

BUTLER SNOW

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T.R.A. DOCKET ROOM

VIA HAND DELIVERY

Hon. James M. Allison, Chairman
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

RE: 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 Water, Wheeling Water Costs, Waste Disposal, and TRA Inspection Fee, TRA Docket No. 13-00130

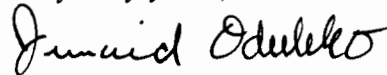
Dear Chairman Allison:

With this letter, for purposes of filing, I enclose an original and four (4) copies of Exhibit PCOP Sample Calculation, referenced on page 51 of the testimony of Mr. Gary Verdouw in our Petition. This filing corrects an error in the original filing wherein this exhibit was not provided.

An extra copy of this cover letter is also enclosed to be file-stamped for our records. Should you have any questions concerning this filing, or require additional information, please do not hesitate to let me know.

With best regards, I am

Very truly yours,



Junaid A. Odubeko

JAO

Enclosure

Cc: Vance Bromel
Joe Shirley

ButlerSnow 18134675v1

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Tennessee American Water Company
Docket No. 13-00130
Sample Calculation (*) of Production Costs and Other Pass-Throughs ("PCOP")
To Determine PCOP Tariff Rider

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	\$ 3,700,000
2	Pro Forma Water Sales (WS) in 100 Gallons	15,200,000
3	Base Rate Cost per 100 Gallons WS (Line 1 / Line 2)	<u>\$ 0.24342</u>
<u>II. Deferral calculation - "Actual" Cost Production Costs and Other Pass-Throughs vs. the Base Rate Cost:</u>		
4	Actual Production Costs and Other Pass-Throughs	\$ 3,600,000
5	Actual Water Sales (100 Gallons)	15,300,000
6	Actual Rate Cost Production Costs and Other Pass-Throughs per 100 Gallons WS (Line 4 / Line 5)	\$ 0.23529
7	Base Rate Cost per 100 Gallons WS (Line 3)	\$ 0.24342
8	Incremental Change in Production Costs and Other Pass-Throughs per 100 Gallons WS	\$ (0.0081)
9	Base Rate Case Water Sales 100 Gallons (Line 2)	15,200,000
10	Deferral Amount (Line 8 * Line 9)	<u>\$ (123,576)</u>
<u>III. Calculation of Production Costs and Other Pass-Throughs ("PCOP") Tariff Rider</u>		
11	Total Deferred Amount (Line 10)	\$ (123,576)
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-.04)) (**)	\$ (128,725)
14	Projected Annual Base Rate Revenue subject to PCOP	<u>45,000,000</u>
15	PCOP % (Line 13 / Line 14)	<u>-0.29%</u>

(*) The numbers and calculations shown on this schedule are for illustrative purposes only and do not necessarily represent actuals
(**) Assumes Gross Receipts Tax @ 3.0% and Uncollectibles @ 1.0%