

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:

**PETITION OF TENNESSEE WATER
SERVICE, INC. FOR APPROVAL OF
AN INTERIM EMERGENCY
WILDFIRE RESTORATION
SURCHARGE, INTERIM EMERGENCY
WATER SERVICE AVAILABILITY
FEE, EMERGENCY MAKE-WHOLE
SURCHARGE AND AN INTERIM
EMERGENCY OPERATIONAL COST
PASS-THROUGH MECHANISM**

DOCKET NO. 17-00108

DIRECT TESTIMONY

of

ALEX BRADLEY

**ON BEHALF OF
THE CONSUMER PROTECTION AND ADVOCATE DIVISION
OF THE
TENNESSEE ATTORNEY GENERAL'S OFFICE**

November 9, 2017

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AT NASHVILLE, TENNESSEE

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PASS-THROUGH MECHANISM

DOCKET NO. 17-00108

AFFIDAVIT

I, Alex Bradley, on behalf of the Consumer Protection and Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.


ALEX BRADLEY

Sworn to and subscribed before me
this 9th day of Nov., 2017.


NOTARY PUBLIC



My commission expires: 4 May 6, 2019

1 **Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION**
2 **FOR THE RECORD.**

3 **A1.** My name is Alex L. Bradley. My business address is Office of the Tennessee
4 Attorney General, UBS Tower, 315 Deaderick Street, Nashville, TN 37243. I am an
5 Accounting & Tariff Specialist employed by the Consumer Protection and Advocate
6 Division of the Tennessee Attorney General's Office.

7 **Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**
8 **PROFESSIONAL EXPERIENCE.**

9 **A2.** I received a Bachelor of Science in Business Administration with a major in
10 Accountancy along with a Bachelor of Arts with a major in Political Science from
11 Auburn University in 2012. I have been employed by the Consumer Protection and
12 Advocate Division of the Tennessee Attorney General's Office (Consumer Advocate)
13 since 2013. My duties include reviewing utility regulatory filings and preparing
14 analysis used to support Consumer Advocate testimony and exhibits. I have
15 completed regulatory training sponsored by the National Association of Regulatory
16 Utility Commissions (NARUC) held by Michigan State University.

17 **Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE**
18 **TENNESSEE PUBLIC UTILITY COMMISSION?**

19 **A3.** No.

1 **Q4. ON WHOSE BEHALF ARE YOU TESTIFYING?**

2 **A4.** I am testifying on behalf of the Consumer Advocate of the Tennessee Attorney
3 General's Office.

4 **Q5. COULD YOU PLEASE SUMMARIZE THE COMPANY'S PROPOSALS**
5 **CONTAINED IN ITS PETITION FOR EMERGENCY INTERIM RELIEF?**

6 **A5.** I would direct you to Mr. David Dittmore's Testimony page 3, line 11 to page 5, line
7 8.

8 **Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9 **A6.** The purpose of my testimony is to provide a historical analysis of the Company's
10 Return on Equity (ROE). My review did not include a more extensive review of the
11 Company's books and records that would typically be done in the course of reviewing
12 a traditional rate case.

13 **Q7. IN ADDITION TO THE DOCUMENTS FILED BY THE COMPANY IN THIS**
14 **DOCKET DID YOU REVIEW ANY OTHER INFORMATION?**

15 **A7.** Yes, I also obtained from the Tennessee Public Utility Commission (TPUC) and
16 reviewed the 2016 Annual Report and the Company's Quarterly 3.07 reports for all
17 quarters of 2013 along with the first three quarters of 2014 that were filed with TPUC.
18 Through Discovery Responses, provided by the Company, I was able to obtain and
19 review the Quarterly Report for the fourth quarter of 2014 along with the Quarterly
20 Reports for every quarter of 2015 and 2016.

Q8. WHAT INFORMATION IS GENERALLLY CONTAINED WITHIN THE ANNUAL AND QUARTERLY 3.07 REPORTS?

A8. The Company's Annual and 3.07 Quarterly reports contain reporting values of revenues, expenses, and investments made by the Company in the relevant reporting period along with the corresponding period from the prior year. Specifically, the 3.07 Quarterly Reports, attached as Exhibit AB-1, break down revenues from customer classes and provide an overview of Operations and Maintenance expense along with balance sheet values for the accounts used to calculate the Company's current rate base.

Q9. WHAT IS THE PURPOSE OF CALCULATING THE COMPANY'S HISTORICAL ROE?

A9. Calculating the Company's earned ROE allows one to create a historical analysis of the Company's earnings after the Company has paid all of it expenses.

Q10. HOW DID YOU CALCULATE THE COMPANY'S HISTORICAL ROE?

A10. To calculate the Company's historical ROE, I began by calculating the Company's Net Operating Income (Revenue minus Operating Expenses, Depreciation and Taxes¹) using the Quarterly 3.07 reports filed by the Company at TPUC. For each quarterly report, I calculated the current rate base by taking the current utility plant (plus applicable additions) minus deductions such as accumulated depreciation and contributions in aid of construction to derive the current rate base. Once the current

¹ Certain Quarterly 3.07 Reports contain no Income Tax Expense. In situations where no Income Tax Expense was given it was computed at the highest statutory rate that would apply to Utilities Inc., representing a conservative assumption. If TWS is a pass-through entity, zero Income Tax Expense may be appropriate.

rate base is established, I multiplied that value by the Long Term Debt Ratio of 59.36% as established in the Company's last rate case, TPUC Docket No. 09-00017, to arrive at the amount of rate base financed by debt². Once rate base financed by debt has been calculated, I multiplied that value by the interest rate established in the Company's last rate case 6.40%, to derive the interest expense on the rate base debt³. To derive the Company's Net Income for the period requires taking the net operating income minus the calculated interest expense on rate base debt. Once Net Income has been calculated the Company's ROE is derived by dividing the Net Income by the Company's Equity in rate base (rate base *(100-Long Term Debt Ratio)). Put simply, ROE is calculated by dividing the Net Income of the Company by the equity investment of the Company's shareholders in rate base.

Q11. WHAT DID YOU LEARN FROM YOUR REVIEW OF THE ANNUAL AND 3.07 QUARTERLY REPORTS THE COMPANY FILED AT TPUC?

A11. My review of the 3.07 Quarterly reports of the Company are shown in Exhibit AB-2. Below is a yearly breakdown of the results of my review of the 3.07 Quarterly Reports.

12 Months Ending	Return on Equity %	Earning in Excess of Approved ROE
December 31, 2013	22.29%	\$29,459
December 31, 2014	17.63%	\$21,059

² The debt ratio of 59.36% is also used by the Company in the work papers supporting the surcharges.

³ The interest rate of 6.40% is also used by the Company in the work papers supporting the surcharges.

December 31, 2015	19.93%	\$27,827
December 31, 2016	13.05%	\$12,238

Specifically, as shown in Exhibit AB-3, in the 12-month period directly preceding the 2016 Wildfires (June 30, 2015 through June 30, 2016) the Company earned a ROE of approximately 19.91%.

Q12. HOW DOES THE ROE COMPARE TO THE ROE APPROVED IN THE COMPANY'S MOST RECENT RATE CASE?

A12. As set out in Schedule 10 in the Order Approving Settlement Agreement in TPUC Docket No. 09-00017, TPUC authorized a return on equity of 7.6% for the Company. Therefore, the ROE earned in the period before the 2016 Wildfires was over twice the Company's approved ROE. In fact, the Company ROE exceeded its approved ROE for every quarter in which information is available.

Q13. WHY IS THE COMPANY'S ROE HIGHER THAN THE APPROVED ROE IMPORTANT?

A13. It is an important factor for TPUC to take into account when evaluating the true financial position of the Company and whether emergency relief is appropriate in this Docket in light of its historic financial performance.

Q14. TAKING INTO ACCOUNT THE ROE, SHOULD THE COMPANY'S PETITION BE APPROVED?

1 **A14.** No. I concur with the elements necessary to consider an emergency petition set forth
2 in Mr. David Dittmore's Testimony on page 6, line 1 to page 8, line 26.

3 **Q15. DO YOU HAVE ANY FINAL CONCERNS WITH THE COMPANY'S**
4 **PROPOSAL?**

5 **A15.** Yes, I have specific concerns regarding the assumptions used to calculate the Interim
6 Emergency "Make-Whole" Surcharge.

7 **Q16. PLEASE ELABORATE ON THE ASSUMPTIONS USED TO CALCULATE**
8 **THE INTERIM EMERGENCY "MAKE-WHOLE" SURCHARGE.**

9 **A16.** Per the Company's original Petition the proposal for the Interim Emergency "Make-
10 Whole" Surcharge was \$14.26 per "inactive customer" for a period of 12 months. On
11 October 24, 2017, the Company filed a proposed tariff with TPUC that led to a new
12 proposed surcharge rate for this rider. Per the newly provided tariff, the Company
13 calculates the proposed Interim Emergency "Make-Whole" Surcharge by taking the
14 difference between the total customer base before the 2016 Wildfires of 565 and then
15 subtracting the amount of "active" customers of 160 to come to the number of
16 "inactive" customers. The Company then takes the amount of projected revenue
17 shortfall to cover Operations & Maintenance expense, in this case they projected a
18 shortfall of \$80,860, and divides it by the number of "inactive" customers to derive at
19 an amount due per "inactive" customer of \$199.65; finally, the Company divides that
20 number by 18 to arrive at the proposed monthly surcharge requirement of \$11.09.

Total customers before the 2016 Wildfires (565) –
Total “Active” Customers as of August 2017 (160) =
405 (number of “inactive” customers)

Projected revenue shortfall (\$80,860) divided by
“Inactive” customers (405) = \$199.65.

\$199.65 divided by 18 = \$11.09

**Q17. PLEASE EXPLAIN YOUR CONCERNS REGARDING THE COMPANY’S
CALCULATION OF THE PROPOSED INTERIM EMERGENCY “MAKE-
WHOLE” SURCHARGE.**

A17. I have two concerns with the Company’s calculation of the proposed interim
emergency “Make-Whole” Surcharge:

(1) The Company projects a growth in “active” customers of ten per month while
not making a corresponding reduction in “inactive” customers. Without making the
monthly adjustment to the “inactive” customer count as customers move from
“inactive” status to “active” status and using the corrected \$11.09 “inactive”
customer surcharge the Company would see an under collection of \$18,967.

