

March 30, 2015

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**Via Electronic Filing**

Hon. Herbert H. Hilliard, Chairman  
c/o Sharla Dillon  
Tennessee Regulatory Authority  
500 Deadrick Street  
4th Floor  
Nashville, TN 37242

**Re: *Petition of Tennessee American Water Company Regarding the Production Costs and Other Pass Through Rider, TRA Docket No. 15-00001***

Dear Chairman Hilliard:

Attached for filing please find the following:

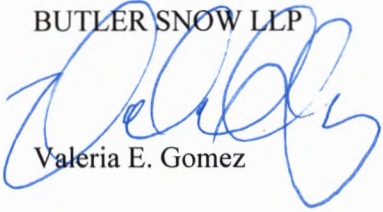
1. The *CAPD's Informal Data Requests to Tennessee American Water Company* in the above-captioned matter.
2. *Tennessee American Water Company's Responses to the CAPD's Informal Data Requests to Tennessee American Water Company*, also in the above-captioned matter.

Excel spreadsheets are also filed electronically with *Tennessee American Water's Responses to the CAPD's Data Requests*.

As required, an original of this filing, along with four (4) additional hard copies, will follow. Should you have any questions or require additional information, please do not hesitate to contact me or Melvin Malone.

Sincerely,

BUTLER SNOW LLP

  
Valeria E. Gomez

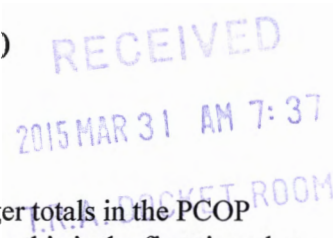
Enclosures

cc: Deron Allen, President, Tennessee-American Water Company  
Wayne Irvin, Assistant Attorney General, Consumer Advocate and Protection Division  
Vance Broemel, Assistant Attorney General, Consumer Advocate and Protection Division

T 615.651.6700  
F 615.651.6701  
www.butlersnow.com

The Pinnacle at Symphony Place  
150 3rd Avenue South, Suite 1600  
Nashville, TN 37201

January 19, 2015



**GENERAL**

1. Explain the Company's rationale for using invoice totals instead of ledger totals in the PCOP calculation. We are not saying that either method is preferable; however this is the first time that the PCOP true-up calculation has been made. Aren't the ledger totals the only amounts considered in the Company's last rate case?
2. Does the Company plan to present a witness to testify to the accuracy and the completeness of the ledger activity in the Company's PCOP calculations?

**PURCHASED WATER**

3. Refer to cell G9 of the "Monthly Totals" tab of the "TN Purchased Water 2014 Workpaper" spreadsheet. This cell refers to information in the "GL Detail" tab (rows 9 - 37) for December 2013 and then deducts certain amounts. Explain the Company's rationale for deciding which amounts to deduct as out of period, since some of the amounts deducted appear to be related to December activity while other amounts retained appear to be related to October activity.
4. Refer to cell G20 of the "Monthly Totals" tab of the "TN Purchased Water 2014 Workpaper" spreadsheet. This cell refers to information in the "GL Detail" tab (rows 208 - 219) for November 2014. Some of the data included for November 2014 appear to be related to December 2014. Please explain.
5. Refer to columns G (General Ledger Total) and H (General Ledger Actual Invoices) of the "Monthly Totals" tab of the "TN Purchased Water 2014 Workpaper" spreadsheet. Explain the difference between these two columns. It appears that the monthly accruals (totaling to zero) are eliminated, therefore these amounts should be identical.
6. Refer to the Purchased Water invoices from Eastside, Hixon and Walden's Ridge that were included in the Company's workpapers. Each of these invoices includes an amount for sales tax. Typically in Tennessee, sales for resale such as these are exempt from sales tax. Otherwise, the end consumer would end up paying for sales tax at both the wholesale and retail level. Explain why these vendors are able to charge a sales tax to TAWC.

**PURCHASED POWER**

7. Refer to Cell F22 (Total Invoices) of the "Monthly Totals" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet. Please reconcile the total purchased power amounts on the schedule totaling \$2,641,344 with the \$2,593,266 amount included on the Petitioner's Exhibit, Support Workpaper, Page 2 of 3. This appears to be a formula error in October 2014 and November 2014.
8. Refer to Column F (Document Type) of the "GL trans" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet. Provide a definition for all "document type" codes.

