

**IN THE TENNESSEE REGULATORY AUTHORITY  
AT NASHVILLE, TENNESSEE**

<b>IN RE: PETITION FOR A GENERAL RATE</b>	)	
<b>INCREASE, IMPLEMENTATION OF A</b>	)	
<b>DISTRIBUTION SYSTEM INFRASTRUCTURE</b>	)	<b>DOCKET NO. 12-00049</b>
<b>CHARGE AND THE ESTABLISHMENT OF</b>	)	
<b>TRACKING MECHANISMS FOR PURCHASED</b>	)	
<b>POWER, PENSIONS AND CHEMICAL EXPENSES</b>	)	

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**STIPULATION AND SETTLEMENT AGREEMENT**

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Tennessee American Water Company ("TAWC" or "Company") and Robert E. Cooper, Jr., the Tennessee Attorney General and Reporter, through the Consumer Advocate and Protection Division ("Consumer Advocate"), the City of Chattanooga ("City"), the Chattanooga Regional Manufacturers Association ("CRMA"), Walden's Ridge Utility District ("Walden's Ridge"), and the Town of Signal Mountain ("Signal Mountain") (collectively, "Parties") constituting all of the parties to the above-captioned general rate proceeding and in comprehensive settlement of the matters at issue therein, do hereby stipulate and agree as follows:

**BACKGROUND**

1. TAWC is a wholly-owned subsidiary of American Water Works Company, Inc. TAWC is incorporated under the laws of the State of Tennessee and is duly domesticated and engaged in the business of providing water service to customers in Hamilton County and surrounding areas, including customers in Georgia. TAWC's principal office and place of business is located at 1101 Broad Street, Chattanooga, Tennessee 37402.

2. TAWC is a public utility in Tennessee and is subject to regulation and supervision by the Tennessee Regulatory Authority ("TRA" or the "Authority") pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated.

3. On June 1, 2012, TAWC filed a Petition for Adjustment of its Rates and Charges. In its petition, TAWC sought an increase in its annual revenues of \$10,586,344, an increase in rates of 24.9%. In addition, TAWC requested the implementation of a Distribution System Infrastructure Charge ("DSIC") and tracking mechanisms for Purchased Power, Pensions and Chemical Expenses.

4. On June 13, 2012, the Consumer Advocate filed a Petition to Intervene in this proceeding. On July 5, 2012, the City filed a Petition to Intervene. On July 6, 2012, Signal Mountain filed a Petition to Intervene. On July 18, 2012, Walden's Ridge filed a Petition to Intervene. On August 24, 2012, CRMA filed a Petition to Intervene. Herein, the Consumer Advocate, City, Signal Mountain, CRMA and Walden's Ridge (collectively, "Intervening Parties") constitute the only entities which have sought intervention in this proceeding.

5. Since the filing of TAWC's Petition, the Parties to this proceeding have engaged in substantial discovery, informal information exchanges and extensive communication. In addition to the information provided pursuant to the Authority's Minimum Filing Requirements, TAWC has responded to 86 data requests from the Authority's Staff and 255 data requests from the Intervening Parties. TAWC representatives and representatives from the Consumer Advocate have also spent a significant amount of time discussing the various aspects of the Company's rate case.

6. On August 27, 2012, the Consumer Advocate, the City, Signal Mountain, and Walden's Ridge filed testimony in this proceeding challenging several aspects of the Company's

Petition, including the requested revenue increase. In this testimony, witnesses for the Consumer Advocate and the City recommended a number of changes to the relief sought by TAWC, including a proposed reduction in the Company's attrition period revenue requirement. The Consumer Advocate proposed a revenue increase of \$2.8 million, an amount millions less than that proposed by the Company. In addition, the Consumer Advocate and the City opposed the Company's proposed DSIC and tracking mechanisms for Pensions, Chemical and Purchased Power.

### **SETTLEMENT**

7. Following TAWC's review of the direct testimony filed by the Intervening Parties, representatives of TAWC, the Consumer Advocate, CRMA and the City met by phone and in person to discuss the possibility of a settlement in this proceeding.

8. Based on the exchange of information and discussions described above, and in order to resolve this case through settlement and avoid the need for further litigation and expenses for all Parties and without waiving any positions asserted in this docket, TAWC and the Intervening Parties have agreed to certain adjustments to TAWC's petition which are discussed herein.

9. Attrition Period. TAWC and the Consumer Advocate agree that the appropriate attrition period for use in this proceeding is the 12 months ended November 30, 2013.

10. Revenue Deficiency. The adjustments to TAWC's filed case described in paragraph 8 above collectively reduce TAWC's attrition period revenue deficiency from \$10,586,344 (an increase of 24.9%) to \$5,200,000 (an increase of 12.0%). Subject to Authority

approval, the Company and the Intervening Parties agree that this reduction in TAWC's attrition period revenue deficiency is reasonable and appropriate.

11. Revenue Requirement. The Company and the Intervening Parties agree that TAWC's attrition period cost of service should include the components set forth on Attachment A hereto, which TAWC and the Intervening Parties agree are fair and reasonable to the Company and its customers for purposes of settling this docket and which include the following:

- a. Required Operating Income of \$9,550,649;
- b. A rate base of \$132,015,472;
- c. An overall rate of return of 7.23%;
- d. A return on common equity of 10.0%;
- e. A capital structure consisting of 3.30% short-term debt, 62.29% long-term debt, and 34.38% equity;
- f. A cost of short-term debt of 1.0%;
- g. A cost of long-term debt of 6.04%;

12. Rates. TAWC and the Intervening Parties agree that the rates reflected on Attachment A are fair and reasonable and appropriate for use to resolve this proceeding.

13. TAWC and the Intervening Parties further stipulate and agree:

- a. Subject to TRA approval of this Stipulation and Settlement Agreement, the rates proposed in this Stipulation and Settlement Agreement shall have an effective date of November 1, 2012.
- b. The rate design set forth on Attachment A hereto, including the constituent components of rates for each of TAWC's customer classes, is fair and reasonable and appropriate for use in this proceeding;
- c. The Company withdraws the proposed DSIC and tracking mechanisms for Purchased Power, Pensions and Chemical Expenses from consideration in this proceeding.

- d. TAWC shall file quarterly updates on capital spending which shall be filed publicly in this docket and served electronically to the Consumer Advocate.
- e. The revenue requirement for pension expense is calculated based on the latest actuarial report of FAS 87 for American Water Works Service Company and the ERISA minimum required contribution for TAWC.
- f. That recovery of all costs in developing and implementing new SAP-based software (described in TAWC testimony as Business Transformation) is included in the agreed-upon \$5.2 million annual revenue requirement. The Intervening Parties reserve the right to challenge the reasonableness, prudence and accuracy of any costs associated with Business Transformation or other system implemented by AWWC and TAWC in future proceedings.
- g. That the existing depreciation rates for TAW shall continue to apply except that the depreciation rate of 10% per year for assets included in TAWC's "Business Transformation" project shall apply effective November 1, 2012.

14. The Parties hereby agree that the revised rates, tariffs, rate schedules, and service regulations agreed to herein, both individually and in the aggregate, are fair and reasonable to all customer classes and will provide TAWC with a reasonable opportunity to recover the agreed-upon operating revenue requirement and a reasonable rate of return on investment.

15. The Parties agree to support this Stipulation and Settlement Agreement before the Authority and in any hearing, proposed order, or brief conducted or filed in this proceeding; provided, however, that the settlement of any issue provided for herein shall not be cited as precedent by any of the stipulating Parties hereto in any unrelated or separate proceeding or docket before the Authority. The resolution of issues reflected herein is the result of give and take negotiations between the Parties and does not necessarily reflect the position of any single Party on any discrete issue. None of the signatories hereto shall be deemed to have acquiesced in any ratemaking or procedural principle, including without limitation, any cost of service

determination or cost allocation or revenue-related methodology and neither Party waives its right to take positions with respect to the matters settled herein in future proceedings before the Authority. This Stipulation and Agreement shall not have any precedential effect in any future proceeding or bind any of the settling Parties in this or any other jurisdiction except to the extent necessary to implement the provisions hereof.

16. The Parties agree that all pre-filed testimony, discovery responses and exhibits of the Parties (including pre-filed supplemental testimony and exhibits supporting this Stipulation and Settlement Agreement) may be admitted into evidence without objection and the Parties hereby waive their right to cross-examine all witnesses with respect to such pre-filed testimony and exhibits; provided, however, that should questions be asked of such witnesses by any person at the hearing of this matter (including any questions by Directors or Authority staff), the Parties may cross-examine any witness with respect to such questions consistent with the agreements set forth in this Stipulation and Agreement.

17. The provisions of this Stipulation and Settlement Agreement are agreements reached in compromise and settlement and solely for the purpose of resolving this docket without the need for further litigation.

18. The stipulations agreed to in this Stipulation and Settlement Agreement, which are the product of negotiations and substantial communication and compromise between the Parties, are just and reasonable and in the public interest. The Parties jointly recommend that the Authority issue an order adopting this Stipulation and Settlement Agreement in its entirety without modification.

19. In the event the TRA does not accept the Stipulation and Settlement Agreement in whole and as full and final settlement of the issues in this Docket or if the TRA, this Stipulation

and Settlement Agreement shall terminate and the Parties shall not be bound by any position set forth in this Stipulation and Settlement Agreement. In the event the TRA should modify all or any portion of the Stipulation and Agreement, or impose additional conditions and requirements upon the Parties, each Party shall have the right within ten (10) days of the TRA's decision modifying the Stipulation and Settlement Agreement to file a notice of termination or withdrawal from the Stipulation and Settlement Agreement.

20. Should this Stipulation and Settlement Agreement terminate, it will be considered void and have no binding effect, and the signatories to this Stipulation and Settlement Agreement reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Stipulation and Settlement Agreement. The provisions of this Stipulation and Settlement Agreement are not severable.

21. By agreeing to this Stipulation and Settlement Agreement, no Party waives any right to continue litigating this matter should the Stipulation and Settlement Agreement be rejected or modified by the TRA in whole or in part. In such event, the terms of this Agreement shall not be deemed binding upon the Parties and the Agreement shall not be admitted into evidence, or referred to, or relied upon in any manner by any Party.

22. In order to facilitate the execution of this Agreement and to achieve one of the purposes of this Agreement of avoiding the need for further litigation and expenses, TAWC will not file rebuttal testimony that might have otherwise been filed. However, in the event that any Party and/or the TRA require that hearings go forward pursuant to this paragraph, then the Parties agree that all Parties should be permitted to move the TRA for the establishment of a procedural schedule which would permit the Parties to submit evidence and testimony that has not been submitted as a result of reaching this Agreement.

