

PETITIONER'S EXHIBIT GMV-1S

TENNESSEE-AMERICAN WATER COMPANY, INC.

TRA DOCKET NO. 13-00130

SUPPLEMENTAL TESTIMONY

OF

GARY M. VERDOUW

ON

**APPLICATION FOR A QUALIFIED INFRASTRUCTURE INVESTMENT PROGRAM,
ECONOMIC DEVELOPMENT INVESTMENT RIDER, SAFETY AND
ENVIRONMENTAL COMPLIANCE RIDER, AND PASS THROUGHs FOR
PURCHASED POWER, CHEMICALS, PURCHASED WATER, WHEELING WATER
COSTS, WASTE DISPOSAL, AND TENNESSEE REGULATORY AUTHORITY
INSPECTION FEE**

SPONSORING PETITIONER'S SUPPLEMENTAL EXHIBITS

TARIFF SUMMARY OF RIDERS – GMV

AND REVENUE REQUIREMENT CALCULATION - GMV

**SUPPLEMENTAL TESTIMONY
OF
GARY M. VERDOUW**

TRA DOCKET NO. 13-00130

BACKGROUND

Q. Please state your name and business address.

A. My name is Gary M. VerDouw and my business address is 727 Craig Road, Saint Louis, Missouri 63141.

Q. By whom are you employed and in what capacity?

A. I am employed by American Water Works Service Company (“Service Company”) as the Director of Rates for American Water’s seven-state Central Division, which includes Tennessee-American Water Company (“Tennessee American” or the “Company”). The Service Company is a subsidiary of American Water Works Company, Inc. (“American Water”) that provides support services to American’s subsidiaries, including Tennessee American.

Q. Have you previously provided pre-filed direct and rebuttal testimony in this proceeding?

A. Yes I have.

Q. What is the purpose of your supplemental testimony?

A. My supplemental testimony will address the differences from the Company’s case filed with the Tennessee Regulatory Authority (“TRA” or “Authority”) on October 4, 2013, and the Stipulation in this case that was reached between Tennessee American and the

1 Consumer Advocate and Protection Division of the Office of the Attorney General
2 (“CAPD” or “Consumer Advocate Division”) and filed with the TRA on January 10,
3 2014. I will also explain the revised Summary of Riders, as well as the updated revenue
4 requirement calculation sheets for the proposed Qualified Infrastructure Investment
5 Program (“QIIP”) Rider; the Economic Development Investment (“EDI”) Rider; the
6 Safety and Environmental Compliance (“SEC”) Rider; and the Production Costs and
7 Other (“PCOP”) Expense Pass-Through.

8 **Q. Are you sponsoring any supplemental exhibits?**

9 A. Yes I am. I am sponsoring the following supplemental exhibits:

- 10 - Petitioner's Supplemental Exhibit Tariff Summary of Riders - GMV
11 Revised Tariff TRA No. 19, Original Sheet No. 12-Riders-1 based on
12 agreed-upon Stipulation adjustments
- 13 - Petitioner's Supplemental Exhibit Revenue Requirement Calculation - GMV
14 Calculation of QIIP, EDI, SEC Riders and PCOP Pass-Through based on
15 agreed-upon Stipulation adjustments

16 I will discuss these exhibits in further detail in my testimony below.

17 **Q. Were the Petitioner's Supplemental Exhibits listed above prepared by you or under**
18 **your direction and supervision?**

19 A. Yes.

20 **Q. What were the sources of the data used to prepare the Petitioner's Supplemental**
21 **Exhibits listed above?**

22 A. The data used to prepare these exhibits was acquired from the books of account and
23 business records of Tennessee American, the officers and associates of Tennessee

1 American with knowledge of the facts based on their job responsibilities and activities,
2 and other internal sources which I examined in the course of my investigation of the
3 matters addressed in this testimony. As further discussed below, these exhibits were
4 prepared to reflect the final positions agreed to in the Stipulation filed by the Company
5 and the CAPD on January 10, 2014.

6 **Q. Do you consider this data to be reliable and of a type that is normally used and**
7 **relied on in your business for such purposes?**

8 A. Yes.

9 **Q. Do the Petitioner's Supplemental Exhibits listed above accurately summarize such**
10 **data and the results of analysis using such data?**

11 A. Yes, they do.

I. BASIS FOR SETTLEMENT OF CASE

12 **Q. Mr. VerDouw, please provide an explanation of Tennessee American's approach to**
13 **filing and settling this case.**

14 A. Tennessee American filed this case, Docket No. 13-00130, on October 4, 2013. Prior to
15 filing this case, Company representatives met with some of Tennessee American Water's
16 stakeholders, including the City of Chattanooga, the Chattanooga Regional
17 Manufacturers Association, the Consumer Advocate Division, and some of Tennessee
18 American's largest customers, to discuss the case that the Company planned to file.
19 Tennessee American wanted its stakeholders to know about House Bill 191's passage in
20 the 2013 Tennessee Legislature that allowed the filing that was to be made, and also how

1 the filing would reduce the number of full-blown rate cases that would need to be filed as
2 a result.

3 **Q. Did Tennessee American file detailed calculations of the proposed riders in the**
4 **petition?**

5 A. Yes. Tennessee American worked very hard in its filing to provide as much information
6 as possible and to follow the intent of House Bill 191. The Company's 4, 2013, Petition
7 included all testimony, exhibits, workpapers, and tariffs to support its filing. As a part of
8 the filing, the Company also included electronic copies, including all Excel spreadsheets.
9 The Petition, and related support documents, were provided to the Consumer Advocate
10 Division on the same day of the filing with the Authority.

11 **Q. Did Tennessee American respond to all requests for data in this case?**

12 A. Yes. Tennessee American received three sets of discovery requests in this case.
13 Knowing the compressed schedule as compared to a rate case, Tennessee American made
14 an attempt to respond as quickly and completely as possible to all data requests received
15 from both the TRA and the CAPD.

