

and Protection Division of the Office of the Attorney General (“CAPD” or “Consumer Advocate”) filed its *Response to Tennessee American Water Company’s Motion Requesting Clarification of Order Approving Purchase Agreement, Franchise Water Agreement and Certificate of Public Convenience and Necessity* (“CAPD Response”) on October 31, 2013.

In *TAWC’s Motion*, TAWC asks the Authority to clarify its October 15, 2013 Order “with regards to the purchase price approved by the Authority, consistent with its findings and conclusions and the evidentiary record.”¹ TAWC maintains that the Authority recognized in its findings and conclusions that “the purchase price is impacted by the rate-base value of the System’s assets less depreciation and other factors at the time of closing.”² According to TAWC, the Company cannot determine a specific purchase price until it establishes a closing date and the purchase price provided in Data Response #35 was only an illustrative example with a supposed purchase price and does not represent the actual, final purchase price.³ As a result, TAWC asserts the reference to DR #35 in the Authority’s Ordering Clause “is not consistent with the evidentiary record and the findings and conclusions of the Order” and should be revised.⁴ TAWC asks that the Authority “revise Ordering Clause No. 5 of its Order to specify that the approved purchase price is provided in Exhibit 2 to the Petition, and not the illustrative amount provided by TAWC in response to DR # 35.”⁵

In the *CAPD Response*, the Consumer Advocate “requests the TRA to deny TAWC’s request to adopt its definition of the purchase price and instead, clarify the Order to a finding that

¹ *TAWC’s Motion*, p. 1 (October 31, 2013).

² *Id.* at 4. (Emphasis in original).

³ *Id.*

⁴ *Id.*

⁵ *Id.*

a purchase price based on historical cost less accumulated depreciation is reasonable so such finding is consistent with Paragraph 10 of the Order.”⁶

NOVEMBER 25, 2013 AUTHORITY CONFERENCE

At the regularly scheduled Authority Conference held on November 25, 2013, the panel considered *TAWC’s Motion*. The panel voted unanimously to grant, in part, *TAWC’s Motion* upon finding that consistent with its Order issued on October 15, 2013, the estimated purchase price calculated by the Company and contained in its Data Response #35 is a reasonable estimate, and TAWC can close on the purchase of the Whitwell System using the estimated purchase price. The panel specified that if the final purchase price at closing differs from the estimated purchase price, then the Company is authorized to record the actual purchase price on its books and is not bound by the estimated price contained in TAWC Data Response #35. However, a determination of the amounts in rate base will be made when additional information is known and measurable and a change in rates is sought.

IT IS THEREFORE ORDERED THAT:

1. The *Motion Requesting Clarification of Order Approving Purchase Agreement, Franchise Water Agreement and Certificate of Public Convenience and Necessity* filed by Tennessee American Water Company, is granted, in part.
2. Tennessee American Water Company can close on the purchase of the Whitwell System using the estimated purchase price contained in its Data Response #35.
3. If the final purchase price at closing differs from the estimated purchase price, then Tennessee American Water Company is authorized to record the actual purchase price on its books and is not bound by the estimated price contained in TAWC Data Response #35.

⁶ *CAPD Response*, p. 3 (October 31, 2013).

4. The Authority will make a determination of the amounts in rate base when additional information is known and measurable and a change in rates is sought.

Chairman James M. Allison, Director Kenneth C. Hill, and Director David F. Jones concur.

ATTEST:



Earl R. Taylor, Executive Director