(2) The Company makes no provision for customer disconnects from the water
system which would then make them ineligible for the proposed “inactive”
customer surcharges. Hypothetically, if 25% of the “inactive” customers were to
cancel service, the Company would see an under collection of \$47,168 using the
corrected \$11.09 “inactive” customer surcharge.

1 The support for these calculations are shown in Exhibit AB-4.

2 **Q18. DOES THIS CONCLUDE YOUR TESTIMONY?**

3 **A18.** Yes, however, I reserve the right to correct, amend or add to my testimony if new
4 information becomes available or if I identify an error.

EXHIBIT AB-1

TRA (PSC) Form - 3.07

Page 1 of 3

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: March 31, 2013

QUARTERLY REPORT OF REVENUES, EXPENSES AND INVESTMENTS FOR WATER COMPANIES

Operating Revenues:	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
1-Residential Sales	64,902	67,552	64,902	67,552	310,310	309,911
2-Commercial Sales						
3-Other Revenues	1,401	1,302	1,401	1,302	6,916	7,177
3a - Forfeited discounts	330	320	330	320	1,615	1,876
3b - misc revenue						
4-Total Operating Revenues (Line 1 through 3)	<u>66,303</u>	<u>68,872</u>	<u>66,333</u>	<u>68,872</u>	<u>317,226</u>	<u>316,987</u>

Operation and Maintenance Expenses:	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
5-Salaries & Wages-Employees (601)	10,350	11,346	10,350	11,346	44,700	47,227
6-Salaries & Wages-Officers (603)	1,087	856	1,087	856	3,690	4,522
7-Employee Pensions & Benefits (604)	2,353	2,325	2,353	2,325	9,379	9,655
8-Purchased Water Treatment (610)	15,494	18,659	15,494	18,659	74,048	85,606
9-Purchased Power (615)	2,877	3,166	2,877	3,166	11,442	9,630
10-Fuel for Power Production (616)						
11-Chemicals (618)	0	500	0	500	1,730	1,034
12-Materials and Supplies (620)	400	1,448	400	1,448	705	9,199
13a-Contractual Services-Billing (630)						
13b-Contractual Services-Professional (631)	250	262	250	262	1,132	996
13c-Contractual Services-Testing (635)	710	271	710	271	4,452	2,339
14-Rent Expense (640)	2,176	2,088	2,176	2,088	8,320	6,960
15-Transportation Expense (650)	42	48	42	48	1,970	3,540
16-Insurance Expense (655)	8	4	8	4	25	17
17-Regulatory Commission Expense (665)	1,150	1,274	1,150	1,274	4,598	4,840
18-Bad Debt Expense (670)	0	3,073	0	3,073	7,207	12,302
19-Miscellaneous Expense (675)	170	1,462	170	1,462	1,468	416
20-Total Operation & Maintenance Expenses (Lines 5 to 19)	<u>24,935</u>	<u>54,908</u>	<u>24,935</u>	<u>54,908</u>	<u>106,230</u>	<u>129,329</u>
21-Depreciation Expense	4,117	4,113	4,117	4,113	16,754	15,102
22-Taxes Other Than Income (408)						
23-Income Taxes (409)*	2,727	2,297	2,727	2,297	14,661	4,861
24-Total Taxes (Lines 21 through 23)	<u>6,844</u>	<u>6,410</u>	<u>6,844</u>	<u>6,410</u>	<u>31,415</u>	<u>19,963</u>
25-Net Operating Income (Line 4 minus 5 thru 20 & 23)	<u>41,368</u>	<u>41,368</u>	<u>41,368</u>	<u>41,368</u>	<u>181,127</u>	<u>170,000</u>

* If subchapter "S" do not enter any amount for line 22

Selected Balance Sheet Items:		For last 12-Months		Average for 12 Months-To-Date	
		This Year	Last Year	This Year	Last Year
26-Utility Plant in Service		1,728,316	1,723,225	1,725,770	1,715,049
27-Construction Work in Progress					
28-Utility Plant Acquisition Adjustment					
29-Plant Held for Future Use					
30-Accumulated Depreciation		(387,019)	(365,340)	(376,179)	(353,673)
31-Materials & Supplies		(1,964)	(2,013)	(1,988)	(2,062)
32-Deferred Investment Credit		(99,853)	(98,888)	(99,420)	(96,850)
33-Deferred Income Tax		(732,295)	(747,349)	(739,822)	(754,676)
34-Contributions in Aid of Construction					
35-Customer Advances For Const.					
36-Preferred Stock		(1,000)	(1,000)	(1,000)	(1,000)
37-Common Stock		(262,878)	(262,878)	(262,878)	(262,878)
38-Paid in Capital-Stock		(114,409)	(114,409)	(93,607)	(93,607)
39-Retained Earnings					
40-Long-Term Debt					
41-Short-Term Debt					

TRA Form - 3.07

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COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: March 31, 2013

Type of Customer		Number billed at end of period				
Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	549				549
19	3/4"					
20	1"	2				2
21	1 1/2"	1				1
22	2"					
23						
Totals		552				552

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. Type amounts onto spreadsheet and file report sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

None

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: 09/23/13Signature: Name Typed: Christine KimTitle: Assistant ControllerPh. # (847) 498-6440

**SUPPLEMENTAL FINANCIAL DATA TO TRA FORM (PSC-3.07)
FOR THE QUARTER ENDED: March 31, 2013**

Page 3 of 3

Line #		Current Quarter	Average For 12 MTD
	Additions:		
1	Plant-In-Service	\$ 1,728,316	\$ 1,724,620
2	Plant Under Construction		
3	Property Held For Future Use		
4	Materials and Supplies		
	Other Additions (Itemize):		
5	Working capital allowance	3,745	4,297
6			
7			
8	Total Additions	\$ 1,732,060	\$ 1,728,917
	Deductions:		
9	Accumulated Depreciation	387,019	379,563
10	Accumulated Deferred Income Taxes	99,853	99,422
11	Unamortized Investment Credit - Pre-1971	1,964	1,982
12	Customer Deposits	0	(698)
	Other Deductions (Itemize):		
13	CIAC	732,295	737,940
14			
15			
16	Total Deductions	\$ 1,221,130	\$ 1,218,210
17	Rate Base (Line 8 less line 16)	\$ 510,930	\$ 510,707
18	Net Operating Income (NOI)	\$ 14,866	\$ 15,767
	Adjustments to NOI (Itemize):		
19	Other Income/expense		
20	Interest	(5,384)	(5,367)
21			
22			
23			
24	Adjusted Net Operating Income	\$ 9,482	\$ 10,401
25	Rate of Return (Line 24 divided by line 17)	1.86%	2.04%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significantly known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: June 30, 2012

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

	Totals for Current Quarter		Year to Date Totals		For last 12 Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Operating Revenues:						
1-Residential Sales	77,884	78,893	142,786	146,445	309,301	316,523
2-Commercial Sales						
3-Other Revenues	1,203	1,862	2,604	3,164	6,258	8,202
3a- Forfeited discounts	425	250	755	770	1,790	1,694
3b- miscellaneous						
4-Total Operating Revenues (Line 1 through 3)	79,512	81,005	145,145	150,379	317,349	326,424

	Totals for Current Quarter		Year to Date Totals		For last 12 Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Operation and Maintenance Expenses:						
5-Salaries & Wages-Employees (601)	10,022	12,056	20,372	23,402	42,666	47,410
6-Salaries & Wages-Officers (603)	1,143	858	2,229	1,714	3,975	4,412
7-Employee Fensions & Benefits (604)	2,477	2,647	4,831	4,971	9,210	10,382
8-Purchased Water Treatment (610)	12,289	11,946	27,783	30,605	74,391	80,159
9-Purchased Power (615)	2,766	2,392	5,642	5,558	11,816	10,836
10-Fuel for Power Production (617)						
11-Chemicals (618)	44	44	44	544	1,730	991
12-Materials and Supplies (620)	336	736	736	1,352	1,137	8,400
13-Contractual Services-Billing (630)						
13a-Contractual Services-Professional (631)	275	227	525	488	1,181	1,054
13b-Contractual Services-Testing (635)	977	1,136	1,687	1,407	4,294	2,638
13c-Contractual Services-Other (636)	1,892	1,825	4,068	3,913	8,387	6,143
14-Rent Expense (640)	528	539	570	587	1,959	2,248
15-Transportation Expense (650)	9	4	16	8	30	16
16-Insurance Expense (655)	1,321	1,097	2,471	2,372	4,822	4,735
17-Regulatory Commission Expense (695)	0	3,073	0	6,147	4,133	12,299
18-Bad Debt Expense (670)	933	981	1,103	2,443	1,421	1,776
19-Miscellaneous Expense (675)	9,922	7,610	17,792	15,734	33,676	31,475
20-Total Operation & Maintenance Expenses (Lines 5 to 19)	44,934	46,338	89,869	101,246	204,827	224,973
21-Depreciation Expense	4,139	4,117	8,257	8,230	16,776	16,294
22-Taxes Other Than Income (408)	2,519	2,141	5,247	4,338	15,149	5,442
23-Total Taxes (Lines 21 through 23)	(12)	(12)	(24)	(24)	18,127	4,148
24-Net Operating Income (Line 4 minus 5 thru 20 & 23)	2,507	2,029	5,223	4,113	33,266	9,590
25-Net Operating Income (Line 4 minus 5 thru 20 & 23)	27,931	29,521	42,798	36,590	42,480	75,568

* If subchapter "S" do not enter any amount for line 22.