**WHN Consulting**

**Informal Data Request to TAWC – PCOP True-up (TRA Docket 15-00001)**

**January 19, 2015**

9. Refer to Row 21 (December 2014) of the "Monthly Totals" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet. Explain why the Company includes 13 months of data in the "General Ledger Total" and the "GL Accrued Amount" totals.
10. Refer to Columns I (General Ledger Amount) and J (Invoice Amount) of the "GL trans" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet. Explain the difference between the General Ledger Amount and Invoice Amounts. Also explain why most of the Invoice Amount fields are unpopulated.

**CHEMICALS**

11. Refer to the "GL Trans" tab and the "51800000 GL" tab of the "Monthly Totals" tab of the "TN Chemicals 2014 - workpaper" spreadsheet. Explain the difference between these two spreadsheets.
12. Refer to Column G (Document Type) of the "51800000 GL" tab of the "TN Chemicals 2014 - workpaper" spreadsheet. Provide a definition for all "document type" codes.

**WASTE DISPOSAL**

13. Refer to Cell I20 (December Ledger Amount of \$-46,193.09) of the "Waste Disposal by Month" tab of the "TN Waste Disposal 2014 Workpaper" spreadsheet. Explain the negative ledger amount for the month.
14. Refer to Column H (Document Type) of the "GL Detail" tab of the "TN Waste Disposal 2014 Workpaper" spreadsheet. Provide a definition for all "document type" codes.

**TRA FEE**

15. No questions on this category.

**REVENUE**

16. Refer to the "Links" tab of the "TN Revenue 2014 Workpaper" spreadsheet. The numbers on this tab refer to a "General Ledger 2014" spreadsheet that was not provided with the Company's filing. Please provide the source and support for this information.
17. Refer to Column I (Adjustments) of the "Workpaper" tab of the "TN Revenue 2014 Workpaper" spreadsheet. Please provide the source and support for this information.
18. Refer to the "Pivot" tab of the "TN Revenue 2014 Workpaper" spreadsheet. Explain why the "CR" revenues are positive while the "PCOP" revenues are negative.

**WHN Consulting**

**Informal Data Request to TAWC – PCOP True-up (TRA Docket 15-00001)**

**January 19, 2015**

19. Refer to Cell E45 (Interest Rate) of the "Workpaper" tab of the "TN Revenue 2014 Workpaper" spreadsheet. Explain why the Company only applies half (50%) of the prime interest rate to the interest calculation.
20. Refer to Cell C34 (Approved Deferral of \$542,382) of the "Workpaper" tab of the "TN Revenue 2014 Workpaper" spreadsheet. Please provide the source and support for this amount.

**PCOP CALCULATION**

21. Refer to Page 2 of 3 of the "TN PCOP Calc 2014 Workpaper". Specifically refer to Column C, Row 10 of this PDF file that indicates authorized sales of 100,589,065 (100 gallons) from the last rate case. Please provide the source and support for this amount. Specifically, per Page 23 of Novak direct testimony in Docket 13-00130, this amount should be 100,578,654. Please reconcile this difference.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO FIRST SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

RECEIVED  
2015 MAR 31 AM 7:35  
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**Responsible Witnesses: Linda C. Bridwell**

**Question:**

1. Please provide a copy of the Company's monthly financial statements from December 2011 (end of the test period in the last rate case) through December 2014 that report each of the individual expense components included in the PCOP.

**Response:**

These statements are provided monthly to the TRA and are provided to the CAPD for convenience. Please note that the TRA Inspection fee is included as part of the overall General Tax Account. Please see the attached files.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO FIRST SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

2. Please reconcile the historical monthly amounts included in the PCOP Tariff Filing with the amounts reported on the Company's financial statements.

**Response:**

Please refer to the attachment.