23. No provision of this Stipulation and Settlement Agreement shall be deemed an admission of any Party. No provision of this Stipulation and Settlement Agreement shall be deemed a waiver of any position asserted by a party in this docket.

24. The Parties agree to support this Stipulation and Settlement Agreement in any proceeding before the Authority in this Docket; however, the Parties further agree and request the Authority to order that the settlement of any issue pursuant to this Stipulation and Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before the Authority or any court, state or federal.

25. The provisions of this Stipulation and Settlement Agreement do not necessarily reflect the positions asserted by any Party, and no Party to this Stipulation and Settlement Agreement waives the right to assert any position in any future proceeding except as expressly stipulated herein.

26. Approval by the TRA of the provisions of this Stipulation and Settlement Agreement shall not be construed as a waiver of prior TRA rate case and policy decisions.

27. This Stipulation and Settlement Agreement shall be governed by and construed under the laws of the State of Tennessee, notwithstanding conflict of law provisions.

28. The parties agree that this Stipulation and Settlement Agreement constitutes the complete understanding among the parties and any and all oral statements, representations or agreements made prior to the execution of this Stipulation and Settlement Agreement shall be null and void and shall be deemed to have been merged into this Agreement.

29. The signatories to this Stipulation and Settlement Agreement warrant that they have informed, advised and otherwise consulted with the parties for whom they sign regarding the contents and significance of this Stipulation and Settlement Agreement, and, based upon



those communications, the signatories represent they are authorized to execute this Stipulation and Settlement Agreement on behalf of the parties.

30. The parties agree that this Agreement may be executed in multiple counterparts.

The foregoing is agreed and stipulated to this 7<sup>th</sup> day of October, 2012.

TENNESSEE-AMERICAN WATER COMPANY

HAVE SEEN AND AGREED:

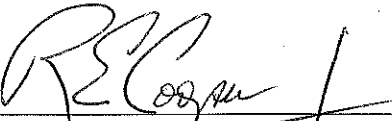

By

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CONSUMER ADVOCATE AND PROTECTION DIVISION

HAVE SEEN AND AGREED.

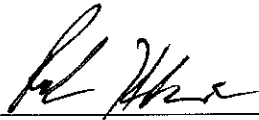
By:

  
\_\_\_\_\_  
ROBERT E. COOPER, JR. (BPR #010934)  
Attorney General and Reporter  
State of Tennessee  
\_\_\_\_\_  
RYAN MCGEHEE (BPR #025559)  
Assistant Attorney General  
Office of the Attorney General  
Consumer Advocate and Protection Division  
P.O. Box 20207  
Nashville, Tennessee 37202-0207  
(615) 532-5512

CITY OF CHATTANOOGA


HAVE SEEN AND AGREED:

By:

 w/ permission RLM

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FREDERICK L. HITCHCOCK  
Chambliss, Bahner & Stophel, PC  
1000 Tallan Building  
Two Union Square  
Chattanooga, Tennessee 37402

 w/ permission RLM

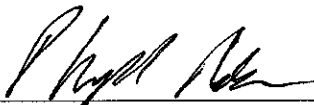
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MICHAEL A. MCMAHAN  
100 E. 11<sup>th</sup> Street, Suite 200  
Chattanooga, TN 37402

TOWN OF SIGNAL MOUNTAIN

HAVE SEEN AND AGREED.

By:

 *4/20/2020 RLR*


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Phillip A. Noblett  
Signal Mountain Town Attorney  
100 E., 11<sup>th</sup> Street  
Suite 200  
Chattanooga, TN 37402

WALDEN'S RIDGE UTILITY DISTRICT

HAVE SEEN AND AGREED.

By:

 w/ permission RLR

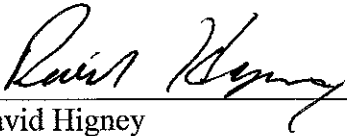
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William H. Horton  
Horton, Ballard & Pemerton  
735 Broad Street  
Suite 306  
Chattanooga, TN 37402

CHATTANOOGA REGIONAL MANUFACTURERS ASSOCIATION

HAVE SEEN AND AGREED.

By:

 w/ permission RHR

David Higney  
Grant, Konvalinka & Harrison, PC  
633 Chestnut Street, Suite 900  
Chattanooga, TN 37450-0900

Attachment A  
Docket 12-00049  
Settlement Exhibits



**TENNESSEE-AMERICAN WATER COMPANY**  
**INDEX TO SCHEDULES**  
For the 12 Months Ending November 30, 2013

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**TENNESSEE-AMERICAN WATER COMPANY**  
Results of Operations  
For the 12 Months Ending November 30, 2013

Line No.		<u>SETTLEMENT</u>	<u>Company</u> E/	<u>Difference</u>
1	Rate Base	\$ 132,015,472 A/	\$ 135,820,256	\$ -3,804,784
2	Operating Income At Current Rates	6,396,382 B/	4,974,990	1,421,392
3	Earned Rate Of Return	4.85%	3.66%	1.18%
4	Fair Rate Of Return	7.23% C/	8.23%	-1.00%
5	Required Operating Income	9,550,649	11,178,007	-1,627,358
6	Operating Income Deficiency	3,154,266	6,203,017	-3,048,751
7	Gross Revenue Conversion Factor	<u>1.648561 D/</u>	<u>1.720990</u>	<u>-0.072429</u>
8	Revenue Deficiency	\$ <u>5,200,000</u>	\$ <u>10,675,330</u>	\$ <u>-5,475,331</u>

A/ CAPD Exhibit, Schedule 2.

B/ CAPD Exhibit, Schedule 7.

C/ CAPD Exhibit, Schedule 14.

D/ CAPD Exhibit, Schedule 15.

E/ Company Exhibit FS-1-Summary Revenue Requirement-GMV.

**TENNESSEE-AMERICAN WATER COMPANY**  
Average Rate Base  
For the 12 Months Ending November 30, 2013

Line No.		Test Period A/	Adjustments	Attrition Period B/
<b>Additions:</b>				
1	Utility Plant in Service	\$ 229,163,049	\$ 16,429,407	\$ 245,592,456
2	Construction Work in Progress	4,131,572	-1,487,673	2,643,899
3	Utility Plant Capital Lease	1,590,500	0	1,590,500
4	Working Capital	3,699,987	-685,356	3,014,631 C/
5	<b>Total Additions</b>	<b>\$ 238,585,108</b>	<b>\$ 14,256,378</b>	<b>\$ 252,841,486</b>
<b>Deductions:</b>				
6	Accumulated Depreciation	\$ 73,634,805	\$ 7,683,424	\$ 81,318,229
7	Accumulated Amortization of Capital Lease	1,440,286	140,018	1,580,304
8	Accumulated Deferred FIT	23,583,334	2,299,906	25,883,240
9	Customer Advances for Construction	4,738,467	767,014	5,505,481
10	Contributions in Aid of Construction	10,611,414	1,554,878	12,166,292
11	Unamortized Investment Tax Credit	25,351	-4,386	20,965
12	Utility Plant Acquisition Adjustment	50,524	0	50,524
13	<b>Total Deductions</b>	<b>\$ 114,084,181</b>	<b>\$ 12,440,854</b>	<b>\$ 126,525,035</b>
14	<b>Rate Base</b>	<b>\$ 124,500,927</b>	<b>\$ 1,815,524</b>	<b>\$ 126,316,451</b>

A/ Company Exhibit RB-1-Summary-LCB.  
B/ CAPD Rate Base Workpaper RB-1.00.  
C/ CAPD Exhibit, Schedule 4.

**TENNESSEE-AMERICAN WATER COMPANY**  
Comparative Rate Base  
For the 12 Months Ending November 30, 2013

Line No.		SETTLEMENT A/	Company B/	Difference
<b>Additions:</b>				
1	Utility Plant in Service	\$ 250,455,533	\$ 250,455,533	\$ 0
2	Construction Work in Progress	3,581,671	3,581,671	0
3	Utility Plant Capital Lease	1,590,500	1,590,500	0
4	Working Capital	<u>3,409,884</u>	<u>3,188,192</u>	<u>221,692</u>
5	<b>Total Additions</b>	<b>\$ <u>259,037,588</u></b>	<b>\$ <u>258,815,896</u></b>	<b>\$ <u>221,692</u></b>
<b>Deductions:</b>				
6	Accumulated Depreciation	\$ 81,011,226	\$ 81,011,226	\$ 0
7	Accumulated Amortization of Capital Lease	1,576,226	1,576,226	0
8	Accumulated Deferred FIT	26,733,940	23,407,464	3,326,476
9	Customer Advances for Construction	5,173,724	4,473,724	700,000
10	Contributions in Aid of Construction	12,466,115	12,466,115	0
11	Unamortized Investment Tax Credit	20,965	20,965	0
12	Utility Plant Acquisition Adjustment	<u>39,920</u>	<u>39,920</u>	<u>0</u>
13	<b>Total Deductions</b>	<b>\$ <u>127,022,116</u></b>	<b>\$ <u>122,995,640</u></b>	<b>\$ <u>4,026,476</u></b>
14	<b>Rate Base</b>	<b>\$ <u>132,015,472</u></b>	<b>\$ <u>135,820,256</u></b>	<b>\$ <u>-3,804,784</u></b>

A/ CAPD Exhibit, Schedule 2.  
B/ Company Exhibit RB-1-Summary-LCB.

**TENNESSEE-AMERICAN WATER COMPANY**  
Comparative Working Capital  
For the 12 Months Ending November 30, 2013

Line No.		SETTLEMENT A/	Company B/	Difference
1	Prepaid Expenses & Taxes	\$ 568,884	\$ 577,696	\$ -8,812
2	Materials & Supplies	379,905	301,364	78,541
3	Deferred Regulatory Expenses	1,138,715	1,138,715	0
4	Unamortized Debt Expense	885,499	885,503	-4
5	Other Deferred Debits	31,128	31,124	4
6	Incidental Collections	-224,767	-116,192	-108,575
7	Lead/Lag Study	<u>235,267 C/</u>	<u>369,982</u>	<u>-134,715</u>
8	<b>Working Capital Requirement</b>	<b>\$ <u>3,014,631</u></b>	<b>\$ <u>3,188,192</u></b>	<b>\$ <u>-173,561</u></b>

A/ CAPD Rate Base Workpaper RB-13-1.00.  
B/ Company Exhibit RB-8-Working Capital-LCB.  
D/ CAPD Exhibit, Schedule 5.