Selected Balance Sheet Items:	For last 12 Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
26-Utility Plant in Service	1,735,097	1,723,330	1,729,214	1,713,777
27-Construction Work in Progress				
28-Utility Plant Acquisition Adjustment				
29-Plant Held for Future Use				
30-Accumulated Depreciation	(392,145)	(373,049)	(382,597)	(358,556)
31-Materials & Supplies				
32-Unamortized Investment Credit				
33-Deferred Income Tax	(1,952)	(2,001)	(1,976)	(2,050)
34-Contributions in Aid of Construction	(99,856)	(98,985)	(99,421)	(96,851)
35-Customer Advances For Const	(728,531)	(743,586)	(736,058)	(751,113)
36-Preferred Stock				
37-Common Stock				
38-Paid in Capital-Stock	(1,000)	(1,000)	(1,000)	(1,000)
39-Retained Earnings	(262,878)	(262,878)	(262,878)	(262,878)
40-Long-Term Debt	(136,929)	(95,997)	(116,463)	(68,856)
41-Short-Term Debt				

TRA Form - 3.07

Page 2 of 3

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: June 30, 2013

Type of Customer		Number billed at end of period				
Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	552				552
19	3/4"					
20	1"	2				2
21	1 1/2"	1				1
22	2"					
23						
Totals		555				555

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. Type amounts onto spreadsheet and file report sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

None

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: 09/23/13Signature: Name Typed: Christine KimTitle: Assistant ControllerPh. # (847) 498-6440

SUPPLEMENTAL FINANCIAL DATA TO TRA FORM (PSC-3.07)
FOR THE QUARTER ENDED: June 30, 2013

Page 3 of 3

Line #		Current Quarter	Average For 12 MTD
	Additions:		
1	Plant-In-Service	\$ 1,735,097	\$ 1,727,562
2	Plant Under Construction		
3	Property Held For Future Use		
4	Materials and Supplies		
	Other Additions (Itemize):		
5	Working capital allowance	3,745	4,268
6			
7			
8	Total Additions	\$ 1,738,841	\$ 1,731,830
	Deductions:		
9	Accumulated Depreciation	392,145	384,337
10	Accumulated Deferred Income Taxes	99,856	99,640
11	Unamortized Investment Credit - Pre-1971	1,952	1,970
12	Customer Deposits	0	(545)
	Other Deductions (Itemize):		
13	CIAC	728,531	734,177
14			
15			
16	Total Deductions	\$ 1,222,483	\$ 1,219,578
17	Rate Base (Line 8 less line 16)	\$ 516,358	\$ 512,251
18	Net Operating Income (NOI)	\$ 27,931	\$ 15,620
	Adjustments to NOI (Itemize):		
19	Other income/expense		
20	Interest	(5,411)	(5,387)
21			
22			
23			
24	Adjusted Net Operating Income	\$ 22,520	\$ 10,233
25	Rate of Return (Line 24 divided by line 17)	4.36%	2.00%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significantly known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

COMPANY NAME: **Tennessee Water Service, Inc.**
 QUARTER ENDING: **September 30, 2013**

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

	Totals for Current Quarter		Year to Date Totals		For last 12 Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
1-Residential Sales	101,944	92,888	244,730	239,334	318,356	312,745
2-Commercial Sales						
3-Other Revenues	1,853	1,983	4,457	5,147	6,127	8,159
3a- Forfeited discounts	494	590	1,249	1,360	1,694	2,032
3b- misc revenue						
4-Total Operating Revenues (Line 1 through 3)	104,291	95,462	250,436	245,841	326,178	322,936

	Totals for Current Quarter		Year to Date Totals		For last 12 Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
5-Salaries & Wages-Employees (601)	10,171	11,718	30,543	35,121	41,119	46,946
6-Salaries & Wages-Officers (603)	1,000	837	3,229	2,551	4,138	4,170
7-Employee Pensions & Benefits (604)	2,481	2,132	7,312	7,104	9,558	9,279
8-Purchased Water Treatment (610)	30,773	28,035	58,556	58,640	77,129	73,270
9-Purchased Power (615)	4,729	3,118	10,371	8,676	13,426	11,251
10-Fuel for Power Production (616)						
11-Chemicals (618)	44	551	88	1,095	1,223	1,088
12-Materials and Supplies (620)	63	310	799	1,662	891	7,781
13-Contractual Services-Billing (630)						
13a-Contractual Services-Professional (631)	84	421	609	909	844	1,206
13b-Contractual Services-Testing (635)	753	1,644	2,440	3,050	3,404	3,506
13c-Contractual Services-Other (636)	2,249	2,168	6,318	6,081	8,469	7,235
14-Rent Expense (640)	43	41	612	628	1,961	1,961
15-Transportation Expense (650)	(2)	5	15	13	23	16
16-Insurance Expense (655)	12,466	1,123	3,718	3,495	4,945	4,713
17-Regulatory Commission Expense (665)	0	3,109	0	9,256	1,024	12,331
18-Bad Debt Expense (670)	1,176	249	2,279	2,692	2,348	2,373
19-Miscellaneous Expense (675)	10,568	8,596	28,360	24,330	35,648	32,666
20-Total Operation & Maintenance Expenses (Lines 5 to 18)	65,379	64,056	155,248	165,102	206,150	220,241
20.1-Depreciation Expense	4,157	4,123	12,414	12,354	16,810	16,393
21-Taxes Other Than Income (408)	2,493	2,024	7,740	6,362	15,608	5,842
22-Income Taxes (409)*	(12)	(12)	(37)	(37)	18,127	4,148
23-Total Taxes (Lines 21 through 22)	2,481	2,012	7,703	6,325	33,735	9,990
25-Net Operating Income (Line 4 minus 5 thru 20 & 23)	32,274	25,270	75,071	61,860	69,484	76,312

* If subchapter "S" do not enter any amount for line 22.

Selected Balance Sheet Items:	For last 12 Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
26-Utility Plant in Service	1,740,739	1,719,257	1,729,998	1,713,347
27-Construction Work in Progress				
28-Utility Plant Acquisition Adjustment				
29-Plant Held for Future Use				
30-Accumulated Depreciation	(399,051)	(375,755)	(387,403)	(363,790)
31-Materials & Supplies	(1,940)	(1,988)	(1,964)	(2,037)
32-Unamortized Investment Credit	(99,855)	(98,991)	(99,423)	(96,856)
33-Deferred Income Tax	(724,768)	(739,822)	(732,295)	(747,349)
34-Contributions in Aid of Construction				
35-Customer Advances For Const				
36-Preferred Stock	(1,000)	(1,000)	(1,000)	(1,000)
37-Common Stock	(262,878)	(262,878)	(262,878)	(262,878)
38-Paid in Capital-Stock	(163,910)	(115,802)	(139,856)	(98,358)
39-Retained Earnings				
40-Long-Term Debt				
41-Short-Term Debt				

TRA Form - 3.07

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COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: September 30, 2013

Type of Customer		Number billed at end of period				
Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	553				553
19	3/4"					
20	1"	2				2
21	1 1/2"	1				1
22	2"					
23						
Totals		556				556

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. Type amounts onto spreadsheet and file report sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

None

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: 12/30/13Signature: Name Typed: Christine KimTitle: Assistant ControllerPh. # (847) 498-6440

**SUPPLEMENTAL FINANCIAL DATA TO TRA FORM (PSC-3.07)
FOR THE QUARTER ENDED: September 30, 2013**

Page 3 of 3

Line #		Current Quarter	Average For 12 MTD
	Additions:		
1	Plant-In-Service	\$ 1,740,739	\$ 1,732,933
2	Plant Under Construction		
3	Property Held For Future Use		
4	Materials and Supplies		
	Other Additions (Itemize):		
5	Working capital allowance	5,448	4,295
6			
7			
8	Total Additions	\$ 1,746,187	\$ 1,737,228
	Deductions:		
9	Accumulated Depreciation	399,051	390,161
10	Accumulated Deferred Income Taxes	99,855	99,856
11	Unamortized Investment Credit - Pre-1971	1,940	1,958
12	Customer Deposits	0	(325)
	Other Deductions (Itemize):		
13	CIAC	724,768	730,413
14			
15			
16	Total Deductions	\$ 1,225,613	\$ 1,222,063
17	Rate Base (Line 8 less line 16)	\$ 520,574	\$ 515,165
18	Net Operating Income (NOI)	\$ 32,274	\$ 17,371
	Adjustments to NOI (Itemize):		
19	Other income/expense		
20	Interest	(5,293)	(5,344)
21			
22			
23			
24	Adjusted Net Operating Income	\$ 26,980	\$ 12,027
25	Rate of Return (Line 24 divided by line 17)	5.18%	2.33%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significantly known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: December 31, 2013

QUARTERLY REPORT OF REVENUES, EXPENSES AND INVESTMENTS FOR WATER COMPANIES

	Totals for Current Quarter		Year to Date Totals		For Last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Operating Revenues:						
1-Residential Sales	74,573	73,626	319,303	312,960	319,303	312,960
2-Commercial Sales						
3-Other Revenues	1,096	1,671	5,552	6,818	5,552	6,818
3a- Forfeited discounts	585	445	1,834	1,805	1,834	1,805
3b- misc revenue						
4- Total Operating Revenues (Line 1 through 3)	<u>76,253</u>	<u>75,742</u>	<u>326,689</u>	<u>321,583</u>	<u>326,689</u>	<u>321,583</u>

	Totals for Current Quarter		Year to Date Totals		For Last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Operating and Maintenance Expenses:						
5-Salaries & Wages-Employees (601)	10,428	10,575	40,972	45,696	40,972	45,696
6-Salaries & Wages-Officers (603)	277	909	3,506	3,460	3,506	3,460
7-Employee Pensions & Benefits (604)	2,689	2,247	10,001	9,350	10,001	9,350
8-Purchased Water Treatment (610)	14,351	18,573	72,907	77,213	72,907	77,213
9-Purchased Power (615)	1,649	3,056	12,020	11,731	12,020	11,731
10-Fuel for Power Production (616)						
11-Chemicals (618)	231	1,135	318	2,231	318	2,231
12-Materials and Supplies (620)	550	92	1,349	1,753	1,349	1,753
13-Contractual Services-Billing (630)						
13a-Contractual Services-Professional (631)	379	235	968	1,144	968	1,144
13b-Contractual Services-Testing (635)	1,031	963	3,472	4,013	3,472	4,013
13c-Contractual Services-Other (636)	2,415	2,151	8,733	8,232	8,733	8,232
14-Rent Expense (640)	1,369	1,348	1,962	1,976	1,962	1,976
15-Transportation Expense (650)	9	8	23	21	23	21
16-Insurance Expense (655)	1,375	1,227	5,092	4,722	5,092	4,722
17-Regulatory Commission Expense (665)	0	1,024	0	10,280	0	10,280
18-Bad Debt Expense (670)	2,155	69	4,434	2,761	4,434	2,761
19-Miscellaneous Expense (675)	9,653	7,288	38,013	31,618	38,013	31,618
20-Total Operating & Maintenance Expenses (Lines 5 to 18)	<u>48,561</u>	<u>50,901</u>	<u>203,609</u>	<u>216,203</u>	<u>203,609</u>	<u>216,203</u>
20.1-Depreciation Expense	<u>4,332</u>	<u>4,396</u>	<u>16,745</u>	<u>16,749</u>	<u>16,745</u>	<u>16,749</u>
21-Taxes Other Than Income (408)	<u>295</u>	<u>7,869</u>	<u>8,035</u>	<u>14,231</u>	<u>8,035</u>	<u>14,231</u>
22-Income Taxes (409)*	<u>34,691</u>	<u>18,163</u>	<u>34,654</u>	<u>18,127</u>	<u>34,654</u>	<u>18,127</u>
23-Total Taxes (Lines 21 through 22)	<u>34,986</u>	<u>26,032</u>	<u>42,689</u>	<u>32,858</u>	<u>42,689</u>	<u>32,857</u>
25-Net Operating Income (Line 4 minus 5 thru 20 & 23)	<u>(1,625)</u>	<u>(5,588)</u>	<u>63,446</u>	<u>56,273</u>	<u>63,446</u>	<u>56,273</u>