Tennessee American Water Company  
 TRA Docket No. 15-00001  
 For the Twelve Months Ending November 30, 2014  
 PCOP Filing Expenses vs. Financial Statements Reconciliation

	Purchased Water				Purchased Fuel & Power			
	Invoices in Filing	Filing GL	Fin Statement	GL Diff	Invoices in Filing	Filing GL	Fin Statement	GL Diff
Dec-13	\$3,464.00	\$3,565.65	\$7,527.69	-\$3,962.04	\$196,426.00	\$189,105.61	\$189,105.61	\$0.00
Jan-14	2,692.00	3,709.22	3,709.22	0.00	235,499.00	293,985.71	293,985.71	0.00
Feb-14	2,781.00	2,883.22	2,883.22	0.00	232,546.00	172,984.78	172,984.78	0.00
Mar-14	2,325.00	2,834.43	2,834.43	0.00	222,579.00	231,811.15	231,811.15	0.00
Apr-14	2,946.00	2,309.46	2,309.46	0.00	214,782.00	211,670.99	211,670.99	0.00
May-14	5,263.00	511.93	511.93	0.00	227,103.00	217,183.27	217,183.27	0.00
Jun-14	4,007.00	4,146.90	4,146.90	0.00	226,211.00	228,236.98	228,236.98	0.00
Jul-14	4,059.00	8,585.99	8,585.99	0.00	233,909.00	245,026.36	245,026.36	0.00
Aug-14	3,984.00	4,792.76	4,792.76	0.00	221,407.00	191,706.87	191,706.87	0.00
Sep-14	3,560.00	3,319.92	3,319.92	0.00	219,579.00	236,774.62	236,774.62	0.00
Oct-14	4,712.00	3,476.70	3,476.70	0.00	200,845.00	236,879.14	236,879.14	0.00
Nov-14	3,671.00	2,340.12	1,259.14	1,080.98	162,577.00	167,288.57	167,288.57	0.00
Total	\$43,464.00	\$42,476.30	\$45,357.36	-\$2,881.06	\$2,593,463.00	\$2,622,654.05	\$2,622,654.05	\$0.00

13-Dec \*removed Hixson & Waldens Ridge

14-Nov included charges thru 12/18

Tennessee  
TRA Docket  
For the Tw  
PCOP Filing

Chemicals				
	Invoices in Filing	Filing GL	Fin Statement	GL Diff
Dec-13	\$68,178.00	\$68,178.32	\$68,178.32	\$0.00
Jan-14	69,127.00	69,127.32	69,127.32	0.00
Feb-14	67,084.00	67,083.50	67,083.50	0.00
Mar-14	65,179.00	65,178.91	65,178.91	0.00
Apr-14	75,380.00	75,379.64	75,379.64	0.00
May-14	76,908.00	76,907.80	76,907.80	0.00
Jun-14	76,926.00	76,925.97	76,925.97	0.00
Jul-14	81,523.00	81,522.99	81,522.99	0.00
Aug-14	109,869.00	109,869.25	109,869.25	0.00
Sep-14	105,150.00	105,150.29	105,150.29	0.00
Oct-14	65,079.00	65,079.11	65,079.11	0.00
Nov-14	57,652.00	57,652.07	57,652.07	0.00
Total	\$918,055.00	\$918,055.17	\$918,055.17	\$0.00



Tennessee  
TRA Docket  
For the Two  
PCOP Filing

	Waste Disposal					TRA Inspection Fee			
	Invoices in Filing	Filing GL	Fin Statement	GL Diff		Invoices in Filing	Filing GL	Fin Statement	GL Diff
Dec-13	\$7,254.00	\$11,909.44	\$20,120.31	-\$8,210.87		\$11,561.00	\$11,561.25	\$11,561.25	\$0.00
Jan-14	30,553.00	21,596.42	21,596.42	0.00		11,561.00	11,561.25	11,561.25	0.00
Feb-14	45,541.00	14,639.57	14,639.57	0.00		11,561.00	11,561.25	11,561.25	0.00
Mar-14	19,135.00	41,130.00	41,130.00	0.00		27,055.00	27,055.25	27,055.25	0.00
Apr-14	27,737.00	66,486.69	66,486.69	0.00		11,561.00	11,561.25	11,561.25	0.00
May-14	43,692.00	21,782.41	21,782.41	0.00		15,435.00	15,434.75	15,434.75	0.00
Jun-14	18,961.00	21,215.05	21,215.05	0.00		15,435.00	15,434.75	15,434.75	0.00
Jul-14	40,796.00	22,814.19	22,814.19	0.00		15,435.00	15,434.75	15,434.75	0.00
Aug-14	36,410.00	19,477.15	19,477.15	0.00		15,435.00	15,434.75	15,434.75	0.00
Sep-14	44,184.00	133,643.95	133,643.95	0.00		15,435.00	15,434.75	15,434.75	0.00
Oct-14	18,586.00	21,157.75	21,157.75	0.00		15,435.00	15,434.75	15,434.75	0.00
Nov-14	14,916.00	(46,193.09)	39,154.37	(85,347.46)		15,435.00	15,434.75	15,434.75	0.00
Total	\$347,765.00	\$349,659.53	\$443,217.86	-\$93,558.33		\$181,344.00	\$181,343.50	\$181,343.50	\$0.00