**TENNESSEE-AMERICAN WATER COMPANY**  
Lead Lag Results  
For the 12 Months Ending November 30, 2013

<u>Line No.</u>		<u>SETTLEMENT</u>
<u>1</u>	Revenue Lag	44.91 A/
2	Expense Lag	<u>42.52 B/</u>
3	Net Lag	2.39
4	Daily Cost of Service	\$ <u>98,422 B/</u>
5	Lead Lag Study	\$ <u>235,267</u>

A/ CAPD Rate Base Workpaper RB-13-7.00.  
B/ Staff Exhibit, Schedule 6.

**TENNESSEE-AMERICAN WATER COMPANY**  
Working Capital Expense Lag  
For the 12 Months Ending November 30, 2013

Line No.		Amount A/	Lag B/	Dollar Days
<b>Operating &amp; Maintenance Expenses:</b>				
1	Labor	\$ 5,188,473	12.52	\$ 64,944,615
2	Purchased Water	51,331	58.12	2,983,158
3	Fuel & Power	2,678,772	29.22	78,263,003
4	Chemicals	986,930	27.57	27,209,364
5	Waste Disposal	213,308	67.10	14,312,796
6	Management Fees	5,430,920	-10.17	-55,235,172
7	Group Insurance	1,099,313	-6.17	-6,788,038
8	OPEB's	679,589	10.00	6,795,686
9	Pensions	1,317,144	20.41	26,883,172
10	Regulatory Expense	650,315	76.91	50,017,352
11	Insurance Other	365,057	-71.29	-26,023,234
12	Customer Accounting	1,290,266	54.42	70,216,018
13	Rents	8,720	11.37	99,178
14	General Office Expense	281,218	32.83	9,231,543
15	Miscellaneous	2,115,085	35.42	74,907,004
16	Maintenance Expense	1,284,928	42.50	54,610,082
17	<b>Total O&amp;M Expenses</b>	<b>\$ 23,641,369</b>	<b>16.60</b>	<b>\$ 392,426,528</b>
<b>Administrative &amp; General Expenses:</b>				
20	Federal Income Tax	2,976,655	89.31	265,859,608
21	Property Taxes	2,757,695	243.74	672,164,440
22	Gross Receipts Tax	807,678	-149.96	-121,117,697
23	Franchise Tax	408,873	33.26	13,600,261
24	Utility Tax	131,826	-94.46	-12,452,284
25	Taxes Other Than Income	404,396	12.00	4,852,752
26	Interest Expense - Long-Term Debt	4,752,041	65.52	311,358,974
27	Interest Expense - Short-Term Debt	41,684	14.76	615,058
28	Preferred Stock	1,868	45.13	84,303
29	<b>Total Administrative &amp; General Expenses</b>	<b>\$ 12,282,717</b>	<b>92.40</b>	<b>\$ 1,134,965,416</b>
30	<b>Total Lead/Lag Expenses</b>	<b>\$ 35,924,086</b>	<b>42.52</b>	<b>\$ 1,527,391,944</b>
<b>Other Expenses:</b>				
31	Depreciation Expense	\$ 6,090,861		
32	Amortization Expense	29,307		
33	Net Earnings	1,600,788		
34	<b>Total Other Expenses</b>	<b>\$ 7,720,956</b>		
35	<b>Total Cost of Service</b>	<b>\$ 43,645,042</b>		
36	<b>Daily Cost Of Service-Based on Lead/Lag Expenses</b>	<b>\$ 98,422</b>		

A/ CAPD Exhibit, Schedule 7.

B/ CAPD Rate Base Workpaper RB-13-7.00.

**TENNESSEE-AMERICAN WATER COMPANY**  
Income Statement at Current Rates  
For the 12 Months Ending November 30, 2013

Line No.		Test Period A/	Adjustments	Attrition Amount B/
	<b>Operating Revenues:</b>			
1	Water Sales Revenues	\$ 41,179,381	\$ 694,343	\$ 41,873,724 C/
2	Other Revenues	1,550,187	221,131	1,771,318 C/
3	<b>Total Water Revenue</b>	<b>\$ 42,729,568</b>	<b>\$ 915,474</b>	<b>\$ 43,645,042</b>
	<b>Operating &amp; Maintenance Expenses:</b>			
4	Salaries And Wages	\$ 5,460,560	\$ -272,087	\$ 5,188,473
5	Purchased Water	44,212	7,119	51,331
6	Purchased Power	2,738,627	-59,855	2,678,772
7	Chemicals	1,039,055	-52,125	986,930
8	Waste Disposal	204,868	8,440	213,308
9	Support Services	5,081,165	349,755	5,430,920
10	Group Insurance	1,700,927	77,975	1,778,902
11	Pensions	2,872,405	-1,555,261	1,317,144
12	Regulatory Expense	663,237	-12,922	650,315
13	Insurance Other Than Group	348,025	17,032	365,057
14	Customer Accounting	1,256,731	33,535	1,290,266
15	Rents	52,359	-43,639	8,720
16	General Office Expense	319,665	-38,447	281,218
17	Miscellaneous	2,444,361	-329,276	2,115,085
18	Maintenance Expense	976,549	308,379	1,284,928
19	<b>Total Operating &amp; Maintenance Expenses</b>	<b>\$ 25,202,746</b>	<b>\$ -1,561,377</b>	<b>\$ 23,641,369</b>
20	Depreciation Expense	4,615,384	1,475,477	6,090,861 D/
21	Amortization Expense	422,920	-393,613	29,307 E/
22	General Taxes	4,496,448	14,020	4,510,468 F/
23	State Excise Taxes	405,915	-98,056	307,859 G/
24	Federal Income Taxes	1,774,925	893,870	2,668,795 G/
25	<b>Total Operating Expenses</b>	<b>\$ 36,918,338</b>	<b>\$ 330,322</b>	<b>\$ 37,248,660</b>
26	<b>Utility Operating Income</b>	<b>\$ 5,811,230</b>	<b>\$ 585,152</b>	<b>\$ 6,396,382</b>

A/ Company Exhibit FS-2-Income Statement-GMV.  
B/ CAPD Expense Workpaper E-REC-1.  
C/ CAPD Exhibit, Schedule 9.  
D/ CAPD Rate Base Workpaper RB-14-1.00.  
E/ CAPD Rate Base Workpaper RB-15-1.00.  
F/ CAPD Exhibit, Schedule 10.  
G/ CAPD Exhibit, Schedule 11.



**TENNESSEE-AMERICAN WATER COMPANY**  
Comparative Income Statement at Current Rates  
For the 12 Months Ending November 30, 2013

Line No.		SETTLEMENT A/	Company B/	Difference
	<b>Operating Revenues:</b>			
1	Water Sales Revenues	\$ 41,873,724	\$ 41,194,159	\$ 679,565
2	Other Revenues	1,771,318	1,648,355	122,963
3	<b>Total Water Revenue</b>	<b>\$ 43,645,042</b>	<b>\$ 42,842,514</b>	<b>\$ 802,528</b>
	<b>Operating &amp; Maintenance Expenses:</b>			
4	Salaries And Wages	\$ 5,188,473	\$ 5,549,827	\$ -361,354
5	Purchased Water	51,331	50,159	1,172
6	Purchased Power	2,678,772	2,788,212	-109,440
7	Chemicals	986,930	1,030,128	-43,198
8	Waste Disposal	213,308	208,436	4,872
9	Support Services	5,430,920	5,816,566	-385,646
10	Group Insurance	1,778,902	1,774,436	4,466
11	Pensions	1,317,144	1,520,851	-203,707
12	Regulatory Expense	650,315	626,950	23,365
13	Insurance Other Than Group	365,057	365,057	0
14	Customer Accounting	1,290,266	1,214,752	75,514
15	Rents	8,720	8,374	346
16	General Office Expense	281,218	280,729	489
17	Miscellaneous	2,115,085	2,115,085	0
18	Maintenance Expense	1,284,928	993,557	291,371
19	<b>Total Operating &amp; Maintenance Expenses</b>	<b>\$ 23,641,369</b>	<b>\$ 24,343,119</b>	<b>\$ -701,750</b>
20	Depreciation Expense	6,090,861	7,155,805	-1,064,944
21	Amortization Expense	29,307	29,307	0
22	General Taxes	4,510,468	5,009,904	-499,436
23	State Income Taxes	307,859	202,652	105,207
24	Federal Income Taxes	2,668,795	1,126,738	1,542,057
25	<b>Total Operating Expenses</b>	<b>\$ 37,248,660</b>	<b>\$ 37,867,525</b>	<b>\$ -618,865</b>
26	<b>Utility Operating Income</b>	<b>\$ 6,396,382</b>	<b>\$ 4,974,989</b>	<b>\$ 1,421,393</b>

A/ CAPD Exhibit, Schedule 7.

B/ Company Exhibit FS-2-Income Statement-GMV.

**TENNESSEE-AMERICAN WATER COMPANY**  
Comparative Water Revenue Summary  
For the 12 Months Ending November 30, 2013

Line No.	Customer Class	SETTLEMENT A/	Company B/	Difference
1	Residential	\$ 17,924,592	\$ 17,869,565	\$ 55,027
2	Commercial	13,248,477	12,821,743	426,734
3	Industrial	3,788,398	3,789,555	-1,157
4	Other Public Authority	3,238,418	3,139,425	96,993
5	Other Water Utility	1,658,347	1,559,017	99,330
6	Private Fire Service	<u>2,017,492</u>	<u>2,014,854</u>	<u>2,638</u>
7	Total Water Sales Revenue	\$ 41,873,724	\$ 41,194,159	\$ 679,565
8	Other Revenues	<u>1,771,318</u>	<u>1,648,355</u>	<u>122,963</u>
9	Total Revenues	\$ <u>43,645,042</u>	\$ <u>42,842,514</u>	\$ <u>802,528</u>

A/ CAPD Revenue Workpaper R-1.00.

B/ Company Exhibit REV-1-Summary-DJP, Schedule REV-1.1.

**TENNESSEE-AMERICAN WATER COMPANY**  
Taxes Other than Income Taxes  
For the 12 Months Ending November 30, 2013

Line No.		<u>SETTLEMENT A/</u>	<u>Company B/</u>	<u>Difference</u>
1	Property Taxes	\$ 2,757,695	\$ 3,209,898	\$ -452,203
2	Franchise Tax	408,873	426,290	-17,417
3	Gross Receipts Tax	807,678	808,676	-998
4	TRA Inspection Fee	131,826	134,618	-2,792
5	Payroll Taxes	404,396	430,422	-26,026
6	<b>Total</b>	<b>\$ 4,510,468</b>	<b>\$ 5,009,904</b>	<b>\$ -499,436</b>

A/ CAPD Expense Workpaper T-OTAX-0.  
B/ Company Exhibit EXP-18-General Taxes and Fees-LEK.