* If subchapter "S" do not enter any amount for line 22

Selected Balance Sheet Items:	For Last 12-Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
26-Utility Plant in Service	1,746,890	1,727,578	1,737,234	1,723,332
27-Construction Work in Progress				
28-Utility Plant Acquisition Adjustment				
29-Plant Held for Future Use	(400,206)	(382,430)	(391,318)	(370,961)
30-Accumulated Depreciation				
31-Materials & Supplies				
32-Unamortized Investment Credit				
33-Deferred Income Tax	(1,927)	(1,976)	(1,952)	(2,001)
34-Contributions in Aid of Construction	(134,561)	(99,858)	(117,210)	(99,411)
35-Customer Advances For Const	(721,004)	(736,058)	(728,531)	(743,586)
36-Preferred Stock				
37-Common Stock	(1,000)	(1,000)	(1,000)	(1,000)
38-Paid in Capital-Stock	(262,878)	(262,878)	(262,878)	(262,878)
39-Retained Earnings	(147,661)	(104,927)	(126,294)	(97,473)
40-Long-Term Debt				
41-Short-Term Debt				

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: December 31, 2013

Type of Customer		Number billed at end of period				
Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	557				557
19	3/4"					
20	1"	2				2
21	1 1/2"	1				1
22	2"					
23						
Totals		560				560

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. Type amounts onto spreadsheet and file report sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS .

None

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: 03/18/14

Signature: 

Name Typed: Christine Kim

Title: Assistant Controller

Ph. # (847) 498-6440

**SUPPLEMENTAL FINANCIAL DATA TO TRA FORM (PSC-3.07)
FOR THE QUARTER ENDED: December 31,2013**

Page 3 of 3

Line #		Current Quarter	Average For 12 MTD
	Additions:		
1	Plant-In-Service	\$ 1,746,890	\$ 1,737,761
2	Plant Under Construction		
3	Property Held For Future Use		
4	Materials and Supplies		
	Other Additions (Itemize):		
5	Working capital allowance	4,047	4,246
6			
7			
8	Total Additions	\$ 1,750,937	\$ 1,742,007
	Deductions:		
9	Accumulated Depreciation	400,206	394,605
10	Accumulated Deferred Income Taxes	134,561	108,531
11	Unamortized Investment Credit - Pre-1971	1,927	1,946
12	Customer Deposits	0	0
	Other Deductions (Itemize):		
13	CIAC	721,004	726,650
14			
15			
16	Total Deductions	\$ 1,257,699	\$ 1,231,732
17	Rate Base (Line 8 less line 16)	\$ 493,238	\$ 510,275
18	Net Operating Income (NOI)	\$ (11,625)	\$ 15,862
	Adjustments to NOI (Itemize):		
19	Other income/expense	600	150
20	Interest	(5,223)	(5,328)
21			
22			
23			
24	Adjusted Net Operating Income	\$ (16,248)	\$ 10,684
25	Rate of Return (Line 24 divided by line 17)	-3.29%	2.09%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significantly known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: March 31, 2014

Type of Customer		Number billed at end of period				
Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	570				570
19	3/4"					
20	1"	2				2
21	1 1/2"	1				1
22	2"					
23						
Totals		573				573

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. Type amounts onto spreadsheet and file report sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

None

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: 04/25/14

Signature: _____

Name Typed: Helen LuptonTitle: Financial Planning & Analysis ManagerPh. # (704) 319 0502

SUPPLEMENTAL FINANCIAL DATA TO TRA FORM (PSC-3.07)
FOR THE QUARTER ENDED: March 31, 2014

Page 3 of 3

Line #		Current Quarter	Average For 12 MTD
1	Additions:		
2	Plant-In-Service	\$ 1,754,195	\$ 1,744,230
3	Plant Under Construction		
4	Property Held For Future Use		
5	Materials and Supplies		
6	Other Additions (Itemize):		
7	Working capital allowance	5,505	4,706
8	Total Additions	\$ 1,759,700	\$ 1,748,937
9	Deductions:		
10	Accumulated Depreciation	405,796	399,300
11	Accumulated Deferred Income Taxes	134,557	117,207
12	Unamortized Investment Credit - Pre-1971	1,915	1,934
13	Customer Deposits	0	0
14	Other Deductions (Itemize):		
15	CIAC	717,240	722,886
16	Total Deductions	\$ 1,259,508	\$ 1,241,326
17	Rate Base (Line 8 less line 16)	\$ 500,271	\$ 507,611
18	Net Operating Income (NOI)	\$ 10,401	\$ 14,745
19	Adjustments to NOI (Itemize):		
20	Other Income/expense	156	189
21	Interest	(4,266)	(5,048)
22			
23			
24	Adjusted Net Operating Income	\$ 6,291	\$ 9,886
25	Rate of Return (Line 24 divided by line 17)	1.26%	1.95%

Instructions

Column F is sum of the amounts from column D for 3 previous quarters and this qtr (column D).

Column D: Balance sheet items from year to date trial balance. The income statement items are from the rolling 13 income statement.

Net Operating Income is entered as positive

Column D s/h Net Income for this quarter - see 13 mo IS (NI showing as positive, net loss negative)

All amounts should be calculated in a manner consistent with the test Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significantly known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: June 30, 2014

QUARTERLY REPORT OF REVENUES, EXPENSES AND INVESTMENTS FOR WATER COMPANIES

Operating Revenues:	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
1-Residential Sales	86,815	77,884	169,174	142,786	345,690	309,301
2-Commercial Sales						
3-Other Revenues	1,334	1,203	3,183	2,604	6,131	6,258
3a- Forfeited discounts	395	423	675	755	1,154	1,790
3b- misc revenue						
4-Total Operating Revenues (Line 1 through 3)	88,544	79,512	173,032	146,145	353,576	317,349

Operation and Maintenance Expenses:	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
5-Salaries & Wages-Employees (601)	11,097	10,022	21,584	20,372	42,184	42,666
6-Salaries & Wages-Officers (603)	984	1,143	1,827	2,229	3,104	3,975
7-Employee Pensions & Benefits (604)	2,167	2,477	4,823	4,831	9,993	9,210
8-Purchased Water Treatment (610)	21,843	12,289	52,520	27,783	97,644	74,391
9-Purchased Power (615)	3,761	2,766	8,184	5,642	14,562	11,816
10-Fuel for Power Production (616)						
11-Chemicals (618)	44	44	88	44	362	1,730
12-Materials and Supplies (620)	89	336	92	736	706	1,137
13-Contractual Services-Billing (630)						
13a-Contractual Services-Professional (631)	388	275	588	525	1,051	1,181
13b-Contractual Services-Testing (635)	817	977	1,669	1,687	3,454	4,294
13c-Contractual Services-Other (636)	1,980	1,892	3,839	4,068	8,503	8,387
14-Rent Expense (640)	668	528	845	570	2,257	1,959
15-Transportation Expense (650)	2	9	5	16	12	30
16-Insurance Expense (655)	1,360	1,321	2,838	2,471	5,459	4,822
17-Regulatory Commission Expense (665)	0	0	0	0	0	4,133
18-Bad Debt Expense (670)	260	933	2,541	1,103	5,873	1,421
19-Miscellaneous Expense (675)	9,797	9,922	21,056	17,792	41,277	33,676
20-Total Operation & Maintenance Expenses (Lines 5 to 18)	55,256	44,934	122,500	89,869	236,440	204,827
20.1-Depreciation Expense	4,335	4,139	8,303	8,257	17,292	16,776
21-Taxes Other Than Income (408)	2,910	2,519	5,524	5,247	8,312	15,140
22-Income Taxes (409)*	(121)	(131)	(74)	(241)	34,651	18,127
23-Total Taxes (Lines 21 through 22)	2,898	2,507	5,499	5,222	42,966	33,266
25-Net Operating Income (Line 4 minus 5 thru 20 & 23)	26,054	27,931	36,229	42,798	56,878	62,480

* If Subchapter "S" do not enter any amount for line 22.

Selected Balance Sheet Items:	For last 12-Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
26-Utility Plant in Service	1,762,338	1,735,097	1,751,040	1,727,562
27-Construction Work in Progress				
28-Utility Plant Acquisition Adjustment				
29- Plant Held for Future Use	(410,629)	(392,145)	(403,921)	(364,337)
30-Accumulated Depreciation				
31-Materials & Supplies				
32-Unamortized Investment Credit	(1,903)	(1,952)	(1,921)	(1,970)
33-Deferred Income Tax	(134,553)	(99,856)	(125,881)	(99,639)
34-Contributions In Aid of Construction	(713,477)	(728,531)	(719,122)	(734,177)
35-Customer Advances For Const.				
36-Preferred Stock	(1,000)	(1,000)	(1,000)	(1,000)
37-Common Stock	(262,878)	(262,878)	(262,878)	(262,878)
38-Paid In Capital-Stock	(175,217)	(136,929)	(166,129)	(118,017)
39-Retained Earnings				
40-Long-Term Debt				
41-Short-Term Debt				

TRA Form - 3.07

Page 2 of 3

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: June 30, 2014

Type of Customer		Number billed at end of period				
Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	572				572
19	3/4"					
20	1"	2				2
21	1 1/2"	1				1
22	2"					
23						
Totals		575				575

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. Type amounts onto spreadsheet and file report sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

None

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: 08/12/14

Signature: _____

Digitally signed by Helen Lupton
Date: 2014.08.12 15:14:55 -04'00'

