

STATE OF TENNESSEE

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February 19, 2014

David Foster, Chief
Utilities Division
Tennessee Regulatory Agency
600 Deaderick Street, 4th Floor
Nashville, Tennessee 37242-0001

VIA ELECTRONIC FILING

RE: Docket No. 13-00130 – *Petition of Tennessee American Water Company for Approval of a Qualified Infrastructure Investment Program, an Economic Development Investment Rider, a Safety and Environmental Compliance Rider, and Pass-Throughs for Purchased Power, Chemicals, Purchased Power, Wheeling Water Costs, Waste Disposal, and TRA Inspection Fee*

Dear Mr. Foster:

Please find attached the Consumer Advocate and Protection Division's response to the TRA Data Request dated February 5, 2014. Do not hesitate to contact me should you have questions or need additional information.

Sincerely,

A handwritten signature in blue ink that reads "Vance L. Broemel".

Vance L. Broemel
Senior Counsel

cc: Melvin Malone (via electronic mail)
Junaid Odubeko (via electronic mail)

**CONSUMER ADVOCATE AND PROTECTION DIVISION
RESPONSE TO TRA DATA REQUEST ISSUED FEBRUARY 5, 2014
TRA DOCKET NO. 13-00130**

- 1. Based upon the support documentation, provided by TAWC in response to TRA request #3, does CAD oppose TAWC tariffs filed on January 23, 2014?**

RESPONSE:

The primary purpose of the CAD's intervention in this case was to establish a conceptual framework for capital and expense recovery riders that are now allowed to be filed in the TRA in accordance with the provisions of Tenn. Code Ann. § 65-5-103(d). Towards this end, the CAD and the Company have both agreed to the stipulated tariffs that were filed on January 23, 2014.

The stipulated tariffs modify the cost recovery components for certain items and establish additional terms governing the procedure for recovery of such costs which were not addressed in the Company's original petition. The CAD believes that the changes contained in the stipulated tariffs provide a more complete reflection of the utility's cost of service outside of a rate case. The CAD also believes that the stipulated tariffs can be used as a conceptual model for other utilities that may desire to make similar tariff filings with the TRA.

The CAD's work in this docket has been toward the development of tariff language describing the costs that can be recovered and the formulas for that cost recovery. The stipulated tariffs allow for and contemplate the TRA's review and/or audit of the support documentation related to the percentage rates derived from the tariffs' formulas. The CAD has not reviewed the actual cost data filed by the Company that produce the capital recovery and expense recovery percentages of 1.08% and -1.10%, respectively. While the CAD reserves the right to review the support documentation of future tariff filings, it does not plan to conduct an independent review of such data in this docket. Accordingly, notwithstanding the support documentation provided by TAWC in response to TRA request #3, the CAD does not oppose the TAWC tariffs filed on January 23, 2014.

- 2. Specifically does CAD agree to a capital recovery rider percentage of 1.08 and PCOP percentage of -1.10?**

RESPONSE:

See response to Item #1, above.