Dec-13 removed prior month true ups

Nov-14 included charges thru 12/15

Total Filing	4,084,091.00
Total per Financial Statements	4,210,627.94
	(126,536.94)

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

1. General

Explain the Company's rationale for using invoice totals instead of ledger totals in the PCOP calculation. We are not saying that either method is preferable; however this is the first time that the PCOP true-up calculation has been made. Aren't the ledger totals the only amounts considered in the Company's last rate case?

**Response:**

The request to utilize the invoice totals that match the service period was a request from the Tennessee Regulatory Authority. Tennessee American had originally filed the Production Costs and Other Pass-Throughs in Docket No. 13-00130 utilizing the ledger totals. Yes, the ledger totals are the only amounts considered in the previous rate case. Tennessee American understands that purchased gas costs are audited by the TRA using invoices rather than ledger balances. However, since gas costs are generally not included in a rate case, Tennessee American understands that an invoice audit may be the only verification of gas costs. For Tennessee American, the production expenses are first obtained in the rate case from ledger. This gives a slight apples to oranges comparison in the PCOP. Going forward, Tennessee American hopes that the TRA will reconsider this method of examining the monthly production expenses in the PCOP.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
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CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

2. General

Does the Company plan to present a witness to testify to the accuracy and the completeness of the ledger activity in the Company's PCOP calculations?

**Response:**

Tennessee American had only planned on presenting one witness, Ms. Bridwell, who will be able to provide information regarding American Water controls on Accounting, and Policies and Practices including quarterly certifications of the accuracy of the general ledger. If additional information is needed that she is unable to answer, an additional witness will be made available.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

3. Purchased Water

Refer to cell G9 of the "Monthly Totals" tab of the "TN Purchased Water 2014 Workpaper" spreadsheet. This cell refers to information in the "GL Detail" tab (rows 9 - 37) for December 2013 and then deducts certain amounts. Explain the Company's rationale for deciding which amounts to deduct as out of period, since some of the amounts deducted appear to be related to December activity while other amounts retained appear to be related to October activity.

**Response:**

In Docket No. 13-00130, TRA staff requested the expenses be by service date instead of general ledger posting. The purchased water invoices post to the General Ledger subsequent to their service dates recorded on the physical invoice. For example, an invoice that posts to the General Ledger in December 2013 could be related to a November 2013 service date. These 'out of period' deductions are related to invoices outside the 2014 filing year, so they are deducted from the total in cell G9. The filing includes invoices with service dates from December 2013 – November 2014.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

4. Purchased Water

Refer to cell G20 of the "Monthly Totals" tab of the "TN Purchased Water 2014 Workpaper" spreadsheet. This cell refers to information in the "GL Detail" tab (rows 208 - 219) for November 2014. Some of the data included for November 2014 appear to be related to December 2014. Please explain.

**Response:**

In Docket No. 13-00130, TRA staff requested the expenses be by service date instead of general ledger posting. The purchased water invoices post to the General Ledger subsequent to their service dates recorded on the physical invoice. For example, an invoice that posts to the General Ledger in December 2014 could be related to a November 2014 service date. Therefore, cell G20 includes expenses that posted to the General Ledger in December 2014, but are related to the expenses in the filing year.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

5. Purchased Water

Refer to columns G (General Ledger Total) and H (General Ledger Actual Invoices) of the "Monthly Totals" tab of the "TN Purchased Water 2014 Workpaper" spreadsheet. Explain the difference between these two columns. It appears that the monthly accruals (totaling to zero) are eliminated, therefore these amounts should be identical.

**Response:**

In Docket No. 13-00130, TRA staff requested the expenses be by service date instead of general ledger posting. The December 2013 difference appears to be two accruals picked up by error for a total of \$20.90. April, May, June, July and September differences appear to be related to payments to the City of Dunlap that are not included in the PCOP, and two Hixson Utility payments made by P-Card that were not included in the PCOP for a total of \$62.90, that should have been included. Tennessee American is not proposing to make a change in the PCOP totals.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

6. Purchased Water

Refer to the Purchased Water invoices from Eastside, Hixon and Walden's Ridge that were included in the Company's workpapers. Each of these invoices includes an amount for sales tax. Typically in Tennessee, sales for resale such as these are exempt from sales tax. Otherwise, the end consumer would end up paying for sales tax at both the wholesale and retail level. Explain why these vendors are able to charge a sales tax to TAWC.