Name Typed: _____

Helen Lupton

Title: _____

Financial Planning & Analysis Manager

Ph. # _____

(704) 319-0502

SUPPLEMENTAL FINANCIAL DATA TO TRA FORM (PSC-3.07)
FOR THE QUARTER ENDED: June 30, 2014

Page 3 of 3

Line #		Current Quarter	Average For 12 MTD
	Additions:		
1	Plant-In-Service	\$ 1,762,338	\$ 1,751,041
2	Plant Under Construction		
3	Property Held For Future Use		
4	Materials and Supplies		
	Other Additions (Itemize):		
5	Working capital allowance	29,083	30,594
6			
7			
8	Total Additions	\$ 1,791,422	\$ 1,781,635
	Deductions:		
9	Accumulated Depreciation	410,629	403,921
10	Accumulated Deferred Income Taxes	134,553	125,882
11	Unamortized Investment Credit - Pre-1971	1,903	1,921
12	Customer Deposits	0	0
	Other Deductions (Itemize):		
13	CIAC	713,477	719,122
14			
15			
16	Total Deductions	\$ 1,260,561	\$ 1,250,846
17	Rate Base (Line 8 less line 16)	\$ 530,860	\$ 530,789
18	Net Operating Income (NOI)	\$ 26,054	\$ 56,878
	Adjustments to NOI (Itemize):		
19	Other income/expense	0	756
20	Interest	(4,563)	(19,345)
21			
22			
23			
24	Adjusted Net Operating Income	\$ 21,491	\$ 38,289
25	Rate of Return (Line 24 divided by line 17)	4.05%	7.21%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significantly known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

1

2

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: September 30, 2014

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

	Totals for Current Quarter		Year to Date Totals		For last 12 Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Operating Revenues						
1-Residential Sales	94,124	101,944	263,298	244,730	337,871	318,356
2-Commercial Sales						
3-Other Revenues	1,337	1,853	4,520	4,457	5,615	6,127
3a- Forfeited discounts	565	494	1,240	1,249	1,825	1,894
3b- misc revenue						
4-Total Operating Revenues (Line 1 through 3)	96,026	104,291	269,058	250,436	345,311	326,178

	Totals for Current Quarter		Year to Date Totals		For last 12 Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Operation and Maintenance Expenses:						
5-Salaries & Wages-Employees (601)	11,363	10,171	32,948	30,543	43,376	41,119
6-Salaries & Wages-Officers (603)	881	1,000	2,707	3,229	2,984	4,138
7-Employee Pensions & Benefits (604)	2,712	2,481	7,535	7,312	10,224	9,558
8-Purchased Water Treatment (610)	32,924	30,773	85,445	58,556	99,796	77,129
9-Purchased Power (615)	4,217	4,729	12,402	10,371	14,051	13,426
10-Fuel for Power Production (616)		44	88	88	318	1,223
11-Chemicals (618)		63	94	799	644	891
12-Materials and Supplies (620)		84		609	1,618	844
13-Contractual Services-Billing (630)	651	753	1,239	2,440	3,380	3,404
13a-Contractual Services-Professional (631)	680	2,249	2,349	6,195	8,610	8,469
13b-Contractual Services-Testing (635)	2,356	43	6,195	612	9,534	1,961
13c-Contractual Services-Other (636)	7,319	(2)	1,024	15	(18)	23
14-Rent Expense (640)	(32)	(2)	(27)	0	5,639	4,945
15-Transportation Expense (650)	1,427	1,246	4,264	3,718	4,519	2,348
16-Insurance Expense (655)		0	0	0	0	1,024
17-Regulatory Commission Expense (665)	(177)	1,176	2,364	2,279	4,519	2,348
18-Bad Debt Expense (670)	3,143	10,568	31,339	28,360	33,852	35,648
19-Miscellaneous Expense (675)						
20-Total Operation & Maintenance Expenses (Lines 5 to 18)	67,464	65,379	189,964	155,248	238,525	206,150
20.1-Depreciation Expense	4,582	4,157	13,385	12,414	17,217	16,810
21-Taxes Other Than Income (408)	2,763	2,493	8,287	7,740	9,582	15,608
22-Income Taxes (409)*	(12)	(12)	(37)	(37)	34,654	18,127
23-Total Taxes (Lines 21 through 22)	2,751	2,481	8,250	7,703	43,236	33,735
25-Net Operating Income (Line 4 minus 5 thru 20 & 23)	21,229	32,274	57,458	75,071	45,832	69,484

* If subchapter "S" do not enter any amount for line 22.

Selected Balance Sheet Items:	For last 12 Months	
	This Year	Last Year
26-Utility Plant in Service	1,765,526	1,740,739
27-Construction Work in Progress	(418,778)	(399,051)
28-Utility Plant Acquisition Adjustment	(1,891)	(1,940)
29-Plant Held for Future Use	(134,557)	(99,855)
30-Accumulated Depreciation	(709,713)	(724,768)
31-Materials & Supplies	(1,000)	(1,000)
32-Unamortized Investment Credit	(262,878)	(262,878)
33-Deferred Income Tax	(192,318)	(163,910)
34-Contributions in Aid of Construction	(1,000)	(1,000)
35-Customer Advances For Const.	(1,000)	(1,000)
36-Preferred Stock	(262,878)	(262,878)
37-Common Stock	(192,318)	(163,910)
38-Paid in Capital-Stock		
39-Retained Earnings		
40-Long-Term Debt		
41-Short-Term Debt		

TRA Form - 3.07

Page 2 of 3

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: September 30, 2014

Type of Customer		Number billed at end of period				
Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	559				559
19	3/4"					
20	1"	2				2
21	1 1/2"	1				1
22	2"					
23						
Totals		562				562

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. Type amounts onto spreadsheet and file report sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

None

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: 10/23/14

Signature: _____

Digitally signed by Helen Lupton
Date: 2014.10.23 16:10:33 -04'00'

Name Typed: _____

Helen Lupton

Title: _____

Financial Planning & Analysis Manager

Ph. # _____

(704) 319-0502

**SUPPLEMENTAL FINANCIAL DATA TO TRA FORM (PSC-3.07)
FOR THE QUARTER ENDED: September 30, 2014**

Page 3 of 3

Line #		Current Quarter	Average For 12 MTD
	Additions:		
1	Plant-In-Service	\$ 1,765,526	\$ 1,757,237
2	Plant Under Construction		
3	Property Held For Future Use		
4	Materials and Supplies		
	Other Additions (Itemize):		
5	Working capital allowance	35,114	30,889
6			
7			
8	Total Additions	\$ 1,800,640	\$ 1,788,126
	Deductions:		
9	Accumulated Depreciation	418,778	408,852
10	Accumulated Deferred Income Taxes	134,557	134,557
11	Unamortized Investment Credit - Pre-1971	1,891	1,909
12	Customer Deposits	0	0
	Other Deductions (Itemize):		
13	CIAC	709,713	715,359
14			
15			
16	Total Deductions	\$ 1,264,938	\$ 1,260,677
17	Rate Base (Line 8 less line 16)	\$ 535,702	\$ 527,449
18	Net Operating Income (NOI)	\$ 21,229	\$ 45,832
	Adjustments to NOI (Itemize):		
19	Other income/expense	150	906
20	Interest	(4,278)	(18,330)
21			
22			
23			
24	Adjusted Net Operating Income	\$ 17,100	\$ 28,408
25	Rate of Return (Line 24 divided by line 17)	3.19%	5.39%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significantly known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

1 None

2

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: December 31, 2014

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES Page 1 of 2

	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
<u>Operating Revenues:</u>						
1-Residential Sales	79,859	74,573	343,157	319,303	343,157	319,303
2-Commercial Sales	0	0	0	0	0	0
3-Other Revenues	2,225	2,281	8,284	7,987	8,284	7,987
3a.-Other Revenues						
3b.-Other Revenues						
4-Total Operating Revenues (Line 1 through 3)	<u>82,084</u>	<u>76,853</u>	<u>351,442</u>	<u>327,289</u>	<u>351,442</u>	<u>327,289</u>
<u>Operation and Maintenance Expenses:</u>						
5-Salaries & Wages-Employees (601)	10,896	10,428	43,843	40,972	43,843	40,972
6-Salaries & Wages-Officers (603)	(475)	277	2,232	3,506	2,232	3,506
7-Employee Pensions & Benefits (604)	3,107	2,689	10,642	10,001	10,642	10,001
8-Purchased Water (610)	15,437	14,351	100,882	72,907	100,882	72,907
9-Purchased Power (615)	3,252	1,649	15,654	12,020	15,654	12,020
10-Fuel for Power Production (616)	0	0	0	0	0	0
11-Chemicals (618)	44	231	131	318	131	318
12-Materials and Supplies (620)	1,414	564	1,545	1,383	1,545	1,383
13-Contractual Services (630)	4,328	2,870	12,811	9,597	12,811	9,597
14-Rent Expense (640)	1,524	1,369	2,548	1,982	2,548	1,982
15-Transportation Expense (650)	1,796	1,606	6,017	6,052	6,017	6,052
16-Insurance Expense (655)	0	0	0	0	0	0
17-Advertising Expense (660)	15	11	119	11	119	11
18-Regulatory Commission Expense (665)	0	0	0	0	0	0
19-Water Resource Conservation Expense (668)	0	0	0	0	0	0
20-Bad Debt Expense (670)	(292)	2,155	2,072	4,434	2,072	4,434
21-Miscellaneous Expense (675)	11,861	10,360	44,374	40,627	44,374	40,627
22-Total Operation & Maintenance Expenses (Line 5 through 21)	<u>52,907</u>	<u>48,561</u>	<u>242,871</u>	<u>203,809</u>	<u>242,871</u>	<u>203,809</u>
22.1 - Depreciation Expense	4,898	4,332	18,283	16,745	18,283	16,745
23-Taxes Other Than Income (408)						
24-Income Taxes (409)*	1,447	295	9,734	8,035	9,734	8,035
25-Total Taxes (Lines 23 through 24)	<u>1,447</u>	<u>295</u>	<u>9,734</u>	<u>8,035</u>	<u>9,734</u>	<u>8,035</u>
26-Net Operating Income (Line 4-22&25)	<u>22,832</u>	<u>23,666</u>	<u>80,553</u>	<u>98,700</u>	<u>80,553</u>	<u>98,700</u>