16 **Q. When did settlement discussions with the CAPD begin?**

17 A. I believe the discussions begin somewhere around mid-December 2013.

18 **Q. Did settlement discussions continue after CAPD Witness Hal Novak's testimony was**
19 **filed by the CAPD on December 20, 2013?**

20 A. Yes they did. Discussions on reaching a settlement continued throughout the holiday
21 season.

1 On December 30, 2013, my rebuttal testimony on behalf of the Company was filed with
2 the TRA. This rebuttal testimony provided resolution to some of the contested issues in
3 the case. In other words, by the time I submitted my rebuttal testimony, the parties had
4 resolved several, though not all, of the contested issues in this case. So, while I didn't
5 refer to any such compromises in my rebuttal testimony as "settlements," mutual
6 resolutions reached by the parties were in fact reflected in my rebuttal testimony.

7 **Q. When were settlement discussions fully completed?**

8 A. Settlement discussions were fully completed on January 10, 2014. Common ground was
9 reached on the final open issues that remained between the CAPD and the Company.

10 **Q. Did Tennessee American anticipate settlement in this case when it was filed in**
11 **October 2013?**

12 A. At the outset, Tennessee American planned to work with all parties in the case towards
13 settlement if possible, but recognized that as one of the first petitions under this new
14 legislation, a settlement may be challenging. Tennessee American appreciates the
15 Consumer Advocate Division's willingness to meet with Company representatives early
16 and often to identify and explore potential opportunities for resolution, in part or in full.

17 **Q. Mr. VerDouw, what are your thoughts on the Stipulation agreement reached**
18 **between the Consumer Advocate Division and the Company and filed with the TRA**
19 **on January 10, 2014?**

20 A. I believe the Stipulation agreement reached by the CAPD and Tennessee American is one
21 that follows the intent of House Bill 191. The Stipulation will benefit the consumers of
22 Tennessee American by way of smaller, gradual increases in rates and less frequent rate

1 case filings. Moreover, I believe that the other benefits of the Petition set forth in the
2 Company's previously pre-filed testimony remain applicable to the Stipulation.

3 **Q. How would you summarize how the Stipulation modifies the October 4, 2013,**
4 **Petition originally filed by Tennessee American?**

5 A. The Stipulation modifies the revenue requirement calculation to include some items that
6 slightly change the outcome of the final revenue requirement. The Stipulation also
7 provides additional clarifying detail to the reconciliation process that will be followed for
8 the investment riders and the expense pass-through. All of the adjustments made bring
9 the revenue requirement calculation for the investment riders more in line with the typical
10 revenue requirement calculation made in the filing of a rate case, and the clarifications
11 made further delineate the process that will be followed for the annual reconciliation of
12 the riders and the expense pass-through, thus simplifying the process at that time.

II. EXPLANATION OF DIFFERENCES IN FILED VERSUS STIPULATED CASE

13 **Q. Mr. VerDouw, would you elaborate further on the compromises reflected in the**
14 **Stipulation?**

15 A. Tennessee American filed for three investment riders and an expense pass through as part
16 of its case filed on October 4, 2013. The original revenue surcharge that was proposed to
17 be applied as a result of the QIIP Rider, the EDI Rider, and the SEC Rider, in total, was a
18 surcharge of 1.11%. In total, eight adjustments and/or clarifications were made to the
19 Company's original proposed filing. As you will see by the attached Summary of Riders
20 Tariff, the adjustments made as a result of the Stipulation changed the proposed
21 investment rider surcharge from a total of 1.11% to a total of 1.08%.

1 **Q. Can you provide an overview of the adjustments and/or clarifications that are**
2 **reflected in the Stipulation?**

3 A. Yes I can.

4 **Q. What is the first adjustment that has been made and included in the Stipulation?**

5 A. The first adjustment that has been made and included in the Stipulation is the inclusion of
6 an interest calculation for any budget to actual adjustment, and over/under collection
7 adjustment, or any over earnings adjustments made as part of the annual reconciliation
8 process. The interest calculation would be made for both over and under amounts
9 calculated as part of the reconciliation, except for the earnings adjustments which is made
10 only for earning above the authorized rate of return. The computation of interest is
11 shown in item 5. (F) of each capital rider tariff included in the Stipulation and 5. (B) in
12 the PCOP tariff included in the Stipulation..

13 **Q. What is the second adjustment that has been made and included in the Stipulation?**

14 A. The second adjustment that has been made and included in the Stipulation is the inclusion
15 of an adjustment to account for accumulated deferred income tax relative to the
16 investments included in the revenue requirement calculation for the QIIP, EDI, and SEC
17 riders. This is consistent with the revenue requirement calculation that is used for general
18 rate increase filings. This is shown found in both 4. (B) and 5. (C) of each of the capital
19 rider tariffs included in the Stipulation.

20 **Q. What is the third adjustment that has been made and included in the Stipulation?**

21 A. The third adjustment that has been made and included in the Stipulation is the inclusion
22 of an adjustment to account for accumulated depreciation as a component of net plant

1 additions relative to the investments included in the revenue requirement calculation for
2 the QIP, EDI, and SEC riders. This again is consistent with the revenue requirement
3 calculation that is used for general rate increase filings. This is shown found in both 4.
4 (B) and 5. (C) of each of the capital rider tariffs included in the Stipulation.

5 **Q. What is the fourth adjustment that has been made and included in the Stipulation?**

6 A. The fourth adjustment that has been made and included in the Stipulation is the correction
7 in the pre-tax rate of return that was used in the Company's original filing. A small
8 rounding error in the filed pre-tax rate of return that resulted in a very small adjustment to
9 the overall revenue requirement was corrected as referenced on Page 22 of my rebuttal
10 testimony submitted on December 30, 2013.