**Response:**

The Company believes the sales tax was charged erroneously and is investigating recovery of the taxes.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

7. Purchased Power

Refer to Cell F22 (Total Invoices) of the "Monthly Totals" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet. Please reconcile the total purchased power amounts on the schedule totaling \$2,641,344 with the \$2,593,266 amount included on the Petitioner's Exhibit, Support Workpaper, Page 2 of 3. This appears to be a formula error in October 2014 and November 2014.

**Response:**

The amount of \$2,641,344 in cell F22 (Total Invoices) of the "Monthly Totals" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet is correct. Yes, it appears that there is a formula error in the link. The October and November 2014 amounts included on the Petitioner's Exhibit, Support Workpaper, Page 2 of 3 are incorrect and should be \$210,459 and \$200,845 respectively.



**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

8.     Purchased Power

Refer to Column F (Document Type) of the "GL trans" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet. Provide a definition for all "document type" codes.

**Response:**

The definitions for the document type codes included in Column F (Document Type) of the "GL trans" tab of the "TN Fuel and Power 2014 Workpaper" are as follows:

CF	CO-FI Reconciliation (Controlling and Financial Reconciliation to appropriate NARUC account)
CS	O&M WBS Settlements
SG	JE Reversals
SV	Reversing JEs
ZI	PCard Inbound Internal
ZN	Gas & Electric Invoice

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

9. Purchased Power

Refer to Row 21 (December 2014) of the "Monthly Totals" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet. Explain why the Company includes 13 months of data in the "General Ledger Total" and the "GL Accrued Amount" totals.

**Response:**

In Docket No. 13-00130, TRA staff requested the expenses be by service date instead of general ledger posting. The purchased power invoices post to the General Ledger subsequent to their service dates recorded on the physical invoice. Row 21 (December 2014) of the "Monthly Totals" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet was included to reconcile the invoices included in the filing to the general ledger. In December 2013 (Row 9), the general ledger included invoices with November 2013 service dates. A column titled "Outside of Service Date Range" was included to show the November 2013 and December 2014 invoices that were included in the general ledger, but were not part of the filing period. The December 2014 general ledger amounts in Row 21 include the November 2014 invoices and the reversal of the November 2014 accrual.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

10. Purchased Power

Refer to Columns I (General Ledger Amount) and J (Invoice Amount) of the "GL trans" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet. Explain the difference between the General Ledger Amount and Invoice Amounts. Also explain why most of the Invoice Amount fields are unpopulated.

**Response:**

In Docket No. 13-00130, TRA staff requested the expenses be by service date instead of general ledger posting. The purchased power invoices post to the General Ledger subsequent to their service dates recorded on the physical invoice. The Invoice Amounts column was added to the "GL trans" tab of the "TN Fuel and Power 2014 Workpaper" spreadsheet in order to reconcile the invoices included in the filing to the general ledger. The majority of the differences between the General Ledger Amounts and the Invoice Amounts are invoices that were outside the service date range for the filing. Most of the Invoice Amount fields are blank because only document type "ZN" – Gas & Electric Invoice was populated. The remaining document types are journal entries or settlements.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

11. Chemicals  
Refer to the "GL Trans" tab and the "51800000 GL" tab of the "Monthly Totals" tab of the "TN Chemicals 2014 - workpaper" spreadsheet. Explain the difference between these two spreadsheets.

**Response:**

The difference between the two spreadsheets is the inclusion of activity for accounts 51800000 (Chemical Expense), 24163000 (GRIR-Stock C – Chem) and 24164000 (GRIR-Non-inventory) in the "Monthly Totals" tab. Only activity for account 51800000 is included in the "51800000 GL" tab. Accounts 24163000 and 24164000 is where Chemicals are posted upon receipt from vendors. The account is adjusted at the end of each month for chemicals used during that month. The offsetting entry is to account 51800000 (Chemical Expense).