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: December 31, 2014

Balance Sheet Items:	For last 12-Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
1-Utility Plant in Service	1,778,658	1,746,890	1,762,339	1,736,740
2-Construction Work in Progress	0	0	0	0
3-Utility Plant Acquisition Adjustment	0	0	0	0
4-Plant Held for Future Use	0	0	0	0
5-Accumulated Depreciation	(424,701)	(400,206)	(413,153)	(393,234)
6-Materials & Supplies	0	0	0	0
7-Unamortized Investment Credit	(1,878)	(1,927)	(1,901)	(1,950)
8-Deferred Income Tax	(139,624)	(134,561)	(136,646)	(102,747)
9-Contributions In Aid of Construction	(705,949)	(721,004)	(712,850)	(727,904)
10-Customer Advances For Const.	0	0	0	(209)
11-Preferred Stock	0	0	0	0
12-Common Stock	0	0	0	0
13-Paid In Capital-Stock	0	0	0	0
14-Retained Earnings	0	0	0	0
15-Long-Term Debt	0	0	0	0
16-Short-Term Debt	0	0	0	0

Other Required Data:

Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	577				577.00
19	3/4"					
20	1"					
21	2"					
22						
23						
Totals		577.00				577.00

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. The report is due sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: _____ Signature: _____
 Title: _____
 Ph. # _____

SUPPLEMENTAL FINANCIAL DATA TO TPUC FORM (PSC-3.07)
FOR THE QUARTER ENDED December 31, 2014

Line #		Current Quarter	Average For 12 MTD
Additions:			
1	Plant-In-Service	\$ 1,778,658	1,762,339
2	Plant Under Construction	0	0
3	Property Held For Future Use	0	0
4	Materials and Supplies	0	0
5	Other Addition (Itemize):		
6	Working Capital Allowance	6,613	30,359
7			
8	Total Additions	\$ 1,785,271	1,792,698
Deductions:			
9	Accumulated Depreciation	424,701	413,153
10	Accumulated Deferred Income Taxes	159,624	136,646
11	Unamortized Investment Credit - Pre-1971	1,878	1,901
12	Customer Deposits	0	0
13	Other Deductions (Itemize):		
14	CIAC	705,949	712,650
15			
16	Total Deductions	\$ 1,292,153	1,264,549
17	Rate Base (Line 8 less line 16)	\$ 493,118	528,149
18	Net Operating Income (NOI)		
19	Adjustments to NOI (Itemize):	22,832	80,553
20	Interest		
21			
22			
23			
24	Adjusted Net Operating Income	\$ 22,832	80,553
25	Rate of Return (Line 24 divided by line 17)	4.63%	15.25%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significant known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

1

2

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: March 31, 2015

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

Page 1 of 2

	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
<u>Operating Revenues:</u>						
1-Residential Sales	81,887	82,359	81,887	82,359	342,685	336,760
2-Commercial Sales	0	0	0	0	0	0
3-Other Revenues	3,067	2,279	3,067	2,279	9,072	8,535
3a.-Other Revenues						
3b.-Other Revenues						
4-Total Operating Revenues (Line 1 through 3)	84,953	84,638	84,953	84,638	351,756	345,295
<u>Operation and Maintenance Expenses:</u>						
5-Salaries & Wages-Employees (601)	10,775	10,487	10,775	10,487	44,131	41,109
6-Salaries & Wages-Officers (603)	424	843	424	843	1,814	3,263
7-Employee Pensions & Benefits (604)	3,421	2,656	3,421	2,656	11,406	10,304
8-Purchased Water (610)	18,522	30,677	18,522	30,677	88,727	88,090
9-Purchased Power (615)	4,958	4,423	4,958	4,423	16,189	13,567
10-Fuel for Power Production (616)	0	0	0	0	0	0
11-Chemicals (618)	44	44	44	44	131	362
12-Materials and Supplies (620)	625	20	625	20	2,150	996
13-Contractual Services (630)	2,129	2,440	2,129	2,440	12,500	9,729
14-Rent Expense (640)	179	178	179	178	2,549	2,118
15-Transportation Expense (650)	1,428	1,511	1,428	1,511	5,934	6,366
16-Insurance Expense (655)	0	0	0	0	0	0
17-Advertising Expense (660)	0	5	0	5	114	16
18-Regulatory Commission Expense (665)	0	0	0	0	0	0
19-Water Resource Conservation Expense (668)	0	0	0	0	0	0
20-Bad Debt Expense (670)	(1,123)	2,281	(1,123)	2,281	(1,332)	6,546
21-Miscellaneous Expense (675)	13,900	11,677	13,900	11,677	46,596	43,654
22-Total Operation & Maintenance Expenses (Line 5 through 21)	55,281	67,244	55,281	67,244	230,908	226,118
22.1 - Depreciation Expense	4,651	4,468	4,651	4,468	18,466	17,096
23-Taxes Other Than Income (408)	2,821	2,613	2,821	2,613	9,942	7,921
24-Income Taxes (409)*						
25-Total Taxes (Lines 23 through 24)	2,821	2,613	2,821	2,613	9,942	7,921
26-Net Operating Income (Line 4-22&25)	22,201	10,313	22,201	10,313	92,440	94,160

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: March 31, 2015

Balance Sheet Items:	For last 12-Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
1-Utility Plant in Service	1,786,686	1,754,195	1,772,125	1,742,714
2-Construction Work in Progress	0	0	0	0
3-Utility Plant Acquisition Adjustment	0	0	0	0
4-Plant Held for Future Use	0	0	0	0
5-Accumulated Depreciation	(428,359)	(405,796)	(419,816)	(398,255)
6-Materials & Supplies	0	0	0	0
7-Unamortized Investment Credit	(1,866)	(1,915)	(1,886)	(1,937)
8-Deferred Income Tax	(159,614)	(134,557)	(143,670)	(111,423)
9-Contributions In Aid of Construction	(702,186)	(717,240)	(708,459)	(724,140)
10-Customer Advances For Const.	0	0	0	0
11-Preferred Stock	0	0	0	0
12-Common Stock	0	0	0	0
13-Paid In Capital-Stock	0	0	0	0
14-Retained Earnings	0	0	0	0
15-Long-Term Debt	0	0	0	0
16-Short-Term Debt	0	0	0	0

Other Required Data:

Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	564				564.00
19	3/4"					-
20	1"					-
21	2"					-
22						-
23						-
Totals		564.00				564.00

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. The report is due sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: _____ Signature: _____
 Title: _____
 Ph. # _____

SUPPLEMENTAL FINANCIAL DATA TO TPUC FORM (PSC-3.07)
FOR THE QUARTER ENDED March 31, 2014

Line #		Current Quarter	Average For 12 MTD
Additions:			
1	Plant-In-Service	\$ 1,786,686	1,772,125
2	Plant Under Construction	0	0
3	Property Held For Future Use	0	0
4	Materials and Supplies	0	0
5	Other Addition (Itemize):		
6	Working Capital Allowance	6,910	28,864
7			
8	Total Additions	\$ 1,793,596	1,800,989
Deductions:			
9	Accumulated Depreciation	428,359	419,816
10	Accumulated Deferred Income Taxes	159,614	143,670
11	Unamortized Investment Credit - Pre-1971	1,866	1,886
12	Customer Deposits	0	0
13	Other Deductions (Itemize):		
14	CIAC	702,186	708,459
15			
16	Total Deductions	\$ 1,292,025	1,273,831
17	Rate Base (Line 8 less line 16)	\$ 501,571	527,158
18	Net Operating Income (NOI)		
19	Adjustments to NOI (Itemize):	\$ 22,201	92,440
20	Interest		
21			
22			
23			
24	Adjusted Net Operating Income	\$ 22,201	92,440
25	Rate of Return (Line 24 divided by line 17)	4.43%	17.54%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significant known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

1

2

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: June 30, 2015

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

Page 1 of 2

Operating Revenues:	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
1-Residential Sales	99,319	86,815	181,205	169,174	355,189	345,690
2-Commercial Sales	0	0	0	0	0	0
3-Other Revenues	2,926	1,729	5,993	4,008	10,269	8,636
3a.-Other Revenues						
3b.-Other Revenues						
4-Total Operating Revenues (Line 1 through 3)	102,245	88,544	187,198	173,182	365,458	354,326
Operation and Maintenance Expenses:						
5-Salaries & Wages-Employees (601)	11,272	11,097	22,047	21,584	44,306	42,184
6-Salaries & Wages-Officers (603)	430	984	854	1,827	1,260	3,104
7-Employee Pensions & Benefits (604)	3,017	2,167	6,438	4,823	12,257	9,993
8-Purchased Water (610)	27,521	21,843	46,043	52,520	94,404	97,644
9-Purchased Power (615)	4,001	3,761	8,959	8,184	16,428	14,562
10-Fuel for Power Production (616)	0	0	0	0	0	0
11-Chemicals (618)	44	44	88	88	131	362
12-Materials and Supplies (620)	253	100	879	120	2,303	758
13-Contractual Services (630)	3,027	2,754	5,156	5,194	12,773	10,201
14-Rent Expense (640)	665	668	844	845	2,547	2,257
15-Transportation Expense (650)	1,618	1,500	3,046	3,011	6,052	6,349
16-Insurance Expense (655)	0	0	0	0	0	0
17-Advertising Expense (660)	0	49	0	54	65	65
18-Regulatory Commission Expense (665)	0	0	0	0	0	0
19-Water Resource Conservation Expense (668)	0	0	0	0	0	0
20-Bad Debt Expense (670)	(998)	260	(2,121)	2,541	(2,591)	5,873
21-Miscellaneous Expense (675)	12,529	10,030	26,429	21,707	49,096	43,088
22-Total Operation & Maintenance Expenses (Line 5 through 21)	63,380	55,256	118,660	122,500	239,032	236,440
22.1 - Depreciation Expense	4,811	4,335	9,461	8,803	18,941	17,292
23-Taxes Other Than Income (408)	4,275	2,910	7,096	5,524	11,307	8,312
24-Income Taxes (409)*						
25-Total Taxes (Lines 23 through 24)	4,275	2,910	7,096	5,524	11,307	8,312
26-Net Operating Income (Line 4-22&25)	29,780	26,041	51,980	36,355	96,178	92,282

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: June 30, 2015

Balance Sheet Items:

	For last 12-Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
1-Utility Plant in Service	1,815,853	1,762,338	1,783,800	1,749,300
2-Construction Work in Progress	0	0	0	0
3-Utility Plant Acquisition Adjustment	0	0	0	0
4-Plant Held for Future Use	0	0	0	0
5-Accumulated Depreciation	(431,168)	(410,629)	(423,959)	(402,812)
6-Materials & Supplies	0	0	0	0
7-Unamortized Investment Credit	(1,854)	(1,903)	(1,876)	(1,925)
8-Deferred Income Tax	(159,619)	(134,553)	(149,177)	(120,098)
9-Contributions in Aid of Construction	(698,422)	(713,477)	(705,322)	(720,377)
10-Customer Advances For Const.	0	0	0	0
11-Preferred Stock	0	0	0	0
12-Common Stock	0	0	0	0
13-Paid In Capital-Stock	0	0	0	0
14-Retained Earnings	0	0	0	0
15-Long-Term Debt	0	0	0	0
16-Short-Term Debt	0	0	0	0