**TENNESSEE-AMERICAN WATER COMPANY**  
Excise and Income Taxes  
For the 12 Months Ending November 30, 2013

Line No.		SETTLEMENT A/
1	<b>Operating Revenues</b>	<b>\$ 43,645,042</b>
	<b>Operating Expenses:</b>	
2	Salaries And Wages	\$ 5,188,473
3	Purchased Water	51,331
4	Purchased Power	2,678,772
5	Chemicals	986,930
6	Waste Disposal	213,308
7	Support Services	5,430,920
8	Group Insurance	1,778,902
9	Pensions	1,317,144
10	Regulatory Expense	650,315
11	Insurance Other Than Group	365,057
12	Customer Accounting	1,290,266
13	Rents	8,720
14	General Office Expense	281,218
15	Miscellaneous	2,115,085
16	Maintenance Expense	1,284,928
17	Depreciation Expense	6,090,861
18	Amortization Expense	29,307
19	General Taxes	4,510,468
20	<b>Total Operating Expenses</b>	<b>\$ 34,272,005</b>
21	<b>NOI Before Excise and Income Taxes</b>	<b>\$ 9,373,037</b>
22	AFUDC	-156,984 B/
23	Interest Expense	4,793,726 C/
24	<b>Pre-tax Book Income</b>	<b>\$ 4,736,295</b>
25	Schedule M Adjustments	3,300,973 D/
26	<b>Excise Taxable Income</b>	<b>\$ 1,435,322</b>
27	Excise Tax Rate	6.50%
28	<b>Excise Tax Payable</b>	<b>\$ 93,296</b>
29	Excise Tax - Deferred	214,583
30	<b>State Excise Tax Expense</b>	<b>\$ 307,859</b>
	<b>Pre-tax Book Income</b>	<b>\$ 4,736,295</b>
31	State Excise Tax Expense	307,859
32	Schedule M Adjustments	3,300,973 D/
33	<b>FIT Taxable Income</b>	<b>\$ 1,127,463</b>
34	FIT Rate	35.00%
35	<b>Federal Income Tax Payable</b>	<b>\$ 394,612</b>
36	ITC Amortization	76,368 E/
37	FIT - Deferred	1,657,703
38	FAS 109 Regulatory Asset/Liability Amortization	540,112 F/
39	<b>Federal Income Tax Expense</b>	<b>\$ 2,668,795</b>

A/ CAPD Exhibit, Schedule 7.  
B/ CAPD Expense Workpaper E-REC-1.  
C/ CAPD Exhibit, Schedule 13.  
D/ Company Workpaper Exp 19.1.  
E/ CAPD Rate Base Workpaper RB-19-1.00.  
F/ Company Workpaper Exp 20.1.

**TENNESSEE-AMERICAN WATER COMPANY**  
Income Statement at Proposed Rates  
For the 12 Months Ending November 30, 2013

Line No.		Current Rates A/	Rate Increase B/	Proposed Rates
	<b>Operating Revenues:</b>			
1	Water Sales Revenues	\$ 41,873,724	\$ 5,200,000	\$ 47,073,724
2	Other Revenues	1,771,318	45,037	1,816,355
3	<b>Total Water Revenue</b>	<b>\$ 43,645,042</b>	<b>\$ 5,245,037</b>	<b>\$ 48,890,079</b>
	<b>Operating &amp; Maintenance Expenses:</b>			
4	Salaries And Wages	\$ 5,188,473	\$ 0	\$ 5,188,473
5	Purchased Water	51,331	0	51,331
6	Purchased Power	2,678,772	0	2,678,772
7	Chemicals	986,930	0	986,930
8	Waste Disposal	213,308	0	213,308
9	Support Services	5,430,920	0	5,430,920
10	Group Insurance	1,778,902	0	1,778,902
11	Pensions	1,317,144	0	1,317,144
12	Regulatory Expense	650,315	0	650,315
13	Insurance Other Than Group	365,057	0	365,057
14	Customer Accounting	1,290,266	54,968	1,345,234
15	Rents	8,720	0	8,720
16	General Office Expense	281,218	0	281,218
17	Miscellaneous	2,115,085	0	2,115,085
18	Maintenance Expense	1,284,928	0	1,284,928
19	<b>Total Operating &amp; Maintenance Expenses</b>	<b>\$ 23,641,369</b>	<b>\$ 54,968</b>	<b>\$ 23,696,337</b>
20	Depreciation Expense	\$ 6,090,861	\$ 0	\$ 6,090,861
21	Amortization Expense	29,307	0	29,307
22	General Taxes	4,510,468	0	4,510,468
23	State Excise Taxes	307,859	337,354	645,214
24	Federal Income Taxes	2,668,795	1,698,450	4,367,246
25	<b>Total Operating Expenses</b>	<b>\$ 37,248,660</b>	<b>\$ 2,090,773</b>	<b>\$ 39,339,432</b>
26	<b>Utility Operating Income</b>	<b>\$ 6,396,382</b>	<b>\$ 3,154,264</b>	<b>\$ 9,550,647</b>

A/ TRA Exhibit, Schedule 7.  
B/ TRA Exhibit, Schedule 1.

**TENNESSEE-AMERICAN WATER COMPANY**  
Rate of Return Summary  
For the 12 Months Ending November 30, 2013

Line No.	Class of Capital	SETTLEMENT <sup>A/</sup>		
		Percent of Total	Cost Rate A/	Weighted Cost Rate
1	Subsidiary Short-Term Debt	2.45%	1.00%	0.0245%
2	Subsidiary Long-Term Debt	52.94%	6.02%	3.1870%
3	Parent Short-Term Debt	0.85%	1.00%	0.0085%
4	Parent Long Term Debt	9.35%	6.15%	0.5750%
5	Parent Preferred	0.03%	4.93%	0.0015%
6	Parent Common Equity	34.38%	10.00%	3.4380%
7	Total	<u>100.00%</u>		<u>7.2345%</u>
<b>Interest Expense Short-Term Debt</b>				
8	Rate Base			\$ 126,316,451 B/
9	Short-Term Weighted Debt Cost			0.0330%
10	Short-Term Debt Interest Expense			<u>\$ 41,684</u>
<b>Interest Expense Long-Term Debt</b>				
11	Rate Base			\$ 126,316,451 B/
12	Long-Term Weighted Debt Cost			3.7620%
13	Long-Term Debt Interest Expense			<u>\$ 4,752,041</u>
14	Total Interest Expense			<u>\$ 4,793,726</u>
<b>Preferred Stock Dividend:</b>				
15	Rate Base			\$ 126,316,451 B/
	Preferred Stock Cost Rate			0.0015%
	Preferred Stock Dividend			<u>\$ 1,868</u>

A/ Klein Exhibit, Page 2 of 21.  
B/ CAPD Exhibit, Schedule 2.

**TENNESSEE-AMERICAN WATER COMPANY**  
Revenue Conversion Factor  
For the 12 Months Ending November 30, 2013

<u>Line No.</u>		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.008661 A/	<u>0.008661</u>
3	Balance		1.008661
4	Uncollectible Ratio	0.010480 A/	<u>0.010571</u>
5	Balance		0.998090
6	State Excise Tax	0.065000 B/	<u>0.064876</u>
7	Balance		0.933214
8	Federal Income Tax	0.350000 B/	<u>0.326625</u>
9	Balance		<u>0.606589</u>
10	Revenue Conversion Factor (Line 1 / Line 9)		<u>1.648561</u>

A/ CAPD Revenue Workpaper R-OTHER-2.00.  
B/ Statutory Rates.

**TENNESSEE-AMERICAN WATER COMPANY**  
CAPD Proposed Revenue Change  
For the 12 Months Ending November 30, 2013

Line No.		Current Rates	A/	Proposed Rates	Revenue Change	B/	Percent Change
1	Residential	\$ 17,924,592		\$ 20,205,423	\$ 2,280,831		12.72%
2	Commercial	13,248,477		14,934,291	1,685,814		12.72%
3	Industrial	3,788,398		4,270,456	482,058		12.72%
4	Other Public Authority	3,236,418		3,648,239	411,821		12.72%
5	Other Water Utility	14,297		16,116	1,819		12.72%
	Special Contract						
6	Fort Oglethorpe	434,314		489,579	55,265		12.72%
7	Calousa County	201,767		227,441	25,674		12.72%
8	Signal Mountain	453,907		453,907	0		0.00%
9	Walden's Ridge	554,062		554,062	0		0.00%
10	Private Fire Service	<u>2,017,492</u>		<u>2,274,210</u>	<u>256,718</u>		<u>12.72%</u>
11	Total Water Sales Revenues	\$ 41,873,724		\$ 47,073,724	\$ 5,200,000		12.42%
12	Other Revenues	<u>1,771,318</u>		<u>1,816,355</u>	<u>45,037</u>		<u>2.54%</u>
13	Total Revenues	\$ <u>43,645,042</u>		\$ <u>48,890,079</u>	<u>5,245,037</u>		<u>12.02%</u>

A/ CAPD Exhibit, Schedule 9.  
B/ CAPD Exhibit, Schedule 1.