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

12.    Chemicals

Refer to Column G (Document Type) of the "51800000 GL" tab of the "TN Chemicals 2014 - workpaper" spreadsheet. Provide a definition for all "document type" codes.

**Response:**

Definition for document types

CF - CO/FI Reconciliation (Controlling and Financial Reconciliation to appropriate NARUC account)

KG - Vendor credit memo

KR - Vendor invoice

RE - Invoice - Gross

SG - JE Reversals (Journal Entry Reversals)

SV - Reversing JEs (Reversing Journal Entries)

WA - Goods Issue

WE - Goods Receipt

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

13.    Waste Disposal  
Refer to Cell I20 (December Ledger Amount of \$-46,193.09) of the "Waste Disposal by Month" tab of the "TN Waste Disposal 2014 Workpaper" spreadsheet. Explain the negative ledger amount for the month.

**Response:**

In Docket No. 13-00130, TRA staff requested the expenses be by service date instead of general ledger posting. The waste disposal invoices post to the General Ledger subsequent to their service dates recorded on the physical invoice. For example, an invoice that posts to the General Ledger in December 2014 could be related to a November 2014 service date. Therefore, general ledger postings for December 2014 were included in cell I20, to include expenses related to the filing year. In addition, differences arise due to the timing of the offsetting accruals. For example, accruals relating to October 2014 would have been offset in November 2014, but the October accrual is not included in the cell I20 total. As a result, there is a negative ledger amount for the month.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

14.    Waste Disposal  
Refer to Column H (Document Type) of the "GL Detail" tab of the "TN Waste Disposal 2014 Workpaper" spreadsheet. Provide a definition for all "document type" codes.

**Response:**

Document Types:

CF – CO-FI Reconciliation (Controlling & Financial Reconciliation and settlement to appropriate NARUC account)  
KP – Account Maintenance  
KR – Vendor Invoice  
RE – Invoice (Gross)  
SA – G/L Account Document (General Ledger Account Document)  
SD – Purchase Card Unmapped Accrual  
SG – JE Reversals (Journal Entry Reversals)  
SN – Use Tax Reversals  
SR – GA Recurring Journal Entry (General Account Recurring Journal Entry)  
SV – Reversing Journal Entry  
WE – Goods Receipt  
ZI – Purchase Card Inbound Int (Purchase Card Inbound Internal)

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO INFORMAL REQUEST FOR INFORMATION OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

15.    TRA Fee  
      No Questions on this Category.

**Response:**

No Response Required.



**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

16. Revenue

Refer to the "Links" tab of the "TN Revenue 2014 Workpaper" spreadsheet. The numbers on this tab refer to a "General Ledger 2014" spreadsheet that was not provided with the Company's filing. Please provide the source and support for this information.

**Response:**

Please refer to the attachment. Due to the size of the raw data listed on the tab marked "Download", that individual tab has only been provided electronically.

**TENNESSEE AMERICAN WATER COMPANY  
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CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

17. Revenue  
Refer to Column I (Adjustments) of the "Workpaper" tab of the "TN Revenue 2014 Workpaper" spreadsheet. Please provide the source and support for this information.

**Response:**

The Workpaper tab is based on a download from the billing records. The Capital Rider section of the spreadsheet should only have DSIC charges (capital riders) in Column E. The Surcharges on lines 8, 10, 13, and 17 are PCOP charges that show on the bill analysis as capital riders. Column I removes them from Capital Riders and includes them in PCOP charges.

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
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OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

18.    Revenue

Refer to the "Pivot" tab of the "TN Revenue 2014 Workpaper" spreadsheet. Explain why the "CR" revenues are positive while the "PCOP" revenues are negative.

**Response:**

The "Pivot" tab is based on a download from our customer billing records. Since the approved rates for the "CR" (Capital Riders) is positive and "PCOP" is negative, that is how they are reflected in the billing records.

**TENNESSEE AMERICAN WATER COMPANY  
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**Responsible Witnesses: Linda C. Bridwell**

**Question:**

19. Revenue  
Refer to Cell E45 (Interest Rate) of the "Workpaper" tab of the "TN Revenue 2014 Workpaper" spreadsheet. Explain why the Company only applies half (50%) of the prime interest rate to the interest calculation.