11 **Q. What is the fifth adjustment that has been made and included in the Stipulation?**

12 A. The fifth adjustment that has been made and included in the Stipulation is the inclusion of
13 the incremental forfeited discount rate in the revenue taxes used in the calculation of the
14 overall revenue requirement. As was referenced on Page 22 of the rebuttal testimony I
15 submitted on behalf of Tennessee American Water on December 30, 2013, the
16 incremental forfeited discount rate should have been included in the revenue tax numbers
17 used in the calculation of the overall revenue requirement. This was corrected in the filed
18 Stipulation agreement.

19 **Q. What is the sixth adjustment that has been made and included in the Stipulation?**

20 A. The sixth adjustment that has been made and included in the Stipulation is the full
21 recovery of any incremental TRA Inspection Fee via the reconciliation of the Production
22 Cost and Other ("PCOP") pass-through rider, rather than including the incremental TRA

1 Inspection Fee in the calculation of the QIIP, EDI, and SEC riders and adjusting the
2 PCOP after the fact for those inclusions. The same amount of TRA Inspection Fee will be
3 collected through this methodology; however, by using this methodology, no adjustments
4 will need to be made to the investment riders or the PCOP pass-through to ensure that
5 there is no double collection of the Inspection Fee. Calculation of the additional TRA
6 Inspection Fee relative to the investment riders and the PCOP becomes a little more
7 streamlined and easy for all to follow by flowing all of the TRA Inspection Fee collection
8 through the PCOP and the annual reconciliation of the PCOP. This is reflected in the
9 definitions on the PCOP tariff included in the Stipulation.

10 **Q. What is the seventh adjustment that has been made and included in the Stipulation?**

11 A. The seventh adjustment that has been made and included in the Stipulation is the
12 establishment of a provision to recognize a reconciliation adjustment if a net over-
13 recovery of authorized Rate of Return (“ROR”) is realized by Tennessee American
14 during the twelve month reconciliation period. This “Earnings Test Adjustment” is
15 shown in Item 5.(E), Computation of the Earnings Test Adjustment, in each of the tariffs
16 included in the Stipulation. Although Tennessee American has not over-recovered its
17 authorized Rate of Return in well over a decade, this Stipulation addition will protect the
18 consumer should that situation arise.

19 **Q. What is the eighth item that was clarified and included in the Stipulation?**

20 A. The eighth item included in the Stipulation was a clarification, not an adjustment. The
21 Stipulation also contains language to further clarify the reconciliation process that would
22 be followed in reconciling over/under investments, over/under collection, and over

1 earnings adjustments made as part of the reconciliation process. The clarifications to the
2 reconciliation process also specify that the over/under adjustment from the reconciliation
3 process be collected or refunded on customer bills over a nine month period rather than a
4 twelve month period. This adjustment will then bring the timing of the completion of the
5 investment attrition year and the reconciliation year back into alignment, making future
6 reconciliations easier to follow and more streamlined to complete.

7 **Q. In summary, what was the impact of the seven adjustments and one clarification**
8 **item that were made to the Company's original filing and agreed to in the**
9 **Stipulation filed on January 10, 2014 in regards to the revenue requirement**
10 **proposed in the original filing?**

11 A. The adjustments and clarifications that were made to the Company's original filing and
12 included in the Stipulation filed with the TRA on January 10, 2014 changed the
13 Company's original proposed revenue requirement surcharge amount very little. The
14 Company's original filed QIIP, EDI and SEC Riders were to generate a total surcharge
15 that would add 1.11% to the bills of Tennessee American customers. With the
16 adjustments made and included in the Stipulation, the QIIP, EDI and SEC Riders will
17 generate a total surcharge of 1.08%, or just three one-hundredths of a percentage point in
18 difference. The total annual revenue requirement that was to be generated in the original
19 surcharge filed for the QIIP, EDI and SEC Riders was \$522,823, or 1.11%; the total
20 annual revenue requirement that will be generated as a result of the Stipulation changes to
21 the filing is \$510,837, or 1.08%. The difference is \$11,986, or 0.03%.

1 **Q. Since the Company's original filing, has the Attrition Year for Case No. 12-00049**
2 **been completed so the first PCOP pass-through can be calculated?**

3 A. Yes. The Attrition Year for Tennessee American's most recent authorized rate case,
4 docketed as Case No. 12-00049, came to an end on November 30, 2013. As such, the
5 PCOP pass-through for the attrition year ended November 30, 2013, has been calculated.

6 **Q. What are the results of the PCOP pass through calculation?**

7 A. The PCOP pass through as calculated shows a negative surcharge – in other words, the
8 first PCOP will benefit Tennessee American customers in the fact that the Company did
9 not expend as much on production costs and TRA Inspection Fee expenses as authorized
10 in Case No. 12-00049.

11 **Q. Why didn't the Company expend as much on production costs and TRA Inspection**
12 **Fee expenses as authorized in Case No. 12-00049?**

13 A. There are a number of reasons. Tennessee American experienced a very cool, wet
14 summer. As such, sales were down, which decreased production costs. In addition, with
15 the summer being cool and wet, the Tennessee Valley Authority provided more lower
16 cost hydro power, which is much less expensive than thermal power rates that the
17 Company would have seen had it not been a cool, wet summer. As a result, production
18 costs were down.

19 **Q. Do you see the PCOP continually showing a negative surcharge?**

20 A. No. It could change next year, if the Company were to experience a hot, dry summer.
21 However, the Company proposed the PCOP to work both ways – to refund any under
22 expense to the customers, and to adjust the surcharge in the other direction if the

1 Company expends more than the authorized level. This approach permits the
2 streamlined and efficiency benefits intended in the new statute and also secures the public
3 interest.