**WHN Consulting**  
**Tennessee-American Water Company**  
**CAPD Rate Design Results**

Monthly Service Charges	RESIDENTIAL		COMMERCIAL		INDUSTRIAL		OTHER PUBLIC UTILITY		OTHER WATER UTILITY		SPECIAL CONTRACT		PRIVATE FIRE SERVICE	
Charges:	Current	Proposed	Change	Current	Proposed	Change	Current	Proposed	Change	Current	Proposed	Change	Current	Proposed
0.75'	\$12.54	\$13.36	\$1.42	\$12.46	\$17.82	\$5.36	\$13.09	\$37.16	\$24.07	\$12.54	\$14.14	\$1.60	\$32.66	\$35.80
1.00'	21.07	23.45	2.38	20.53	23.93	3.40	21.59	62.46	40.87	21.07	23.76	2.69	73.67	83.01
1.50'	35.05	39.01	3.96	34.83	49.81	14.98	35.55	103.85	67.27	35.05	39.82	4.77	131.02	147.53
2.00'	70.13	78.05	7.92	69.69	99.69	29.97	73.19	207.00	133.81	70.13	79.07	8.94	264.79	324.14
2.50'	112.20	124.88	12.68	111.49	159.44	47.95	117.10	332.45	215.35	112.20	122.00	9.80	418.56	504.36
3.00'	210.37	234.22	23.85	208.98	283.99	75.01	212.58	515.35	302.77	210.37	225.48	15.11	817.55	984.65
4.00'	350.53	390.25	39.72	348.51	468.51	120.00	350.53	872.58	322.05	350.53	365.54	15.01	1,176.55	1,398.03
5.00'	490.69	540.41	49.72	488.67	648.67	160.00	490.69	1,195.35	404.66	490.69	505.67	15.00	1,665.51	1,940.51
6.00'	630.85	690.57	59.72	628.83	808.83	180.00	630.85	1,518.35	447.50	630.85	645.86	15.01	2,154.51	2,507.51
8.00'	1,211.58	1,346.77	125.19	1,209.56	1,584.61	375.05	1,211.58	2,354.44	1,142.86	1,211.58	1,255.00	43.42	3,693.92	4,317.39
Leakoff Mainline														
0.75'	\$14.07	\$15.86	\$1.59	\$13.59	\$20.01	\$6.02	\$14.07	\$39.54	\$25.47	\$14.07	\$15.86	\$1.79	\$14.07	\$17.79
1.00'	21.07	23.45	2.38	20.53	29.52	9.00	21.07	59.52	38.45	21.07	23.76	2.69	21.07	26.69
1.50'	35.05	39.01	3.96	34.83	49.81	14.98	35.05	99.51	64.46	35.05	39.82	4.77	35.05	44.77
2.00'	70.13	78.05	7.92	69.69	99.69	29.97	70.13	199.10	128.97	70.13	79.07	8.94	70.13	94.47
2.50'	112.20	124.88	12.68	111.49	159.44	47.95	112.20	318.53	206.33	112.20	122.00	9.80	112.20	143.00
3.00'	210.37	234.22	23.85	208.98	283.99	75.01	210.37	597.24	386.87	210.37	225.48	15.11	210.37	265.48
4.00'	350.53	390.25	39.72	348.51	468.51	120.00	350.53	986.51	636.00	350.53	365.54	15.01	350.53	445.54
5.00'	490.69	540.41	49.72	488.67	648.67	160.00	490.69	1,395.87	895.28	490.69	505.67	15.00	490.69	615.67
6.00'	630.85	690.57	59.72	628.83	808.83	180.00	630.85	1,895.27	1,259.43	630.85	645.86	15.01	630.85	805.86
Leakoff														
0.75'	\$14.07	\$15.86	\$1.59	\$13.59	\$20.01	\$6.02	\$14.07	\$39.54	\$25.47	\$14.07	\$15.86	\$1.79	\$14.07	\$17.79
1.00'	21.07	23.45	2.38	20.53	29.52	9.00	21.07	59.52	38.45	21.07	23.76	2.69	21.07	26.69
1.50'	35.05	39.01	3.96	34.83	49.81	14.98	35.05	99.51	64.46	35.05	39.82	4.77	35.05	44.77
2.00'	70.13	78.05	7.92	69.69	99.69	29.97	70.13	199.10	128.97	70.13	79.07	8.94	70.13	94.47
2.50'	112.20	124.88	12.68	111.49	159.44	47.95	112.20	318.53	206.33	112.20	122.00	9.80	112.20	143.00
3.00'	210.37	234.22	23.85	208.98	283.99	75.01	210.37	597.24	386.87	210.37	225.48	15.11	210.37	265.48
4.00'	350.53	390.25	39.72	348.51	468.51	120.00	350.53	986.51	636.00	350.53	365.54	15.01	350.53	445.54
5.00'	490.69	540.41	49.72	488.67	648.67	160.00	490.69	1,395.87	895.28	490.69	505.67	15.00	490.69	615.67
6.00'	630.85	690.57	59.72	628.83	808.83	180.00	630.85	1,895.27	1,259.43	630.85	645.86	15.01	630.85	805.86
Leakoff														
0.75'	\$14.07	\$15.86	\$1.59	\$13.59	\$20.01	\$6.02	\$14.07	\$39.54	\$25.47	\$14.07	\$15.86	\$1.79	\$14.07	\$17.79
1.00'	21.07	23.45	2.38	20.53	29.52	9.00	21.07	59.52	38.45	21.07	23.76	2.69	21.07	26.69
1.50'	35.05	39.01	3.96	34.83	49.81	14.98	35.05	99.51	64.46	35.05	39.82	4.77	35.05	44.77
2.00'	70.13	78.05	7.92	69.69	99.69	29.97	70.13	199.10	128.97	70.13	79.07	8.94	70.13	94.47
2.50'	112.20	124.88	12.68	111.49	159.44	47.95	112.20	318.53	206.33	112.20	122.00	9.80	112.20	143.00
3.00'	210.37	234.22	23.85	208.98	283.99	75.01	210.37	597.24	386.87	210.37	225.48	15.11	210.37	265.48
4.00'	350.53	390.25	39.72	348.51	468.51	120.00	350.53	986.51	636.00	350.53	365.54	15.01	350.53	445.54
5.00'	490.69	540.41	49.72	488.67	648.67	160.00	490.69	1,395.87	895.28	490.69	505.67	15.00	490.69	615.67
6.00'	630.85	690.57	59.72	628.83	808.83	180.00	630.85	1,895.27	1,259.43	630.85	645.86	15.01	630.85	805.86
Leakoff														
0.75'	\$14.07	\$15.86	\$1.59	\$13.59	\$20.01	\$6.02	\$14.07	\$39.54	\$25.47	\$14.07	\$15.86	\$1.79	\$14.07	\$17.79
1.00'	21.07	23.45	2.38	20.53	29.52	9.00	21.07	59.52	38.45	21.07	23.76	2.69	21.07	26.69
1.50'	35.05	39.01	3.96	34.83	49.81	14.98	35.05	99.51	64.46	35.05	39.82	4.77	35.05	44.77
2.00'	70.13	78.05	7.92	69.69	99.69	29.97	70.13	199.10	128.97	70.13	79.07	8.94	70.13	94.47
2.50'	112.20	124.88	12.68	111.49	159.44	47.95	112.20	318.53	206.33	112.20	122.00	9.80	112.20	143.00
3.00'	210.37	234.22	23.85	208.98	283.99	75.01	210.37	597.24	386.87	210.37	225.48	15.11	210.37	265.48
4.00'	350.53	390.25	39.72	348.51	468.51	120.00	350.53	986.51	636.00	350.53	365.54	15.01	350.53	445.54
5.00'	490.69	540.41	49.72	488.67	648.67	160.00	490.69	1,395.87	895.28	490.69	505.67	15.00	490.69	615.67
6.00'	630.85	690.57	59.72	628.83	808.83	180.00	630.85	1,895.27	1,259.43	630.85	645.86	15.01	630.85	805.86
Leakoff														
0.75'	\$14.07	\$15.86	\$1.59	\$13.59	\$20.01	\$6.02	\$14.07	\$39.54	\$25.47	\$14.07	\$15.86	\$1.79	\$14.07	\$17.79
1.00'	21.07	23.45	2.38	20.53	29.52	9.00	21.07	59.52	38.45	21.07	23.76	2.69	21.07	26.69
1.50'	35.05	39.01	3.96	34.83	49.81	14.98	35.05	99.51	64.46	35.05	39.82	4.77	35.05	44.77
2.00'	70.13	78.05	7.92	69.69	99.69	29.97	70.13	199.10	128.97	70.13	79.07	8.94	70.13	94.47
2.50'	112.20	124.88	12.68	111.49	159.44	47.95	112.20	318.53	206.33	112.20	122.00	9.80	112.20	143.00
3.00'	210.37	234.22	23.85	208.98	283.99	75.01	210.37	597.24	386.87	210.37	225.48	15.11	210.37	265.48
4.00'	350.53	390.25	39.72	348.51	468.51	120.00	350.53	986.51	636.00	350.53	365.54	15.01	350.53	445.54
5.00'	490.69	540.41	49.72	488.67	648.67	160.00	490.69	1,395.87	895.28	490.69	505.67	15.00	490.69	615.67
6.00'	630.85	690.57	59.72	628.83	808.83	180.00	630.85	1,895.27	1,259.43	630.85	645.86	15.01	630.85	805.86
Leakoff														
0.75'	\$14.07	\$15.86	\$1.59	\$13.59	\$20.01	\$6.02	\$14.07	\$39.54	\$25.47	\$14.07	\$15.86	\$1.79	\$14.07	\$17.79
1.00'	21.07	23.45	2.38	20.53	29.52	9.00	21.07	59.52	38.45	21.07	23.76	2.69	21.07	26.69
1.50'	35.05	39.01	3.96	34.83	49.81	14.98	35.05	99.51	64.46	35.05	39.82	4.77	35.05	44.77
2.00'	70.13	78.05	7.92	69.69	99.69	29.97	70.13	199.10	128.97	70.13	79.07	8.94	70.13	94.47
2.50'	112.20	124.88	12.68	111.49	159.44	47.95	112.20	318.53	206.33	112.20	122.00	9.80	112.20	143.00
3.00'	210.37	234.22	23.85	208.98	283.99	75.01	210.37	597.24	386.87	210.37	225.48	15.11	210.37	265.48
4.00'	350.53	390.25	39.72	348.51	468.51	120.00	350.53	986.51	636.00	350.53	365.54	15.01	350.53	445.54
5.00'	490.69	540.41	49.72	488.67	648.67	160.00	490.69	1,395.87	895.28	490.69	505.67	15.00	490.69	615.67
6.00'	630.85	690.57	59.72	628.83	808.83	180.00	630.85	1,895.27	1,259.43	630.85	645.86	15.01	630.85	805.86
Leakoff														
0.75'	\$14.07	\$15.86	\$1.59	\$13.59	\$20.01	\$6.02	\$14.07	\$39.54	\$25.47	\$14.07	\$15.86	\$1.79	\$14.07	\$17.79
1.00'	21.07	23.45	2.38	20.53	29.52	9.00	21.07	59.52	38.45	21.07	23.76	2.69	21.07	26.69
1.50'	35.05	39.01	3.96	34.83	49.81	14.98	35.05	99.51	64.46	35.05	39.82	4.77	35.05	44.77
2.00'	70.13	78.05	7.92	69.69	99.69	29.97	70.13	199.10	128.97	70.13	79.07	8.94	70.13	94.47
2.50'	112.20	124.88	12.68	111.49	159.44	47.95	112.20	318.53	206.33	112.20	122.00	9.80	112.20	143.00
3.00'	210.37	234.22	23.85	208.98	283.99	75.01	210.37	597.24	386.87	210.37	225.48	15.11	210.37	265.48
4.00'	350.53	390.25	39.72	348.51	468.51	120.00	350.53	986.51	636.00	350.53	365.54	15.01	350.53	445.54
5.00'	4													