**Response:**

Please refer to the attachment which is from the final tariff sheet. It was Tennessee American's understanding during the development of the tariff that a straightforward interest calculation would be in the best interest of all stakeholders. Rather than attempt to calculate and apply pro-rated interest monthly on a monthly amount of an over/under collection or refund, Tennessee American proposed applying the equivalent of half of the annual interest rate for the entire amount throughout the year.

TENNESSEE-AMERICAN WATER COMPANY

TRA No. 19  
Original Sheet No. 12-PCOP - 4

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(A) The Over-Under Collection Adjustment shall be computed as follows:

Total PCOP Costs Collected from Customers for the Review Period  
Less Total Deferred PCOP Costs Authorized for the Review Period  
Subtotal of Over-Under Collection Adjustment  
Plus Interest Adjustment  
Total Over-Under Collection Adjustment

(B) Computation of Interest Adjustment.

Interest will be computed as follows:

Subtotal of Over-Under Collection Adjustment  
Multiplied by (Interest Rate Multiplied by 50%)Interest Adjustment

Where "Interest Rate" equals the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the most recent preceding month.

6. New Base Rates

The PCOP rider will be reset at zero upon the establishment of new base rates to customer billings that provide for the prospective recovery of the annual costs that had theretofore been recovered under the PCOP rider. Thereafter, only the costs of new PCOP incremental costs that have not previously been reflected in the Company's base rates would be reflected in new annual prospective PCOP filings.

7. Annual Filing with the Authority

Within 30 days of the end of the most recently authorized Attrition Year set forth in the Relevant Rate Order, and every twelve months subsequent to the end of that Attrition Year, the Company shall submit to the Authority an annual filing calculating the PCOP Percentage Rate. The annual filing shall be verified by an officer of the Company. The PCOP Percentage Rate shall become effective 30 days after the annual filing is submitted to the Authority and shall be applied as an adjustment to Customers' bills for the twelve month period following the effective date of the PCOP Percentage Rate..

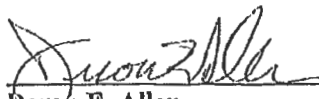
The Company will include in its annual filing the following information at a minimum: (a) a schedule of all Review Period PCOP Costs, including any related general ledger support, (b) actual

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ISSUED: March 25, 2014

EFFECTIVE: April 15, 2014

BY:

  
Deon E. Allen  
PRESIDENT

109 Wiehl Street  
Chattanooga, Tennessee 37403

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
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**Responsible Witnesses: Linda C. Bridwell**

**Question:**

20. Revenue

Refer to Cell C34 (Approved Deferral of \$542,382) of the "Workpaper" tab of the "TN Revenue 2014 Workpaper" spreadsheet. Please provide the source and support for this amount.

**Response:**

This number was the final Deferred Amount on Line 13 of the PCOP Calculation Exhibit in Docket No. 13-00130 on which the current authorized rate of -1.15% is based. This was located in response to Item No. 6 of the Tennessee Regulatory Authority's Third Data Request. This file was a Supplemental Attachment 1 that was updated on March 4, 2014. A copy of the final calculation is attached.

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 For the 12 Months Ending 11/30/2013	B **NRW Limited 12 Mos Ending 11/2013 (Column A, Lines 1 and 2 x Line 18 Recoverable %)	C Authorized Amount Per Docket 12-00049	D C - B Difference NRW Limited from Authorized Docket 12-00049	E Adjust Difference for TRA Fee Recovered Via SEC, EDI, or QIIP 12 Months Ending 11/30/2013	F E - D 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

	<b>Water Usage</b>	<b>System Delivery</b>	<b>NRW</b>
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%
	<hr/>	<hr/>	<hr/>
	9,591,923	12,530,234	23.47%

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET 15-00001  
RESPONSE TO SECOND SET OF INFORMAL REQUEST FOR INFORMATION  
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CONSUMER ADVOCATE AND PROTECTION DIVISION**

**Responsible Witnesses: Linda C. Bridwell**

**Question:**

21. PCOP Calculation

Refer to Page 2 of 3 of the "TN PCOP Calc 2014 Workpaper". Specifically refer to Column C, Row 10 of this PDF file that indicates authorized sales of 100,589,065 (100 gallons) from the last rate case. Please provide the source and support for this amount. Specifically, per Page 23 of Novak direct testimony in Docket 13-00130, this amount should be 100,578,654. Please reconcile this difference.

**Response:**

The amount 100,578,654 should have been utilized for the authorized sales from the last rate case. Fire service connections were added in to the amount in error.