4 **Q. Has a copy of the proposed PCOP tariff with actual numerical amounts been filed**
5 **with the TRA?**

6 A. Yes. In the initial filing, the attrition year had not been completed and the PCOP was
7 submitted for approval without having the final amount of expenses during the proposed
8 review period. Now the review period, the attrition year from the previous case, has
9 closed and the actual numbers are available. A copy of the PCOP calculation was
10 provided to the TRA in response to Data Request Number 5 on December 30, 2013. A
11 revision to the workpaper in that Data Request is attached as pages 13 and 14 of
12 Petitioner's Supplemental Exhibit Revenue Requirement Calculation – GMV. This
13 revision simply removes the column that allows for the TRA Inspection Fee adjustment,
14 however, the number did not change. A Summary of Riders tariff sheet labeled as TRA
15 No. 19, Original Sheet No. 12-Riders-1, which included the surcharges for the QIIP, EDI,
16 SEC, and the PCOP, was filed with the TRA by the Company on January 13, 2014.. But,
17 upon further review, we determined that a few modifications were appropriate.
18 Therefore, a new tariff will need to be filed.

19 **Q. How does the Company intend on filing this updated Summary of Riders tariff**
20 **sheet?**

21 A. I am enclosing as an exhibit to this Supplemental testimony Petitioner's Supplemental
22 Exhibit Tariff Summary of Riders – GMV, which is Revised Tariff TRA No. 19, Original

1 Sheet No. 12-Riders-1, based on agreed-upon Stipulation adjustments. A copy of this
2 tariff was provided to the TRA during the January 13, 2014 proceedings.

3 **Q. Does the Company have the calculations that support the updated tariff filed on**
4 **January 13, 2014 and also included with this supplemental testimony as Petitioner's**
5 **Supplemental Exhibit Tariff Summary of Riders – GMV?**

6 A. Yes. I am enclosing as an exhibit to this Supplemental testimony Petitioner's
7 Supplemental Exhibit Revenue Requirement Calculation – GMV, which contains all of
8 the calculations originally included in the Company's original filing but updated to reflect
9 the effects of the adjustments included in the Stipulation filed with the TRA on January
10 10, 2014. A copy of these calculation sheets for the QIIP, EDI and SEC were also filed
11 with the TRA as a part of the evidentiary hearing that was held in Nashville, Tennessee
12 for this case on January 13, 2014.

13 **III. SUMMARY**

14 **Q. What is the Company's position on the Stipulation and the tariffs reflected therein?**

15 A. Tennessee American fully supports the Stipulation. The Stipulation reflects an agreement
16 on all contested issues from the Company's initial filing of this case on October 4, 2014.
17 The Company negotiated this settlement with the Consumer Advocate in good faith
18 shown by both parties. It is the Company's belief that the Stipulation provides
19 clarification on some of the issues contained in the Company's initial filing, and includes
20 adjustments that better reflect the proper revenue requirement calculations contained
21 therein. As a result of the good faith work by the parties on the front end, it is the
22 Company's hope that the application and operation of the QIIP Rider, the EDI Rider, the

1 SEC Rider, and the PCOP pass-through will be more streamlined and easier for all
2 parties, including the Authority.

3 **Q. What are you asking the Authority with respect to the Company's Petition and the**
4 **Stipulation between the Company and the Consumer Advocate as filed with the**
5 **Authority on January 10, 2014?**

6 A. The Company is asking the Authority to accept and approve the QIIP, EDI, SEC, and
7 PCOP Tariff as proposed in the Petition and as revised by the Stipulation agreed to by the
8 Company and the Consumer Advocate. The Company does believe that this Petition,
9 coupled with the Stipulation, is in the public interest and the interest of Tennessee
10 American's customers. As such, the Company respectfully asks the Authority for
11 approval of the Petition and the tariffs as stipulated.

12 **Q: Why have you concluded that the Stipulation is in the public interest?**

13 A: The Petition, and the accompanying supporting documentation and testimony, establishes
14 and supports the Company's position that the proposed alternative regulatory
15 mechanisms or riders are in the public interest. As is demonstrated above in my
16 supplemental testimony, the compromises reached between the parties, and set forth in
17 the Stipulation, do not negatively impact the Company's public interest position. In fact,
18 the Company contends that its public interest position is bolstered by the Stipulation.
19 Several, if not all, of the modifications memorialized in the Stipulation serve the public
20 interest, such as, but not limited to, the interest provision and the Earnings Test
21 Adjustment. The Stipulation, like the Petition, does indeed serve the public interest.

1 **Q.** **Does this conclude your prepared supplemental testimony?**

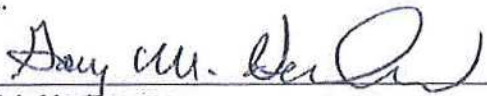
2 **A.** Yes it does.

3
4
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6 |
7
8

STATE OF MISSOURI)
)
COUNTY OF SAINT LOUIS)

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Gary M. VerDouw, being by me first duly sworn deposed and said that:

He is appearing as a witness on behalf of Tennessee-American Water Company before the Tennessee Regulatory Authority, and if present before the Authority and duly sworn, his testimony would set forth in the annexed transcript.



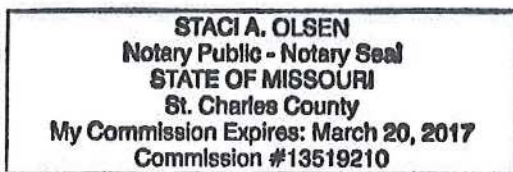
Gary M. VerDouw

Sworn to and subscribed before me
this 16th day of January, 2014.



Notary Public

My Commission Expires: _____



TENNESSEE-AMERICAN WATER COMPANY

TRA NO. 19

Original Sheet No. 12-Riders-1

CLASSIFICATION OF SERVICE**SUMMARY OF RIDERS****1. Applicability**

In addition to the other charges provided for in this Tariff under Service Classifications Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, and Private Fire, a Qualified Infrastructure Improvement Program ("QIIP") Rider, an Economic Development Investment Program Rider ("EDI"), a Safety and Environmental Compliance Program Rider (SEC), and Production Costs and Other Pass-Throughs Rider ("PCOP") will apply to customers in all service areas.