WHN Consulting

Tennessee-American Water Company

CAPD Proposed Residential Rate Design Calculation

9/28/2012 14:45

Line No.	Consumer Advocate	Bills/Volumes	Tariff Rate	Current Revenue	Revenue Change	Proposed Revenue	Percentage Change	Proposed Rates	Tariff Rate Change
Monthly Service Charges:									
Chattanooga:									
1	5/8"	720,896	\$12.54	\$9,040,037	\$1,021,447	\$10,061,484	11.30%	\$13.96	\$1.42
2	1.031"	1,031	21.07	21,715	2,454	24,169	11.30%	23.45	\$2.38
3	1.00"	1,783	35.05	62,488	7,081	69,569	11.30%	39.01	\$3.96
4	1.50"	178	70.13	12,462	1,408	13,870	11.30%	78.05	\$7.92
5	2.00"	82	112.20	9,155	1,035	10,191	11.30%	124.88	\$12.88
6	3.00"	1	210.37	295	33	328	11.30%	234.52	\$24.15
7	4.00"	0	350.63	0	0	0	0.00%	390.25	\$39.62
8	6.00"	0	701.26	0	0	0	0.00%	780.50	\$79.24
9	8.00"	0	1,121.99	0	0	0	0.00%	1,248.77	\$126.78
10	Total	723,970		\$9,146,153	\$1,033,437	\$10,179,590	11.30%		
Lookout Mountain:									
11	5/8"	20,941	\$14.07	\$294,634	\$33,291	\$327,925	11.30%	\$15.66	\$1.56
12	0.75"	501	21.07	10,557	1,193	11,750	11.30%	23.45	\$2.38
13	1.00"	1,429	35.05	50,072	5,658	55,730	11.30%	39.01	\$3.96
14	1.50"	24	70.13	1,683	190	1,873	11.30%	78.05	\$7.85
15	2.00"	24	112.20	2,693	304	2,997	11.30%	124.88	\$12.48
16	3.00"	0	210.37	0	0	0	0.00%	234.14	\$23.41
17	4.00"	0	350.63	0	0	0	0.00%	390.25	\$39.25
18	6.00"	0	701.26	0	0	0	0.00%	780.50	\$78.50
19	8.00"	0	1,121.99	0	0	0	0.00%	1,248.77	\$124.77
20	Total	22,918		\$359,639	\$40,635	\$400,275	11.30%		
Lakeview									
21	5/8"	32,834	\$14.07	\$461,970	\$52,199	\$514,169	11.30%	\$15.66	\$1.56
22	0.75"	0	21.07	0	0	0	0.00%	23.45	\$2.38
23	1.00"	34	35.05	1,203	136	1,339	11.30%	39.00	\$3.90
24	1.50"	0	70.13	0	0	0	0.00%	78.05	\$7.85
25	2.00"	0	112.20	0	0	0	0.00%	124.88	\$12.48
26	3.00"	0	210.37	0	0	0	0.00%	234.14	\$23.14
27	4.00"	0	350.63	0	0	0	0.00%	390.25	\$39.25
28	6.00"	0	701.26	0	0	0	0.00%	780.50	\$78.50
29	8.00"	0	1,121.99	0	0	0	0.00%	1,248.77	\$124.77
30	Total	32,868		\$453,173	\$52,335	\$505,508	11.30%		
Lone Oak:									
31	All Meter Sizes	1,461	\$37.76	\$55,159	\$6,232	\$61,391	11.30%	\$42.03	\$4.23
32	Total	1,461		\$55,159	\$6,232	\$61,391	11.30%		
Suck Creek:									
33	All Meter Sizes	2,503	\$27.49	\$68,809	\$7,775	\$76,584	11.30%	\$30.60	\$3.60
34	Total	2,503		\$68,809	\$7,775	\$76,584	11.30%		
35	TOTAL MONTHLY SERVICE CHAF	783,720		\$10,092,933	\$1,140,415	\$11,233,348	11.30%		

## Consumption Charges:

## Chattanooga:

36	0 - 4 CCF per Month	2,218,032	\$0.2330	\$516,801	\$74,708	\$551,507	14.46%	\$0.2667
37	4 - 65 CCF per Month	1,607,092	3.9960	6,399,811	858,630	6,788,441	14.46%	4.2303
38	65 - 500 CCF per Month	67,912	2.3220	157,892	22,795	180,487	14.46%	2.6577
39	500 - 5,000 CCF per Month	6,893	1.7360	11,967	1,730	13,697	14.46%	1.9870
40	5,000 - 15,000 CCF per Mo	0	1.3270	0	0	0	0.00%	1.5188
41	Over 15,000 CCF per Mo	0	0.7880	0	0	0	0.00%	0.9019
42	Total	3,899,929		\$6,626,271	\$957,861	\$7,584,132	14.46%	

## Lookout Mountain:

43	0 - 4 CCF per Month	75,406	\$0.8660	\$65,452	\$9,461	\$74,913	14.46%	\$0.9936
44	4 - 65 CCF per Month	152,082	4.7610	724,063	104,867	828,730	14.46%	6.4492
45	65 - 500 CCF per Month	21,720	3.3870	73,687	10,634	84,201	14.46%	3.8786
46	500 - 5,000 CCF per Month	85	2.3680	201	29	230	14.46%	2.7085
47	5,000 - 15,000 CCF per Mo	0	1.9600	0	0	0	0.00%	2.2433
48	Over 15,000 CCF per Mo	0	1.4210	0	0	0	0.00%	1.6264
49	Total	249,293		\$363,283	\$124,792	\$488,075	14.46%	

## Lakeview

50	0 - 4 CCF per Month	104,916	\$0.4290	\$45,009	\$6,606	\$51,515	14.46%	\$0.4910
51	4 - 65 CCF per Month	70,666	4.0730	287,825	41,607	329,432	14.46%	4.8818
52	65 - 500 CCF per Month	1,519	2.6990	4,100	593	4,693	14.46%	3.0893
53	500 - 5,000 CCF per Month	0	1.9290	0	0	0	0.00%	2.2078
54	5,000 - 15,000 CCF per Mo	0	1.5210	0	0	0	0.00%	1.7409
55	Over 15,000 CCF per Mo	0	0.9820	0	0	0	0.00%	1.1240
56	Total	177,102		\$336,934	\$48,706	\$385,640	14.46%	

## Lone Oak:

57	0 - 2.67 CCF per Month	3,308	\$0.0000	\$0	\$0	\$0	0.00%	\$0.0000
58	Over 2.67 CCF per Month	4,969	4.7483	23,594	3,411	\$27,005	14.46%	5.4346
59	Total	8,277		\$23,594	\$3,411	\$27,005	14.46%	

## Suck Creek:

60	0 - 2,000 CCF per Month	4,638	\$0.0000	\$0	\$0	\$0	0.00%	\$0.0000
61	Next 10,667 CCF per Month	8,684	3.9690	34,466	4,862	\$39,447	14.46%	4.8427
62	Over 12,667 CCF per Mo	1,543	2.9770	4,593	864	\$5,257	14.46%	3.4072
63	Total	14,864		\$39,058	\$5,646	\$44,704	14.46%	

## TOTAL CONSUMPTION CHARGES

64		4,349,465		\$7,889,140	\$1,140,416	\$9,029,555	14.46%	
						\$9,029,555	14.46%	

## Billing Credits:

## Chattanooga

## Lookout Mountain

## Lakeview

## Lone Oak

## Suck Creek

## TOTAL BILLING CREDITS

65				-\$47,196	0	-\$47,196	0.00%	
66				-7,812	0	-\$7,812	0.00%	
67				-1,624	0	-\$1,624	0.00%	
68				-538	0	-\$538	0.00%	
69				-311	0	-\$311	0.00%	
70				-\$57,481	\$0	-\$57,481	0.00%	

## Total Residential Revenue

71				\$17,924,592	\$2,280,831	\$20,205,423	12.72%	
						\$2,280,831	12.72%	

**WHN Consulting**

**Tennessee-American Water Company  
CAPD Proposed Commercial Rate Design Calculation**

9/28/2012 14:10

Line No.	Consumer Advocate	Bills/Volumes	Tariff Rate	Current Revenue	Revenue Change	Proposed Revenue	Percentage Change	Proposed Rates	Tariff Rate Change
<b>Monthly Service Charges:</b>									
<b>Chattanooga:</b>									
1	5/8"	60,019	\$12.46	\$747,839	\$321,638	\$1,069,477	43.01%	\$17.82	\$5.36
2	0.75"	1,551	20.93	32,466	13,963	46,429	43.01%	29.93	\$9.00
3	1.00"	17,134	34.83	596,766	256,663	853,429	43.01%	49.81	\$14.98
4	1.50"	4,389	69.69	305,900	131,564	437,464	43.01%	99.66	\$29.97
5	2.00"	12,747	111.49	1,421,159	611,225	2,032,384	43.01%	159.44	\$47.95
6	3.00"	503	209.06	105,149	45,223	150,372	43.01%	298.98	\$89.92
7	4.00"	300	348.45	104,558	44,969	149,527	43.01%	498.31	\$149.86
8	6.00"	166	696.91	115,478	49,666	165,144	43.01%	996.64	\$299.73
9	8.00"	24	1,115.04	26,761	11,510	38,271	43.01%	1,594.61	\$479.57
10	<b>Total</b>	<b>96,833</b>		<b>\$3,456,076</b>	<b>\$1,486,422</b>	<b>\$4,942,498</b>	<b>43.01%</b>		
<b>Lookout Mountain:</b>									
11	5/8"	642	\$13.99	\$8,979	\$3,862	\$12,841	43.01%	\$20.01	
12	0.75"	24	20.93	502	216	718	43.01%	29.91	
13	1.00"	212	34.83	7,369	3,169	10,538	43.01%	49.81	
14	1.50"	48	69.69	3,345	1,439	4,784	43.01%	99.66	
15	2.00"	94	111.49	10,510	4,520	15,030	43.01%	159.44	
16	3.00"	0	209.06	0	0	0	0.00%	298.97	
17	4.00"	0	348.45	0	0	0	0.00%	498.31	
18	6.00"	0	696.91	0	0	0	0.00%	996.64	
19	8.00"	0	1,115.04	0	0	0	0.00%	1,594.61	
20	<b>Total</b>	<b>1,020</b>		<b>\$30,705</b>	<b>\$13,206</b>	<b>\$43,911</b>	<b>43.01%</b>		
<b>Lakeview</b>									
21	5/8"	1,558	\$13.99	\$21,803	\$9,377	\$31,180	43.01%	\$20.01	
22	0.75"	0	20.93	0	0	0	0.00%	29.93	
23	1.00"	216	34.83	7,529	3,238	10,767	43.01%	49.81	
24	1.50"	0	69.69	0	0	0	0.00%	99.66	
25	2.00"	84	111.49	9,390	4,039	13,429	43.01%	159.43	
26	3.00"	0	209.06	0	0	0	0.00%	298.97	
27	4.00"	0	348.45	0	0	0	0.00%	498.31	
28	6.00"	0	696.91	0	0	0	0.00%	996.64	
29	8.00"	0	1,115.04	0	0	0	0.00%	1,594.61	
30	<b>Total</b>	<b>1,859</b>		<b>\$38,722</b>	<b>\$16,654</b>	<b>\$55,376</b>	<b>43.01%</b>		



