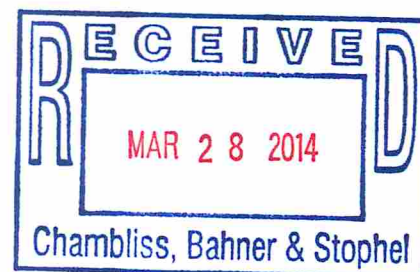


BUTLER | SNOW

March 27, 2014



VIA HAND DELIVERY

Hon. James M. Allison, Chairman
c/o Sharla Dillon
Tennessee Regulatory Authority
500 Deaderick Street
4th Floor
Nashville, TN 37242

RE: Petition Of Tennessee American Water Company To Change And Increase Certain Rates And Charges So Far As To Permit It To Earn A Fair And Adequate Rate Of Return On Its Property Used And Useful In Furnishing Water Service To Its Customers, TRA Docket No. 12-00049

Dear Chairman Allison:

With this letter, I attach a copy of Tennessee American Water Company's Annual Report concerning its capital budget. Please file this report appropriately, and let me know if you have any questions about this filing.

Very truly yours,

Junaid A. Odubeko

JAO:sc
Enclosures

cc: Lindsey W. Ingram III, Stoll Keenon Ogden PLLC
Parties of Record

ButlerSnow 20526072v1

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Nashville, TN 37201*

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Tennessee American Water
Capital Budget

Year: 2014

	Description	2014 Expenditure
Routine Project Lines		
1	Mains - New	91,166
2	Mains - Replaced/Restored	1,148,192
3	Mains - Unscheduled	800,000
4	Mains - Relocated	250,000
5	Hydrants, Valves, and Manholes - New	42,797
6	Hydrants, Valves, and Manholes - Replaced	365,034
7	Services and Laterals - New	461,000
8	Services and Laterals - Replaced	246,000
9	Meters - New	562,415
10	Meters - Replaced	663,078
11	ITS Equipment and Systems	148,662
12	SCADA Equipment and Systems	185,414
13	Security Equipment and Systems	130,000
14	Offices and Operations Centers	23,000
15	Vehicles	382,293
16	Tools and Equipment	29,523
17	Process Plant Facilities and Equipment	797,990
18	Capitalized Tank Rehabilitation/Painting	450,000
19	Engineering Studies	65,554
	Routine Projects Sub-Total	6,842,118
Projects Funded By Others		
20	Projects Funded by Others	1,500,000
	Projects Funded by Others Sub-Total	1,500,000
Investment Projects		
21	Citico Plant Improvements Phase 1B	3,000,000
22	Wastewater Treatment & Handling Improvements	2,000,000
23	Acquisition Capital Expenditures	240,626
24	Whitwell Acquisition Capital Investment	1,200,000
25	Business Transformation	117,256
26	Business Transformation - Other	0
	Investment Project Sub-Total	6,557,882
	Capital Budget Total	\$14,900,000

Tennessee American Water

Capital Budget

2014

Individual Specific Projects greater than \$200,000 Explanations

Line No.	Description	Explanation
21	Citico Plant Improvement Phase 1B	This project will include the upgrade of the existing 10 mgd Basin 3 with a completely new structure to increase a total upgraded plant capacity of 65 mgd. The upgrade will include the addition of new flocculators and plate settlers to improve basin performance and increase capacity. In addition, new sludge collection equipment will be installed to allow for sludge disposal from the new basin 3.
22	Wastewater Treatment & Handling Improvements	This project will include the installation of a new wastewater thickener above the 100-year flood elevation near Clearwell #2. The project will replace the existing sludge thickening tank, which floods frequently and renders solids handling within the plant unavailable.
23	Acquisition Capital Expenditures	This project is a currently undefined project in the event of the acquisition of additional assets by TAW in 2014. This project will be ultimately approved only once an acquisition has been defined and approved.
24	Whitwell Acquisition Capital Investment	This project is an effort to make improvements and add control equipment to the Whitwell System. The improvements will replace existing main in various locations that have caused operational difficulties or reduced the ability to provide reliable service to the customers. The majority of the project will be used to install a supervisory control system that will allow for efficient operation of the system.