2. The Percentage of Riders and Reconciliations

For the Riders defined in the tariffs :

QIIP	0.79 %
EDI	0.18 %
<u>SEC</u>	<u>0.11 %</u>
Subtotal of all Capital Recovery Riders	1.08 %
QIIP Annual Reconciliation Percentage	0.00 %
EDI Annual Reconciliation Percentage	0.00 %
<u>SEC Annual Reconciliation Percentage</u>	<u>0.00 %</u>
Subtotal of all Reconciliation Percentages	0.00 %
Total of Capital Recovery Riders and Reconciliation Percentages	1.08 %
PCOP	-1.10 %

ISSUED: January 13, 2014**EFFECTIVE: February 10, 2014****BY:**

**Deron E. Allen
PRESIDENT**

**109 Wehl Street
Chattanooga, Tennessee 37403**

Tennessee American Water Company
Qualified Infrastructure Improvement Program (QIIP)
Economic Development Investment Rider (EDI)
Safety and Environmental Compliance Rider (SEC)
Summary Page

Line Number	Rate Mechanism	Revenue Requirement w/ Def. Tax, Accum. Depreciation, w/out TRA Gross Up, & with Forfeited Discount Gross Up	Percentage Applied to Bill w/ Def. Tax, Accum. Depreciation, w/out TRA Gross Up & with Forfeited Discounts Gross Up	Revenue Requirement as Filed	Percentage Applied ot Bill as Filed	Impact of Adjustments on Revenue Requirement	Impact of All Adjustments on Percentage Applied to Bill
1							
2	QIIP	\$ 373,216	0.79%	\$ 381,281	0.81%	\$ (8,065)	-0.02%
3							
4	EDI	84,611	0.18%	86,500	0.18%	\$ (1,889)	0.00%
5							
6	SEC	53,009	0.11%	55,042	0.12%	\$ (2,033)	-0.01%
7							
8	Total	<u>\$ 510,837</u>	<u>1.08%</u>	<u>\$ 522,823</u>	<u>1.11%</u>	<u>\$ (11,986)</u>	<u>-0.03%</u>
9							
10							

Tennessee American Water Company
 Qualified Infrastructure Improvement Program (QIIP)
 Economic Development Rider (EDI)
 Safety and Environmental Compliance Rider (SEC)
 Average Residential Bill Impact
 5/8" Meter and Usage of 5.55 CCF (or 41.54 100 Gallons)

Line Number	Area	Meter Fee	Volumetric Charges	Bill Before Surcharges	QIIP Surcharge at 0.79%	EDI Surcharge at 0.18%	SEC Surcharge at 0.11%	Total Surcharges
1								
2	Chattanooga	\$ 13.96	\$ 7.60	<u>\$ 21.56</u>	\$ 0.17	\$ 0.04	\$ 0.02	<u>\$ 0.23</u>
3								
4	Lookout Mountain	\$ 15.66	\$ 12.39	<u>\$ 28.05</u>	\$ 0.22	\$ 0.05	\$ 0.03	<u>\$ 0.30</u>
5								
6	Lakeview	\$ 15.66	\$ 9.16	<u>\$ 24.82</u>	\$ 0.20	\$ 0.04	\$ 0.03	<u>\$ 0.27</u>
7								
8	Suck Creek	\$ 30.60	\$ 16.12	<u>\$ 46.72</u>	\$ 0.37	\$ 0.08	\$ 0.05	<u>\$ 0.50</u>
9								
10	Lone Oak	\$ 42.03	\$ 15.65	<u>\$ 57.68</u>	\$ 0.46	\$ 0.10	\$ 0.06	<u>\$ 0.62</u>
11								

**Tennessee American Water
Safety and Environmental Compliance (SEC)
Calculation of SEC Revenue Requirement**

<u>Line Number</u>	<u>Description</u>	<u>Company Totals</u>
1	Additions Subject to SEC:	\$ 270,289
2	Plus: Cost of Removal less Salvage	-
3	Less: Contributions in Aid to Construction (CIAC)	-
	Less: Deferred Income Taxes	1,614
	Less: Accumulated Depreciation	11,687
4	Net Investment Supplied SEC Additions:	<u>\$ 256,987</u>
5		
6	Pre-Tax Rate of Return:	9.45%
7	Pre-Tax Return on Additions:	<u>\$ 24,291</u>
8		
9	Depreciation Expense on SEC Additions:	23,375
10		
11	Property and Franchise Taxes Associated with SEC:	<u>3,652</u>
12		
13	SEC Revenues:	<u>\$ 51,318</u>
14		
15	Revenue Taxes	3.19%
16	Total EDI Revenues with Revenue Taxes	<u>\$ 53,009</u>
17		
18	Volumetric and Metered Revenue as Per Docket No. 12-00049	<u>\$ 47,073,724</u>
19		
20	SEC Percentage to Apply to Bill:	<u>0.11%</u>
21		

Tennessee American Water Company
Safety and Environmental Compliance (SEC)
Investment Worksheet