57	0 - 2.67 CCF per Month	30	\$0.0000	\$0	\$0	\$0	0.00%	\$0.0000
58	Over 2.67 CCF per Month	16	4.7183	74	1	\$75	1.73%	4.8163
59	Total	46		<u>\$74</u>	<u>\$1</u>	<u>\$75</u>	<u>1.73%</u>	

Suck Creek:								
60	0 - 2.000 CCF per Month	25	\$0.0000	\$0	\$0	\$0	0.00%	\$0.0000
61	Next 10.667 CCF per Month	21	3.9450	84	1	\$85	1.73%	4.0043
62	Over 12.667 CCF per Month	170	2.9580	502	9	\$511	1.73%	3.0100
63	Total	216		<u>\$586</u>	<u>\$10</u>	<u>\$596</u>	<u>1.73%</u>	

64	TOTAL CONSUMPTION CHARGES	3,935,099		\$9,755,867	\$168,581	\$9,924,448	1.73%	
					<u>\$168,581</u>	<u>\$9,924,448</u>	<u>1.73%</u>	

Billing Credits:								
65	Chattanooga			-\$31,673	0	-\$31,673	0.00%	
66	Lookout Mountain			-404	0	-\$404	0.00%	
67	Lakeview			-2,774	0	-\$2,774	0.00%	
68	Lone Oak			0	0	\$0	0.00%	
69	Suck Creek			-254	0	-\$254	0.00%	
70	TOTAL BILLING CREDITS			<u>-\$35,105</u>	<u>\$0</u>	<u>-\$35,105</u>	<u>0.00%</u>	

71	Total Commercial Revenue		\$13,248,477	\$1,685,814	\$14,934,291	12.72%	
				<u>\$1,685,814</u>	<u>\$14,934,291</u>	<u>12.72%</u>	

# WHN Consulting

## Tennessee-American Water Company CAPD Proposed Industrial Rate Design Calculation

9/28/2012 14:10

Line No.	Consumer Advocate	Bills/Volumes	Tariff Rate	Current Revenue	Revenue Change	Proposed Revenue	Percentage Change	Proposed Rates	Tariff Rate Change
<b>Monthly Service Charges:</b>									
<b>Chattanooga:</b>									
1	5/8"	256	\$13.09	\$3,351	\$6,162	\$9,513	183.90%	\$37.16	\$24.07
2	0.75"	24	21.99	528	971	1,499	183.90%	62.46	\$40.47
3	1.00"	251	36.58	9,186	16,893	26,079	183.90%	103.85	\$67.27
4	1.50"	72	73.19	5,270	9,691	14,961	183.90%	207.80	\$134.61
5	2.00"	959	117.10	112,314	206,544	318,858	183.90%	332.45	\$215.35
6	3.00"	0	219.55	0	0	0	0.00%	623.30	\$403.75
7	4.00"	192	365.94	70,140	128,987	199,127	183.90%	1,038.90	\$672.96
8	6.00"	48	731.88	35,130	64,604	99,734	183.90%	2,077.79	\$1,345.91
9	8.00"	0	1,170.99	0	0	0	0.00%	3,324.43	\$2,153.44
10	<b>Total</b>	<b>1,802</b>		<b>\$236,919</b>	<b>\$433,852</b>	<b>\$669,771</b>	<b>183.90%</b>		
<b>Lookout Mountain:</b>									
11	5/8"	0	\$14.07	\$0	\$0	\$0	0.00%	\$39.94	
12	0.75"	0	21.07	0	0	0	0.00%	59.82	
13	1.00"	0	35.05	0	0	0	0.00%	99.51	
14	1.50"	0	70.13	0	0	0	0.00%	199.10	
15	2.00"	0	112.20	0	0	0	0.00%	318.53	
16	3.00"	0	210.37	0	0	0	0.00%	597.24	
17	4.00"	0	360.63	0	0	0	0.00%	995.43	
18	6.00"	0	701.26	0	0	0	0.00%	1,990.87	
19	8.00"	0	1,121.99	0	0	0	0.00%	3,185.32	
20	<b>Total</b>	<b>0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>		
<b>Lakeview</b>									
21	5/8"	0	\$14.07	\$0	\$0	\$0	0.00%	\$39.94	
22	0.75"	0	21.07	0	0	0	0.00%	59.82	
23	1.00"	0	35.05	0	0	0	0.00%	99.51	
24	1.50"	0	70.13	0	0	0	0.00%	199.10	
25	2.00"	0	112.20	0	0	0	0.00%	318.53	
26	3.00"	0	210.37	0	0	0	0.00%	597.24	
27	4.00"	0	360.63	0	0	0	0.00%	995.43	
28	6.00"	0	701.26	0	0	0	0.00%	1,990.87	
29	8.00"	0	1,121.99	0	0	0	0.00%	3,185.32	
30	<b>Total</b>	<b>0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>		





57	0 - 2.67 CCF per Month	0	\$0.0000	\$0	\$0	0.00%	\$0.0000
58	Over 2.67 CCF per Month	0	0.0000	0	0	0.00%	0.0000
59	<b>Total</b>	<b>0</b>		<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>	

<b>Suck Creek:</b>							
60	0 - 2.000 CCF per Month	0	\$0.0000	\$0	\$0	0.00%	\$0.0000
61	Next 10.667 CCF per Month	0	0.0000	0	0	0.00%	0.0000
62	Over 12.667 CCF per Month	0	0.0000	0	0	0.00%	0.0000
63	<b>Total</b>	<b>0</b>		<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>	

64	<b>TOTAL CONSUMPTION CHARGES</b>	<b>2,435,940</b>		<b>\$48,206</b>	<b>\$3,601,048</b>	<b>1.36%</b>	
				<b>\$48,206</b>	<b>\$3,601,048</b>	<b>1.36%</b>	

<b>Billing Credits:</b>							
65	Chattanooga		-\$363	0	-\$363	0.00%	
66	Lookout Mountain		0	0	\$0	0.00%	
67	Lakeview		0	0	\$0	0.00%	
68	Lone Oak		0	0	\$0	0.00%	
69	Suck Creek		0	0	\$0	0.00%	
70	<b>TOTAL BILLING CREDITS</b>		<b>-\$363</b>	<b>\$0</b>	<b>-\$363</b>	<b>0.00%</b>	

71	<b>Total Industrial Revenue</b>		<b>\$3,788,398</b>	<b>\$482,058</b>	<b>\$4,270,456</b>	<b>12.72%</b>	
				<b>\$482,058</b>	<b>\$4,270,456</b>	<b>12.72%</b>	

**WHN Consulting**

**Tennessee-American Water Company**

**CAPD Proposed Other Public Authority Rate Design Calculation**

9/28/2012 14:10

Line No.	Consumer Advocate	Bills/Volumes	Tariff Rate	Current Revenue	Revenue Change	Proposed Revenue	Percentage Change	Proposed Rates	Tariff Rate Change
<b>Monthly Service Charges:</b>									
<b>Chattanooga:</b>									
1	5/8"	1,983	\$12.54	\$24,872	\$7,509	\$32,381	30.19%	\$16.33	3.7855
2	0.75"	144	21.07	3,038	917	3,955	30.19%	27.43	6.3644
3	1.00"	1,521	35.05	53,298	16,090	69,388	30.19%	45.63	10.5814
4	1.50"	826	70.13	57,895	17,478	75,373	30.19%	91.30	21.1722
5	2.00"	3,450	112.20	387,044	116,847	503,891	30.19%	146.07	33.8727
6	3.00"	102	210.37	21,369	6,451	27,820	30.19%	273.88	63.5138
7	4.00"	252	350.63	88,383	26,682	115,065	30.19%	456.48	105.8520
8	6.00"	36	701.26	25,339	7,650	32,989	30.19%	912.97	211.7120
9	8.00"	0	1,121.99	0	0	0	0.00%	1,460.71	338.7236
10	<b>Total</b>	<b>8,313</b>		<b>\$661,238</b>	<b>\$199,625</b>	<b>\$860,863</b>	<b>30.19%</b>		
<b>Lookout Mountain:</b>									
11	5/8"	169	\$14.07	\$2,371	\$716	\$3,087	30.19%	\$18.32	
12	0.75"	12	21.07	253	76	329	30.19%	27.45	
13	1.00"	132	35.05	4,633	1,399	6,032	30.19%	45.64	
14	1.50"	12	70.13	842	254	1,096	30.19%	91.35	
15	2.00"	72	112.20	8,078	2,439	10,517	30.19%	146.07	
16	3.00"	0	210.37	0	0	0	0.00%	273.88	
17	4.00"	0	350.63	0	0	0	0.00%	456.48	
18	6.00"	0	701.26	0	0	0	0.00%	912.97	
19	8.00"	0	1,121.99	0	0	0	0.00%	1,460.71	
20	<b>Total</b>	<b>397</b>		<b>\$16,177</b>	<b>\$4,884</b>	<b>\$21,061</b>	<b>30.19%</b>		
<b>Lakeview</b>									
21	5/8"	49	\$14.07	\$688	\$208	\$896	30.19%	\$18.30	
22	0.75"	0	21.07	0	0	0	0.00%	27.43	
23	1.00"	12	35.05	421	127	548	30.19%	45.68	
24	1.50"	12	70.13	842	254	1,096	30.19%	91.35	
25	2.00"	24	112.20	2,693	813	3,506	30.19%	146.08	
26	3.00"	0	210.37	0	0	0	0.00%	273.88	
27	4.00"	0	350.63	0	0	0	0.00%	456.48	
28	6.00"	0	701.26	0	0	0	0.00%	912.97	
29	8.00"	0	1,121.99	0	0	0	0.00%	1,460.71	
30	<b>Total</b>	<b>97</b>		<b>\$4,644</b>	<b>\$1,402</b>	<b>\$6,046</b>	<b>30.19%</b>		

