, and an allowance for earnings for the utility (an amount intended to represent a fair return on shareholders' investment in the plant).

The cost of electric utilities' plants constructed in recent years has been much greater than the cost of those completed in earlier years, so that, for some utilities, conventional rate-making methods would result in significantly increased rates when a newly completed plant goes into service. In such cases, some regulators have adopted phase-in plans to moderate the initial rate increase. The objective of those plans is to increase rates more gradually than would be the case under conventional rate making, while providing the utility eventual recovery of all of its allowable costs and a return on investment.

This Statement requires allowable costs deferred for future recovery under a phase-in plan related to plants completed before January 1, 1988 and plants on which substantial physical construction has been performed before January 1, 1988 to be capitalized if each of four criteria is met. Those criteria are (a) the plan has been agreed to by the regulator, (b) the plan specifies when recovery will occur, (c) all allowable costs deferred under the plan are scheduled for recovery within 10 years of the date when deferrals begin, and (d) the percentage increase in rates scheduled for each future year under the plan is not greater than the percentage increase in rates scheduled for each immediately preceding year. If any of those criteria is not met, allowable costs deferred under the plan would not be capitalized. Instead, those costs would be recognized in the same manner as if there were no phase-in plan.

This Statement also reiterates that Statement 71 does not permit an allowance for earnings on shareholders' investment to be capitalized in general-purpose financial statements when it is capitalized for rate-making purposes other than during construction and, with this Statement, as part of a phase-in plan.

This Statement is effective for fiscal years beginning after December 15, 1987, and it applies to existing and future phase-in plans. Application of this Statement to phase-in plans that do not meet the criteria of this Statement will be delayed if the regulated enterprise has filed a rate application to have those phase-in plans modified to meet the criteria of this Statement or intends to do so as soon as practicable and it is reasonably possible that the rate application will be successful. In that case, this Statement will be applied to those phase-in plans when the regulator amends or refuses to amend those plans.