			1	2	3	4	5	6	7	8	9	10	11		
						= 1 + 2		= 1 + 3 + 5 + 8	= 6 x 9.4522%	= (1+2+3)x Depreciation Rate	= (4 x Prop Tax Rate) + (4 x Franchise Rate)	= 7 + 8 + 9	= 10 / (1 - 4.482%)		
	SEC														
Line #	Investment by Plant Account	Account Description	Additions	Retirements	CIAC	Net Investments (for Prop Tax)	Cost of Removal Net of Salvage	Accumulated Deferred Income Taxes	Accumulated Depreciation	Earnings Basis Net Investment	Earnings Basis x PTR	Deprec Exp	Prop Tax & Franchise Fees	Total Before Revenue Tax	Total With Revenue Tax
1	304200	Computer & Peripheral Equipment													
2	Recurring Projects		\$ 21,525	\$ -	\$ -	\$ 21,525	\$ -	\$ (1,521)	\$ (213)	\$ 19,791	\$ 1,871	\$ 426	\$ 291	\$ 2,588	\$ 2,673
3	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
4	Total QIP		\$ 21,525	\$ -	\$ -	\$ 21,525	\$ -	\$ (1,521)	\$ (213)	\$ 19,791	\$ 1,871	\$ 426	\$ 291	\$ 2,588	\$ 2,673
5															
6	304500	Structures & Improvement - General													
7	Recurring Projects		\$ 70,417	\$ -	\$ -	\$ 70,417	\$ -	\$ (396)	\$ (398)	\$ 69,623	\$ 6,581	\$ 796	\$ 951	\$ 8,328	\$ 8,603
8	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total QIP		\$ 70,417	\$ -	\$ -	\$ 70,417	\$ -	\$ (396)	\$ (398)	\$ 69,623	\$ 6,581	\$ 796	\$ 951	\$ 8,328	\$ 8,603
10															
11	311520	Pumping Equipment SOS													
12	Recurring Projects		\$ 21,219	\$ -	\$ -	\$ 21,219	\$ -	\$ (14)	\$ (194)	\$ 21,011	\$ 1,986	\$ 388	\$ 287	\$ 2,661	\$ 2,749
13	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
14	Total QIP		\$ 21,219	\$ -	\$ -	\$ 21,219	\$ -	\$ (14)	\$ (194)	\$ 21,011	\$ 1,986	\$ 388	\$ 287	\$ 2,661	\$ 2,749
15															
16	320200	Water Trmt Equip Filter Media													
17	Recurring Projects		\$ 58,170	\$ -	\$ -	\$ 58,170	\$ -	\$ 7,231	\$ (9,799)	\$ 55,602	\$ 5,256	\$ 19,598	\$ 786	\$ 25,639	\$ 26,484
18	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
19	Total QIP		\$ 58,170	\$ -	\$ -	\$ 58,170	\$ -	\$ 7,231	\$ (9,799)	\$ 55,602	\$ 5,256	\$ 19,598	\$ 786	\$ 25,639	\$ 26,484
20															
21	340200	Computer & Peripheral Equipment													
22	Recurring Projects		\$ 98,957	\$ -	\$ -	\$ 98,957	\$ -	\$ (6,913)	\$ (1,084)	\$ 90,960	\$ 8,598	\$ 2,167	\$ 1,337	\$ 12,102	\$ 12,501
23	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
24	Total QIP		\$ 98,957	\$ -	\$ -	\$ 98,957	\$ -	\$ (6,913)	\$ (1,084)	\$ 90,960	\$ 8,598	\$ 2,167	\$ 1,337	\$ 12,102	\$ 12,501
25															
26	340315	Computer Software Special Deprec Rate													
27	Recurring Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
29	Total QIP		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30															
31	341100	Transportation Equip Lt Duty Trucks													
32	Recurring Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
34	Total QIP		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35															
36	341200	Transportation Equip Hwy Duty Trucks													
37	Recurring Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
39	Total QIP		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40															
41	341300	Transportation Equip Autos													
42	Recurring Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
44	Total QIP		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45															
46	343000	Tools, Shop, Garage Equipment													
47	Recurring Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
49	Total QIP		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50															
51	331001	Transmission & Distribution Mains													
52	Recurring Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53	Investment Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
54	Total QIP		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55															

Tennessee American Water Company
Safety and Environmental Compliance (SEC)
Investment Worksheet

			1	2	3	4	5	B	C	6	7	8	9	10	11
												=(1+2+3)x Depreciation Rate	=(4 x Prop Tax Rate) + (4 x Franchise Rate)		= 10 / (1 - 4.482%)
	SEC					= 1 + 2				= 1 + 3 + 5 + B	= 6 x 9.4522%			= 7 + 8 + 9	
Line #	Investment by Plant Account	Account Description	Additions	Retirements	CIAC	Net Investments (for Prop Tax)	Cost of Removal Net of Salvage	Accumulated Deferred Income Taxes	Accumulated Depreciatlon	Earnings Basis Net Investment	Earnings Basis x PTR	Depr Exp	Prop Tax & Franchise Fees	Total Before Revenue Tax	Total With Revenue Tax
56	333000	Services													
57	Recurring Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
58	Investment Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
59	Total		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60															
61	334100	Meters													
62	Recurring Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63	Investment Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64	Total		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65															
66	334200	Meter Installations													
67	Recurring Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
68	Investment Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
69	Total		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70															
71	335000	Hydrants													
72	Recurring Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
73	Investment Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
74	Total		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
75															
76															
77															
78	Total		\$ 270,289	\$ -	\$ -	\$ 270,289	\$ -	\$ (1,614)	\$ (11,687)	\$ 256,987	\$ 24,291	\$ 23,375	\$ 3,652	\$ 51,318	\$ 53,009
79															
80															
81															

**Tennessee American Water
Economic Development Investment (EDI)
Calculation of EDI Revenue Requirement**

<u>Line Number</u>	<u>Description</u>	<u>Company Totals</u>
1	Additions Subject to EDI:	\$ 604,569
2	Plus: Cost of Removal less Salvage	-
3	Less: Contributions in Aid to Construction (CIAC)	53,204
	Less: Deferred Income Taxes	(3,632)
	Less: Accumulated Depreciation	11,169
4	Net Investment Supplied EDI Additions:	<u>\$ 543,828</u>
5		
6	Pre-Tax Rate of Return:	9.45%
7	Pre-Tax Return on Additions:	<u>\$ 51,404</u>
8		
9	Depreciation Expense on EDI Additions:	22,339
10		
11	Property and Franchise Taxes Associated with EDI:	<u>8,168</u>
12		
13	EDI Revenues:	<u>\$ 81,911</u>
14		
15	Revenue Taxes	3.19%
16	Total EDI Revenues with Revenue Taxes	<u>\$ 84,611</u>
17		
18	Volumetric and Metered Revenue as Per Docket No. 12-00049	<u>\$ 47,073,724</u>
19		
20	EDI Percentage to Apply to Bill:	<u>0.18%</u>
21		