31 Lone Oak: All Meter Sizes 0 \$0.00 \$0 0.00% \$0.00  
 32 Total 0 \$0 0.00% \$0

33 Suck Creek: All Meter Sizes 0 \$0.00 \$0 0.00% \$0.00  
 34 Total 0 \$0 0.00% \$0

35 TOTAL MONTHLY SERVICE CHARGE 8,807 \$882,059 \$205,910 \$887,969 30.19%  
 \$205,910 \$887,969 30.19%

Consumption Charges:  
 Chattanooga:  
 36 0 - 4 CCF per Month 21,937 \$0.2330 \$5,111 \$411 \$5,522 8.05% \$0.2517  
 37 4 - 65 CCF per Month 167,015 3.6960 617,288 49,662 666,950 8.05% 3.9934  
 38 65 - 500 CCF per Month 376,031 2.3220 873,145 70,246 943,391 8.05% 2.5088  
 39 500 - 5,000 CCF per Month 524,948 1.7360 911,306 73,316 984,622 8.05% 1.8757  
 40 5,000 - 15,000 CCF per Month 77,572 1.3270 102,938 8,282 111,220 8.05% 1.4338  
 41 Over 15,000 CCF per Month 0 0.7880 0 0 0 0.00% 0.8514  
 42 Total 1,167,502 \$2,509,788 \$201,917 \$2,711,705 8.05%  
 \$201,917 \$2,711,705 8.05%

Lookout Mountain:  
 43 0 - 4 CCF per Month 935 \$0.8680 \$812 \$65 \$877 8.05% \$0.9383  
 44 4 - 65 CCF per Month 5,971 4.7610 28,427 2,287 30,714 8.05% 5.1440  
 45 65 - 500 CCF per Month 2,835 3.3870 9,603 773 10,376 8.05% 3.6596  
 46 500 - 5,000 CCF per Month 0 2.3680 0 0 0 0.00% 2.5585  
 47 5,000 - 15,000 CCF per Month 0 1.9600 0 0 0 0.00% 2.1177  
 48 Over 15,000 CCF per Month 0 1.4210 0 0 0 0.00% 1.5353  
 49 Total 9,741 \$38,842 \$3,125 \$41,967 8.05%  
 \$3,125 \$41,967 8.05%

Lakeview  
 50 0 - 4 CCF per Month 194 \$0.4290 \$83 \$7 \$90 8.05% \$0.4623  
 51 4 - 65 CCF per Month 1,594 4.0730 6,492 522 7,014 8.05% 4.4004  
 52 65 - 500 CCF per Month 1,562 2.6990 4,216 339 4,555 8.05% 2.9163  
 53 500 - 5,000 CCF per Month 0 1.9290 0 0 0 0.00% 2.0842  
 54 5,000 - 15,000 CCF per Month 0 1.5210 0 0 0 0.00% 1.6434  
 55 Over 15,000 CCF per Month 0 0.9820 0 0 0 0.00% 1.0610  
 56 Total 3,350 \$10,791 \$868 \$11,659 8.05%  
 \$868 \$11,659 8.05%

Lone Oak:

57	0 - 2.67 CCF per Month	0	\$0.0000	\$0	\$0	0.00%	\$0.0000
58	Over 2.67 CCF per Month	0	0.0000	0	\$0	0.00%	0.0000
59	<b>Total</b>	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.00%</u>	

<b>Suck Creek:</b>							
60	0 - 2.000 CCF per Month	0	\$0.0000	\$0	\$0	0.00%	\$0.0000
61	Next 10.667 CCF per Month	0	0.0000	0	\$0	0.00%	0.0000
62	Over 12.667 CCF per Month	0	0.0000	0	\$0	0.00%	0.0000
63	<b>Total</b>	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.00%</u>	

64	<b>TOTAL CONSUMPTION CHARGES</b>	<u>1,180,593</u>	<u>\$2,559,421</u>	<u>\$205,910</u>	<u>\$2,765,331</u>	<u>8.05%</u>	
					<u>\$2,765,331</u>	<u>8.05%</u>	

<b>Billing Credits:</b>							
65	Chattanooga		-\$5,062	0	-\$5,062	0.00%	
66	Lookout Mountain		0	0	\$0	0.00%	
67	Lakeview		0	0	\$0	0.00%	
68	Lone Oak		0	0	\$0	0.00%	
69	Suck Creek		0	0	\$0	0.00%	
70	<b>TOTAL BILLING CREDITS</b>		<u>-\$5,062</u>	<u>\$0</u>	<u>-\$5,062</u>	<u>0.00%</u>	

71	<b>Total Other Public Authority Revenue</b>		<u>\$3,236,418</u>	<u>\$411,821</u>	<u>\$3,648,239</u>	<u>12.72%</u>	
					<u>\$3,648,239</u>	<u>12.72%</u>	

WHN Consulting

Tennessee-American Water Company  
CAPD Proposed Other Water Utility Rate Design Calculation

9/28/2012 14:10

Line No.	Consumer Advocate	Bills/Volume	Tariff Rate	Current Revenue	Revenue Change	Proposed Revenue	Percentage Change	Proposed Rates	Tariff Rate Change
Monthly Service Charges:									
Chattanooga:									
1	5/8"	0	\$12.54	\$0	\$0	\$0	0.00%	\$14.14	\$1.60
2	0.75"	0	21.07	0	0	0	0.00%	23.76	\$2.69
3	1.00"	0	35.05	0	0	0	0.00%	39.52	\$4.47
4	1.50"	0	70.13	0	0	0	0.00%	79.07	\$8.94
5	2.00"	12	112.20	1,346	172	1,518	12.75%	126.46	\$14.26
6	3.00"	0	210.37	0	0	0	0.00%	237.18	\$26.81
7	4.00"	37	350.63	12,927	1,648	14,575	12.75%	395.34	\$44.71
8	6.00"	0	701.26	0	0	0	0.00%	790.64	\$89.38
9	8.00"	0	1,121.99	0	0	0	0.00%	1,265.00	\$143.01
10	Total	49		\$14,273	\$1,819	\$16,092	12.75%		
Lookout Mountain:									
11	5/8"	0	\$14.07	\$0	\$0	\$0	0.00%	\$15.86	
12	0.75"	0	21.07	0	0	0	0.00%	23.76	
13	1.00"	0	35.05	0	0	0	0.00%	39.52	
14	1.50"	0	70.13	0	0	0	0.00%	79.07	
15	2.00"	0	112.20	0	0	0	0.00%	126.50	
16	3.00"	0	210.37	0	0	0	0.00%	237.18	
17	4.00"	0	350.63	0	0	0	0.00%	395.32	
18	6.00"	0	701.26	0	0	0	0.00%	790.64	
19	8.00"	0	1,121.99	0	0	0	0.00%	1,265.00	
20	Total	0		\$0	\$0	\$0	0.00%		
Lakeview									
21	5/8"	0	\$14.07	\$0	\$0	\$0	0.00%	\$15.86	
22	0.75"	0	21.07	0	0	0	0.00%	23.76	
23	1.00"	0	35.05	0	0	0	0.00%	39.52	
24	1.50"	0	70.13	0	0	0	0.00%	79.07	
25	2.00"	0	112.20	0	0	0	0.00%	126.50	
26	3.00"	0	210.37	0	0	0	0.00%	237.18	
27	4.00"	0	350.63	0	0	0	0.00%	395.32	
28	6.00"	0	701.26	0	0	0	0.00%	790.64	
29	8.00"	0	1,121.99	0	0	0	0.00%	1,265.00	
30	Total	0		\$0	\$0	\$0	0.00%		





**WHN Consulting****Tennessee-American Water Company****CAPD Proposed Special Contract Rate Design Calculation**

9/28/2012 14:10

Line No.	Consumer Advocate	Bills/Volumes	Tariff Rate	Current Revenue	Revenue Change	Proposed Revenue	Percentage Change	Proposed Rates	Tariff Rate Change
1	Fort Oglethorpe	484,358	\$0.9353	\$434,314	\$55,265	\$489,579	12.72%	\$1.0543	\$0.1190
2	Catoosa County	187,168	1.0780	201,767	25,674	227,441	12.72%	1.2152	\$0.1372
3	Signal Mountain	438,812	1.0344	453,907	0	453,907	0.00%	1.0344	\$0.0000
4	Walden's Ridge	454,895	1.2180	554,062	0	554,062	0.00%	1.2180	\$0.0000
Total Special Contract		1,545,233		\$1,644,050	\$80,939	\$1,724,989			
						\$1,724,989			



**WHN Consulting**

**Tennessee-American Water Company**

**CAPD Proposed Private Fire Rate Design Calculation**

9/28/2012 14:10

Line No.	Consumer Advocate	Bills/Volumes	Tariff Rate	Current Revenue	Revenue Change	Proposed Revenue	Percentage Change	Proposed Rates	Tariff Rate Change
Connection Size:									
1	1"	0	\$32.66	\$0	\$0	\$0	12.68%	\$36.80	\$4.14
2	1-1/2"	1	73.67	74	9	83	12.68%	83.01	\$9.34
3	2"	18	131.02	2,358	299	2,657	12.68%	147.63	\$16.61
4	2-1/2"	1	199.79	200	25	225	12.68%	225.12	\$25.33
5	3"	2	294.50	589	75	664	12.68%	331.84	\$37.34
6	4"	121	589.75	71,524	9,069	80,592	12.68%	664.53	\$74.78
7	6"	897	1,178.56	1,057,064	134,030	1,191,094	12.68%	1,328.00	\$149.44
8	8"	318	2,359.11	750,118	95,111	845,229	12.68%	2,658.23	\$299.12
9	10"	15	3,538.92	53,084	6,731	59,815	12.68%	3,987.64	\$448.72
10	12"	19	4,718.96	89,660	11,368	101,029	12.68%	5,317.30	\$598.34
11	Total Connection Charge	1,392		\$2,024,670	\$256,718	\$2,281,388	12.68%		
12	Billing Credits			-7,178	0	-7,178	0.00%		
13	Total Private Fire Service			\$2,017,492	\$256,718	\$2,274,210	12.72%		
					\$256,718	\$2,274,210			