

BUTLER | SNOW

March 5, 2014

**VIA HAND DELIVERY**

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

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

Chairman Allison:

With this letter, I enclose Tennessee-American Water Company's Supplemental Attachment to its Supplemental Responses to the TRA's Third Set of Data Requests in the above-referenced matter. Specifically, this Attachment supplements the Company's response to D.R. No. 3. Please find attached to this letter five (5) paper copies of the Company's Supplemental Attachment. We have electronically filed this Attachment with the Agency.

We appreciate your filing these responses. Please let me know if you have any questions.

With best regards, I am

Very truly yours,



Junaid A. Odubeko

JAO:sc  
enclosures  
cc: Joe Shirley  
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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
<b><u>I. Calculation of the Base Rate Cost of Production Costs and Other Pass-Throughs as authorized in the Base Rate case (*):</u></b>		
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>
<b><u>II. Deferral calculation - Actual Non-Revenue Water Cost Production Costs and Other Pass-Throughs vs. the Base Rate Cost (**):</u></b>		
4	Actual Production Costs and Other Pass-Throughs	\$ 3,375,215
5	Actual Water Sales (100 Gallons)	95,919,225
6	Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 4 / Line 5)	\$ 0.03519
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)	\$ (0.00520)
9	Base Rate Case Water Sales 100 Gallons (Line 2)	100,589,065
10	Deferral Amount (Line 8 * Line 9)	<u>\$ (522,629)</u>
<b><u>III. Calculation of Production Costs and Other Pass-Throughs ("PCOP") Tariff Rider</u></b>		
11	Total Deferred Amount (Line 10)	\$ (522,629)
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)) (**	\$ (542,237)
14	Projected Annual Base Rate Revenue subject to PCOP (*)	47,073,724
15	PCOP % (Line 13 / Line 14)	<u>-1.15%</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	E	F
					C - B		E - D
		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	Adjust Difference for TRA Fee Recovered Via SEC, EDI, or QIIP 12 Months Ending 11/30/2013	Adjusted Difference
1	Purchased Water Including Wheeling Charges	\$ 47,102	\$ 47,102	\$ 51,331	\$ (4,229)		\$ (4,229)
2	Purchased Power	2,428,844	2,223,612	2,678,772	(455,160)		(455,160)
3	Chemicals	795,738	728,500	986,930	(258,430)		(258,430)
4	Waste Disposal	237,656	237,656	213,308	24,348		24,348
5	TRA Inspection Fee	138,344	138,344	131,826	6,518	-	6,518
6							
7	Total	<u>\$ 3,647,685</u>	<u>\$ 3,375,215</u>	<u>\$ 4,062,167</u>	<u>\$ (686,952)</u>	<u>\$ -</u>	<u>\$ (686,952)</u>
8							
9							
10	Sales in 100 Gallons	95,919,225	95,919,225	100,589,065		95,919,225	
11							
12	Cost per 100 Gallons (Line 7 / Line 10)	<u>\$ 0.03803</u>	<u>\$ 0.03519</u>	<u>\$ 0.04038</u>	<u>\$ (0.00520)</u>	<u>\$ -</u>	<u>\$ (0.00520)</u>
Recoverable % for Production Costs		For the 12 Months Ending 11/30/2013					
13	Sales	95,919,225					
14	System Delivery	125,302,340					
15	Non-Revenue Water % [1 - (Line 13 / Line 14)]	23.4%					
16	Non-Revenue Water % Authorized	15.0%					
17	Variance (If Line 15 > Line 16 then Line 15 - Line 16)	8.4%					
18	Recoverable % (1 - Line 17)	<u>91.6%</u>					

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

Tennessee American Water Usage  
Production Costs and Other Pass-Throughs

	<u>Water Usage</u>	<u>System Delivery</u>	<u>NRW</u>
2012 Dec	848,964	983,946	13.72%
2013 Jan	949,787	1,031,684	7.94%
2013 Feb	657,037	927,275	29.14%
2013 Mar	680,167	1,011,416	32.75%
2013 Apr	754,236	1,011,630	25.44%
2013 May	670,896	1,095,358	38.75%
2013 Jun	843,259	1,087,972	22.49%
2013 Jul	842,756	1,100,403	23.41%
2013 Aug	964,467	1,100,821	12.39%
2013 Sep	815,580	1,090,615	25.22%
2013 Oct	844,413	1,086,690	22.29%
2013 Nov	720,360	1,002,424	28.14%
	<u>9,591,923</u>	<u>12,530,234</u>	<u>23.47%</u>

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

Description	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Total
Purchased Water	\$ 4,568	\$ 2,905	\$ 4,180	\$ 2,444	\$ 2,987	\$ 3,565	\$ 4,736	\$ 2,768	\$ 5,177	\$ 4,344	\$ 5,552	\$ 3,877	\$ 47,102
Purchased Power	200,232	199,689	195,299	197,442	196,093	210,098	213,115	206,605	206,917	203,478	204,185	195,692	2,428,844
Chemicals	53,429	71,688	55,018	56,153	61,405	72,724	61,732	80,708	103,771	64,581	60,209	54,319	795,738
Waste Disposal	16,974	71,022	22,966	23,639	23,250	24,372	23,967	4,033	6,371	5,245	9,963	5,855	237,656
TRA Inspection Fee (Amortized in 16S30000)	11,170	11,170	11,170	11,170	12,734	11,561	11,561	11,561	11,561	11,561	11,561	11,561	138,344
Total	<u>\$ 286,373</u>	<u>\$ 356,473</u>	<u>\$ 288,633</u>	<u>\$ 290,849</u>	<u>\$ 296,469</u>	<u>\$ 322,319</u>	<u>\$ 315,111</u>	<u>\$ 305,676</u>	<u>\$ 333,798</u>	<u>\$ 289,210</u>	<u>\$ 291,470</u>	<u>\$ 271,304</u>	<u>\$ 3,647,685</u>

Amounts Approved in Docket 12-00049

Total
Purchased Power
Chemicals
Purchased Water
TRA Inspection Fee
Waste Disposal

Authorized Sales in 100 Gallons 100,589,065

Authorized Water Sales \$ 47,073,724

	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Total
System Delivery	983,946	1,031,684	927,275	1,011,416	1,011,630	1,095,358	1,087,972	1,100,403	1,100,821	1,090,615	1,086,690	1,002,424	<u>12,530,234</u>
Water Sales	848,964	949,787	657,037	680,167	754,236	670,896	843,259	842,756	964,467	815,580	844,413	720,360	<u>9,591,923</u>