Petitioner's Supplemental Exhibit Revenue Requirement Calculation - GMV
Page 7 of 14

Page 7 of 14

Tennessee American Water Company
Economic Development (ED)
Investment Worksheet

			1	2	3	4	5	B	C	6	7	8	9	10	11

Tennessee American Water
Qualified Infrastructure Improvement Program (QIIP)
Calculation of QIIP Revenue Requirement

Line Number	Description	Company Totals
1	Additions Subject to QIIP:	\$ 2,514,170
2	Plus: Cost of Removal less Salvage	97,710
3	Less: Contributions in Aid to Construction (CIAC)	-
	Less: Deferred Income Taxes	(11,699)
	Less: Accumulated Depreciation	42,224
4	Net Investment Supplied QIIP Additions:	<u>\$ 2,581,355</u>
5		
6	Pre-Tax Rate of Return:	9.45%
7	Pre-Tax Return on Additions:	<u>\$ 243,996</u>
8		
9	Depreciation Expense on QIIP Additions:	84,448
10		
11	Property and Franchise Taxes Associated with QIIP:	\$ 32,862
12		
13	QIIP Revenues:	<u>\$ 361,307</u>
14		
15	Revenue Taxes	3.19%
16	Total QIIP Revenues with Revenue Taxes	<u><u>\$ 373,216</u></u>
17		
18	Volumetric and Metered Revenue as Per Docket No. 12-00049	<u><u>\$ 47,073,724</u></u>
19		
20	QIIP Percentage to Apply to Bill:	<u><u>0.79%</u></u>
21		

Tennessee American Water Company
Qualified Infrastructure Improvement Program (QIIP)
Investment Worksheet

			1	2	3	4	5	B	C	6	7	8	9	10	11

Tennessee American Water Company
Qualified Infrastructure Improvement Program (QIIP)
Investment Worksheet

		1	2	3	4	5	B	C	6	7	8	9	10	11	
					= 1 + 2				= 1 + 3 + 5 + B	= 6 x 9.4522%	= (1+2+3)x Depreciation Rate	= (4 x Prop Tax Rate) + (4 x Franchise Rate)	= 7 + 8 + 9	= 10 / (1 - 4.482%)	
QIIP															
Line #	Investment by Plant Account	Account Description	Additions	Retirements	CIAC	Net Investments (for Prop Tax)	Cost of Removal Net of Salvage	Accumulate d Deferred Income Taxes	Accumulated Depreciatlon	Earnings Basis Net Investment	Earnings Basis x PTR	Depr Exp	Prop Tax & Franchise Fees	Total Before Revenue Tax	Total With Revenue Tax
56	333000	Services													
57	Recurring Projects		\$ 138,934	\$ (11,899)	\$ -	\$ 127,035	\$ 14,205	\$ (537)	\$ (705)	\$ 152,603	\$ 14,424	\$ 1,410	\$ 1,716	\$ 17,551	\$ 18,129
58	Investment Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
59	Total		\$ 138,934	\$ (11,899)	\$ -	\$ 127,035	\$ 14,205	\$ (537)	\$ (705)	\$ 152,603	\$ 14,424	\$ 1,410	\$ 1,716	\$ 17,551	\$ 18,129
60															
61	334100	Meters													
62	Recurring Projects		\$ 260,397	\$ (2,515)	\$ -	\$ 257,882	\$ 3,002	\$ 5,513	\$ (9,632)	\$ 268,912	\$ 25,418	\$ 19,264	\$ 3,484	\$ 48,166	\$ 49,754
63	Investment Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64	Total		\$ 260,397	\$ (2,515)	\$ -	\$ 257,882	\$ 3,002	\$ 5,513	\$ (9,632)	\$ 268,912	\$ 25,418	\$ 19,264	\$ 3,484	\$ 48,166	\$ 49,754
65															
66	334200	Meter Installations													
67	Recurring Projects		\$ 98,771	\$ (48,400)	\$ -	\$ 50,371	\$ 57,779	\$ (235)	\$ (688)	\$ 156,315	\$ 14,775	\$ 1,375	\$ 681	\$ 16,831	\$ 17,386
68	Investment Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
69	Total		\$ 98,771	\$ (48,400)	\$ -	\$ 50,371	\$ 57,779	\$ (235)	\$ (688)	\$ 156,315	\$ 14,775	\$ 1,375	\$ 681	\$ 16,831	\$ 17,386
70															
71	335000	Hydrants													
72	Recurring Projects		\$ 78,546	\$ (1,837)	\$ -	\$ 76,710	\$ 2,193	\$ 76	\$ (882)	\$ 80,815	\$ 7,639	\$ 1,764	\$ 1,036	\$ 10,440	\$ 10,784
73	Investment Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
74	Total		\$ 78,546	\$ (1,837)	\$ -	\$ 76,710	\$ 2,193	\$ 76	\$ (882)	\$ 80,815	\$ 7,639	\$ 1,764	\$ 1,036	\$ 10,440	\$ 10,784
75															
76	330003	Tank Repainting													
77	Recurring Projects		\$ 263,333	\$ -	\$ -	\$ 263,333	\$ -	\$ 9,379	\$ (14,589)	\$ 272,712	\$ 25,777	\$ 29,177	\$ 3,558	\$ 58,513	\$ 60,441
78	Investment Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
79	Total		\$ 263,333	\$ -	\$ -	\$ 263,333	\$ -	\$ 9,379	\$ (14,589)	\$ 272,712	\$ 25,777	\$ 29,177	\$ 3,558	\$ 58,513	\$ 60,441
80															
81															
82															
83	Total		\$ 2,514,170	\$ (81,849)	\$ -	\$ 2,432,321	\$ 97,710	\$ 11,699	\$ (42,224)	\$ 2,581,355	\$ 247,987	\$ 84,448	\$ 32,862	\$ 365,298	\$ 377,339
84															
85															

Tennessee American Water Company
Pre Tax Rate of Return & Revenue Conversion Factors

Last Rate Order:

PTR = ((WCCE +WCPE) * PTRCF) + WCLTD +WSTD	<u>9.4522%</u>
Reconciliation component	0.0000%
Weighted Cost of Common Equity (WCCE)	3.4380%
Weighted Cost of Preferred Equity (WCPE)	0.0000%
Weighted Cost of Long-Term Debt (WCLTD)	3.7623%
Weighted Cost of Short- Term Debt (WCSTD)	0.0330%
(from Settlement agreement)	
Gross Revenue Conversion Factor (PTRCF): 1/(1-PPRT)(1-SIT)(1-FIT)	1.645413

PreTax ROR Conv. Factor

State Excise Tax	0.065	0.065 From Settlement agreement
Balance (1.0-.065)		0.935
Fed Inc. Tax (.935*.35)	0.35	0.32725 From Settlement agreement
Combined Tax Rate (.065 + .32725)		0.39225
Balance (1.0-.39225)		0.60775
PreTax ROR Conv. Factor		<u>1.64541341</u>

Revenue Taxes:

Uncol. Exp	1.057%	From Settlement Agreement - Does not include forfeited discounts
TRA Fee		From House Bill 191
GR Tax	3.000%	From Settlement Agreement
Forfeited Discounts	<u>-0.866%</u>	
Total Rev. Taxes	<u>3.191%</u>	

Projection of Annual Revenues from Last Rate Order:	\$ 47,073,724
Projection of Annual Sales from Last Order in 100 Gallons	100,589,065

Tennessee American Water Company
Docket No. 13-00130
First Discovery Request of the Tennessee Regulatory Authority, Number 55
Sample Calculation of Production Costs and Other Pass-Throughs ("PCOP") Including Non-Revenue Water
To Determine PCOP Tariff Rider
Actuals for the Year Ending November 30, 2013

Line Number	Description	Amount
<u>I. Calculation of the Base Rate Cost of Production Costs and Other Pass-Throughs as authorized in the Base Rate case (*):</u>		
1	Pro Forma Production Costs and Other Pass-Throughs	\$ 4,062,167
2	Pro Forma Water Sales (WS) in 100 Gallons	100,589,065
3	Base Rate Cost per 100 Gallons WS (Line 1 / Line 2)	<u>\$ 0.04038</u>
<u>II. Deferral calculation - Actual Non-Revenue Water Cost Production Costs and Other Pass-Throughs vs. the Base Rate Cost (**):</u>		
4	Actual Production Costs and Other Pass-Throughs	\$ 3,283,590
5	Actual Water Sales (100 Gallons)	92,747,990
6	Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 4 / Line 5)	\$ 0.03540
7	Base Rate Cost per 100 Gallons WS (Line 3)	\$ 0.04038
8	Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 6 - Line 7)	\$ (0.00498)
9	Base Rate Case Water Sales 100 Gallons (Line 2)	100,589,065
10	Deferral Amount (Line 8 * Line 9)	<u>\$ (500,976)</u>
<u>III. Calculation of Production Costs and Other Pass-Throughs ("PCOP") Tariff Rider</u>		
11	Total Deferred Amount (Line 10)	\$ (500,976)
12	Total Deferred Amount Grossed Up for revenue taxes (sum of Gross Receipts)	
13	Total Deferred Amount Grossed Up for revenue taxes (sum of Gross Receipts Tax and Uncollectibles (Line 11 / (1.0-.03616)) (**	\$ (519,771)
14	Projected Annual Base Rate Revenue subject to PCOP (*)	47,073,724
15	PCOP % (Line 13 / Line 14)	<u>-1.10%</u>

(*) The numbers are taken from the settlement agreement in Docket No. 12-00049

(**) The numbers are actuals for the year ended November 30, 2013 including Non-Revenue Water for Purchased Power and Chemicals

(***) Assumes Gross Receipts Tax @ 3.0%, Uncollectibles @ 1.0571%, TRA Fee @ 0.4250%, and Forfeited Discount Rate @ -0.8661%

Tennessee American Water Company
Docket No. 13-00130
For the Twelve Months Ending November 30, 2013
PCOP Actual Expenses

Line #	Description	A	B	C	D
					C - B
		For the 12 Months Ending 11/30/2013	**NRW Limited 12 Mos Ending 11/2013 (Column A, Lines 1 and 2 x Line 18 Recoverable %)	Authorized Amount Per Docket 12-00049	Difference NRW Limited from Authorized Docket 12-00049
1	Purchased Water Including Wheeling Charges	\$ 42,887	\$ 42,887	\$ 51,331	\$ (8,444)
2	Purchased Power	2,428,708	2,167,123	2,678,772	(511,649)
3	Chemicals	790,608	705,456	986,930	(281,474)
4	Waste Disposal	229,781	229,781	213,308	16,473
5	TRA Inspection Fee	138,344	138,344	131,826	6,518
6					
7	Total	<u>\$ 3,630,328</u>	<u>\$ 3,283,590</u>	<u>\$ 4,062,167</u>	<u>\$ (778,577)</u>
8					
9					
10	Sales in 100 Gallons	92,747,990	92,747,990	100,589,065	
11					
12	Cost per 100 Gallons (Line 7 / Line 10)	<u>\$ 0.03914</u>	<u>\$ 0.03540</u>	<u>\$ 0.04038</u>	<u>\$ (0.00498)</u>
	Recoverable % for Production Costs	For the 12 Months Ending 11/30/2013			
13	Sales	92,747,990			
14	System Delivery	124,947,670			
15	Non-Revenue Water % [1 - (Line 13 / Line 14)]	25.8%			
16	Non-Revenue Water % Authorized	15.0%			
17	Variance (If Line 15 > Line 16 then Line 15 - Line 16)	10.8%			
18	Recoverable % (1 - Line 17)	<u>89.2%</u>			

**Non-Revenue Water is only applied to purchased power and chemicals.