Other Required Data:

Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	566				566.00
19	3/4"					
20	1"					
21	2"					
22						
23						
Totals		566.00				566.00

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. The report is due sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: _____ Signature: _____
 Title: _____
 Ph. # _____

SUPPLEMENTAL FINANCIAL DATA TO TPUC FORM (PSC-3.07)
FOR THE QUARTER ENDED June 30, 2014

Line #		Current Quarter	Average For 12 MTD
Additions:			
1	Plant-In-Service	\$ 1,815,853	1,783,800
2	Plant Under Construction	0	0
3	Property Held For Future Use	0	0
4	Materials and Supplies	0	0
5	Other Addition (Itemize):	7,922	29,879
6	Working Capital Allowance		
7			
8	Total Additions	\$ 1,823,775	1,813,679
Deductions:			
9	Accumulated Depreciation	431,168	423,959
10	Accumulated Deferred Income Taxes	159,619	149,177
11	Unamortized Investment Credit - Pre-1971	1,854	1,876
12	Customer Deposits	0	0
13	Other Deductions (Itemize):	698,422	705,322
14	CIAC		
15			
16	Total Deductions	\$ 1,291,063	1,280,334
17	Rate Base (Line 8 less line 16)	\$ 532,712	533,345
18	Net Operating Income (NOI)	\$ 29,780	96,178
19	Adjustments to NOI (Itemize):		
20	Interest		
21			
22			
23			
24	Adjusted Net Operating Income	\$ 29,780	96,178
25	Rate of Return (Line 24 divided by line 17)	5.59%	18.03%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significant known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

1

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COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: September 30, 2015

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

Page 1 of 2

Operating Revenues:	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
1-Residential Sales	106,076	94,124	287,281	263,298	367,141	337,871
2-Commercial Sales	0	0	0	0	0	0
3-Other Revenues	3,743	2,052	9,736	6,060	11,961	8,340
3a.-Other Revenues						
3b.-Other Revenues						
4-Total Operating Revenues (Line 1 through 3)	<u>109,820</u>	<u>96,176</u>	<u>297,018</u>	<u>269,358</u>	<u>379,102</u>	<u>346,211</u>
<u>Operation and Maintenance Expenses:</u>						
5-Salaries & Wages-Employees (601)	11,679	11,363	33,726	32,948	44,621	43,376
6-Salaries &Wages-Officers (603)	431	881	1,285	2,707	811	2,984
7-Employee Pensions & Benefits (604)	3,147	2,712	9,585	7,535	12,691	10,224
8-Purchased Water (610)	43,878	32,924	89,921	85,445	105,358	99,796
9-Purchased Power (615)	3,706	4,217	12,664	12,402	15,917	14,051
10-Fuel for Power Production (616)	0	0	0	0	0	0
11-Chemicals (618)	594	0	682	88	726	318
12-Materials and Supplies (620)	628	11	1,507	131	2,921	695
13-Contractual Services (630)	2,949	3,289	8,105	8,483	12,433	11,353
14-Rent Expense (640)	180	179	1,023	1,024	2,548	2,394
15-Transportation Expense (650)	1,890	1,210	4,936	4,221	6,732	5,827
16-Insurance Expense (655)	0	0	0	0	0	0
17-Advertising Expense (660)	0	50	0	105	15	116
18-Regulatory Commission Expense (665)	0	0	0	0	0	0
19-Water Resource Conservation Expense (668)	0	0	0	0	0	0
20-Bad Debt Expense (670)	(186)	(177)	(2,308)	2,364	(2,600)	4,519
21-Miscellaneous Expense (675)	12,887	10,805	39,317	32,513	51,178	42,873
22-Total Operation & Maintenance Expenses (Line 5 through 21)	<u>81,782</u>	<u>67,464</u>	<u>200,442</u>	<u>189,964</u>	<u>253,349</u>	<u>238,525</u>
22.1 - Depreciation Expense	4,891	4,582	14,352	13,385	19,250	17,717
23-Taxes Other Than Income (408)	2,891	2,763	9,987	8,287	11,435	8,582
24-Income Taxes (409)*						
25-Total Taxes (Lines 23 through 24)	<u>2,891</u>	<u>2,763</u>	<u>9,987</u>	<u>8,287</u>	<u>11,435</u>	<u>8,582</u>
26-Net Operating Income (Line 4-22&25)	<u>20,256</u>	<u>21,366</u>	<u>72,236</u>	<u>57,721</u>	<u>95,068</u>	<u>81,387</u>

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: September 30, 2015

Balance Sheet Items:

	For last 12-Months This Year	Last Year	Average for 12 Months-To-Date This Year	Last Year
1-Utility Plant in Service	1,826,830	1,765,526	1,798,453	1,755,750
2-Construction Work in Progress	0	0	0	0
3-Utility Plant Acquisition Adjustment	0	0	0	0
4-Plant Held for Future Use	0	0	0	0
5-Accumulated Depreciation	(437,152)	(418,778)	(428,819)	(407,667)
6-Materials & Supplies	0	0	0	0
7-Unamortized Investment Credit	(1,842)	(1,891)	(1,864)	(1,913)
8-Deferred Income Tax	(159,607)	(134,557)	(155,439)	(128,775)
9-Contributions In Aid of Construction	(694,658)	(709,713)	(701,558)	(716,613)
10-Customer Advances For Const.	0	0	0	0
11-Preferred Stock	0	0	0	0
12-Common Stock	0	0	0	0
13-Paid In Capital-Stock	0	0	0	0
14-Retained Earnings	0	0	0	0
15-Long-Term Debt	0	0	0	0
16-Short-Term Debt	0	0	0	0

Other Required Data:

Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	566				566.00
19	3/4"					
20	1"					
21	2"					
22						
23						
Totals		566.00				566.00

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. The report is due sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: _____ Signature: _____
 Title: _____
 Ph. # _____

SUPPLEMENTAL FINANCIAL DATA TO TPUC FORM (PSC-3.07)
FOR THE QUARTER ENDED September 30, 2015

Line #		Current Quarter	Average For 12 MTD
Additions:			
1	Plant-In-Service	\$ 1,826,830	1,798,453
2	Plant Under Construction	0	0
3	Property Held For Future Use	0	0
4	Materials and Supplies	0	0
5	Other Addition (Itemize):	10,223	31,669
6	Working Capital Allowance		
7			
8	Total Additions	\$ 1,837,053	1,830,122
Deductions:			
9	Accumulated Depreciation	437,152	428,819
10	Accumulated Deferred Income Taxes	159,607	155,439
11	Unamortized Investment Credit - Pre-1971	1,842	1,864
12	Customer Deposits	0	0
13	Other Deductions (Itemize):	694,658	701,558
14	CIAC		
15			
16	Total Deductions	\$ 1,293,259	1,287,681
17	Rate Base (Line 8 less line 16)	\$ 543,794	542,441
18	Net Operating Income (NOI)	\$ 20,256	95,068
19	Adjustments to NOI (Itemize):		
20	Interest		
21			
22			
23			
24	Adjusted Net Operating Income	\$ 20,256	95,068
25	Rate of Return (Line 24 divided by line 17)	3.72%	17.53%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significant known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

1

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COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: December 31, 2015

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

Page 1 of 2

Operating Revenues:	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
1-Residential Sales	83,520	79,859	370,802	343,157	370,802	343,157
2-Commercial Sales	0	0	0	0	0	0
3-Other Revenues	3,467	2,225	13,204	8,284	13,204	8,284
3a.-Other Revenues						
3b.-Other Revenues						
4-Total Operating Revenues (Line 1 through 3)	86,988	82,084	384,005	351,442	384,005	351,442
Operation and Maintenance Expenses:						
5-Salaries & Wages-Employees (601)	12,630	10,896	46,355	43,843	46,355	43,843
6-Salaries & Wages-Officers (603)	502	(475)	1,787	2,232	1,787	2,232
7-Employee Pensions & Benefits (604)	3,583	3,107	13,168	10,642	13,168	10,642
8-Purchased Water (610)	15,667	15,437	105,588	100,882	105,588	100,882
9-Purchased Power (615)	2,300	3,252	14,964	15,654	14,964	15,654
10-Fuel for Power Production (616)	0	0	0	0	0	0
11-Chemicals (618)	44	44	726	131	726	131
12-Materials and Supplies (620)	1,109	1,414	2,615	1,545	2,615	1,545
13-Contractual Services (630)	2,747	4,328	10,852	12,811	10,852	12,811
14-Rent Expense (640)	1,532	1,524	2,556	2,548	2,556	2,548
15-Transportation Expense (650)	1,688	1,796	6,624	6,017	6,624	6,017
16-Insurance Expense (655)	0	0	0	0	0	0
17-Advertising Expense (660)	0	15	0	119	0	119
18-Regulatory Commission Expense (665)	0	0	0	0	0	0
19-Water Resource Conservation Expense (668)	0	0	0	0	0	0
20-Bad Debt Expense (670)	1,873	(292)	(435)	2,072	(435)	2,072
21-Miscellaneous Expense (675)	11,735	11,861	51,052	44,374	51,052	44,374
22-Total Operation & Maintenance Expenses (Line 5 through 21)	55,409	52,907	255,852	242,871	255,852	242,871
22.1 - Depreciation Expense	4,892	4,898	19,244	18,283	19,244	18,283
23-Taxes Other Than Income (408)						
24-Income Taxes (409)*	3,798	1,447	13,785	9,734	13,785	9,734
25-Total Taxes (Lines 23 through 24)	3,798	1,447	13,785	9,734	13,785	9,734
26-Net Operating Income (Line 4-22&25)	22,888	22,832	95,125	80,553	95,125	80,553

COMPANY NAME: Tennessee Water Service, Inc.
QUARTER ENDING: December 31, 2015

Balance Sheet Items:

	For last 12-Months This Year	Last Year	Average for 12 Months-To-Date This Year	Last Year
1-Utility Plant in Service	1,837,542	1,778,658	1,813,935	1,762,339
2-Construction Work in Progress	0	0	0	0
3-Utility Plant Acquisition Adjustment	0	0	0	0
4-Plant Held for Future Use	0	0	0	0
5-Accumulated Depreciation	(441,688)	(424,701)	(433,047)	(413,153)
6-Materials & Supplies	0	0	0	0
7-Unamortized Investment Credit	(1,829)	(1,878)	(1,852)	(1,901)
8-Deferred Income Tax	(179,576)	(159,624)	(161,278)	(136,646)
9-Contributions In Aid of Construction	(690,895)	(705,949)	(697,795)	(712,850)
10-Customer Advances For Const.	0	0	0	0
11-Preferred Stock	0	0	0	0
12-Common Stock	0	0	0	0
13-Paid In Capital-Stock	0	0	0	0
14-Retained Earnings	0	0	0	0
15-Long-Term Debt	0	0	0	0
16-Short-Term Debt	0	0	0	0

Other Required Data:

Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	567				567.00
19	3/4"					
20	1"					
21	2"					
22						
23						
Totals		567.00				567.00

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. The report is due sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: _____ Signature: _____
Title: _____
Ph. # _____

SUPPLEMENTAL FINANCIAL DATA TO TPUC FORM (PSC-3.07)
FOR THE QUARTER ENDED December 31, 2015

Line #		Current Quarter	Average For 12 MTD
Additions:			
1	Plant-In-Service	\$ 1,837,542	1,813,935
2	Plant Under Construction	0	0
3	Property Held For Future Use	0	0
4	Materials and Supplies	0	0
5	Other Addition (Itemize):		
6	Working Capital Allowance	6,926	31,981
7			
8	Total Additions	\$ 1,844,468	1,845,917
Deductions:			
9	Accumulated Depreciation	441,688	433,047
10	Accumulated Deferred Income Taxes	179,576	161,278
11	Unamortized Investment Credit - Pre-1971	1,829	1,852
12	Customer Deposits	0	0
13	Other Deductions (Itemize):		
14	CIAC	690,895	697,795
15			
16	Total Deductions	\$ 1,313,989	1,293,971
17	Rate Base (Line 8 less line 16)	\$ 530,479	551,945
18	Net Operating Income (NOI)	\$ 22,888	95,125
19	Adjustments to NOI (Itemize):		
20	Interest		
21			
22			
23			
24	Adjusted Net Operating Income	\$ 22,888	95,125
25	Rate of Return (Line 24 divided by line 17)	4.31%	17.23%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significant known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

1

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COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: March 31, 2016

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

Page 1 of 2

Operating Revenues:	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
1-Residential Sales	79,857	81,887	79,857	81,887	368,773	342,685
2-Commercial Sales	0	0	0	0	0	0
3-Other Revenues	2,340	3,067	2,340	3,067	12,477	9,072
3a.-Other Revenues						
3b.-Other Revenues						
4-Total Operating Revenues (Line 1 through 3)	82,197	84,953	82,197	84,953	381,250	351,756
Operation and Maintenance Expenses:						
5-Salaries & Wages-Employees (601)	11,304	10,775	11,304	10,775	46,884	44,131
6-Salaries & Wages-Officers (603)	417	424	417	424	1,780	1,814
7-Employee Pensions & Benefits (604)	2,377	3,421	2,377	3,421	12,124	11,406
8-Purchased Water (610)	19,412	18,522	19,412	18,522	106,478	88,727
9-Purchased Power (615)	3,551	4,958	3,551	4,958	13,558	16,189
10-Fuel for Power Production (616)	0	0	0	0	0	0
11-Chemicals (618)	0	44	0	44	682	131
12-Materials and Supplies (620)	1,950	625	1,950	625	3,940	2,150
13-Contractual Services (630)	7,070	2,129	7,070	2,129	15,793	12,500
14-Rent Expense (640)	176	179	176	179	2,553	2,549
15-Transportation Expense (650)	2,373	1,428	2,373	1,428	7,569	5,934
16-Insurance Expense (655)	0	0	0	0	0	0
17-Advertising Expense (660)	0	0	0	0	0	114
18-Regulatory Commission Expense (665)	0	0	0	0	0	0
19-Water Resource Conservation Expense (668)	0	0	0	0	0	0
20-Bad Debt Expense (670)	(499)	(1,123)	(499)	(1,123)	189	(1,332)
21-Miscellaneous Expense (675)	14,495	13,900	14,495	13,900	51,647	46,596
22-Total Operation & Maintenance Expenses (Line 5 through 21)	62,626	55,281	62,626	55,281	263,197	230,908
22.1 - Depreciation Expense	4,434	4,651	4,434	4,651	19,027	18,466
23-Taxes Other Than Income (408)	1,112	2,821	1,112	2,821	12,076	9,942
24-Income Taxes (409)*						
25-Total Taxes (Lines 23 through 24)	1,112	2,821	1,112	2,821	12,076	9,942
26-Net Operating Income (Line 4-22&25)	14,026	22,201	14,026	22,201	86,950	92,440

COMPANY NAME: Tennessee Water Service, Inc.
QUARTER ENDING: March 31, 2016

Balance Sheet Items:

	For last 12-Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
1-Utility Plant in Service	1,841,977	1,786,686	1,828,276	1,772,125
2-Construction Work in Progress	0	0	0	0
3-Utility Plant Acquisition Adjustment	0	0	0	0
4-Plant Held for Future Use	0	0	0	0
5-Accumulated Depreciation	(444,945)	(428,359)	(437,676)	(419,816)
6-Materials & Supplies	0	0	0	0
7-Unamortized Investment Credit	(1,817)	(1,866)	(1,840)	(1,886)
8-Deferred Income Tax	(179,564)	(159,614)	(166,266)	(143,670)
9-Contributions In Aid of Construction	(687,131)	(702,186)	(694,031)	(708,459)
10-Customer Advances For Const.	0	0	0	0
11-Preferred Stock	0	0	0	0
12-Common Stock	0	0	0	0
13-Paid In Capital-Stock	0	0	0	0
14-Retained Earnings	0	0	0	0
15-Long-Term Debt	0	0	0	0
16-Short-Term Debt	0	0	0	0

Other Required Data:

Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	561				561.00
19	3/4"					
20	1"					
21	2"					
22						
23						
Totals		561.00				561.00

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. The report is due sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: _____ Signature: _____
Title: _____
Ph. # _____

SUPPLEMENTAL FINANCIAL DATA TO TPUC FORM (PSC-3.07)
FOR THE QUARTER ENDED March 31, 2016

Line #		Current Quarter	Average For 12 MTD
Additions:			
1	Plant-In-Service	\$ 1,841,977	1,828,276
2	Plant Under Construction	0	0
3	Property Held For Future Use	0	0
4	Materials and Supplies	0	0
5	Other Addition (Itemize):		
6	Working Capital Allowance	7,828	32,900
7			
8	Total Additions	\$ 1,849,806	1,861,176
Deductions:			
9	Accumulated Depreciation	444,945	437,676
10	Accumulated Deferred Income Taxes	179,564	166,266
11	Unamortized Investment Credit - Pre-1971	1,817	1,840
12	Customer Deposits	0	0
13	Other Deductions (Itemize):		
14	CIAC	687,131	694,031
15			
16	Total Deductions	\$ 1,313,457	1,299,813
17	Rate Base (Line 8 less line 16)	\$ 536,348	561,363
18	Net Operating Income (NOI)	\$ 14,026	86,950
19	Adjustments to NOI (Itemize):		
20	Interest		
21			
22			
23			
24	Adjusted Net Operating Income	\$ 14,026	86,950
25	Rate of Return (Line 24 divided by line 17)	2.62%	15.49%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significant known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

1

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COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: June 30, 2016

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

Page 1 of 2

Operating Revenues:	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
1-Residential Sales	104,658	99,319	184,515	181,205	374,112	355,189
2-Commercial Sales	0	0	0	0	0	0
3-Other Revenues	2,311	2,926	4,651	5,993	11,862	10,269
3a.-Other Revenues						
3b.-Other Revenues						
4- Total Operating Revenues (Line 1 through 3)	<u>106,969</u>	<u>102,245</u>	<u>189,166</u>	<u>187,198</u>	<u>385,973</u>	<u>365,458</u>
Operation and Maintenance Expenses:						
5-Salaries & Wages-Employees (601)	11,744	11,272	23,048	22,047	47,356	44,306
6-Salaries &Wages-Officers (603)	442	430	859	854	1,792	1,260
7-Employee Pensions & Benefits (604)	2,946	3,017	5,324	6,438	12,053	12,257
8-Purchased Water (610)	25,179	27,521	44,591	46,043	104,135	94,404
9-Purchased Power (615)	2,963	4,001	6,514	8,959	12,520	16,428
10-Fuel for Power Production (616)	0	0	0	0	0	0
11-Chemicals (618)	44	44	44	88	682	131
12-Materials and Supplies (620)	999	253	2,950	879	4,686	2,303
13-Contractual Services (630)	2,425	3,027	9,495	5,156	15,191	12,773
14-Rent Expense (640)	840	665	1,015	844	2,728	2,547
15-Transportation Expense (650)	1,498	1,618	3,871	3,046	7,449	6,052
16-Insurance Expense (655)	0	0	0	0	0	0
17-Advertising Expense (660)	0	0	0	0	0	65
18-Regulatory Commission Expense (665)	0	0	0	0	0	0
19-Water Resource Conservation Expense (668)	0	0	0	0	0	0
20-Bad Debt Expense (670)	123	(998)	(377)	(2,121)	1,309	(2,591)
21-Miscellaneous Expense (675)	13,416	12,529	27,911	26,429	52,533	49,096
22- Total Operation & Maintenance Expenses (Line 5 through 21)	<u>62,618</u>	<u>63,380</u>	<u>125,244</u>	<u>118,660</u>	<u>262,435</u>	<u>239,032</u>
22.1 - Depreciation Expense	3,926	4,811	8,360	9,461	18,143	18,941
23-Taxes Other Than Income (408)	1,127	4,275	2,239	7,096	8,928	11,307
24-Income Taxes (409)*						
25-Total Taxes (Lines 23 through 24)	<u>1,127</u>	<u>4,275</u>	<u>2,239</u>	<u>7,096</u>	<u>8,928</u>	<u>11,307</u>
26-Net Operating Income (Line 4-22&25)	<u>39,297</u>	<u>29,780</u>	<u>53,323</u>	<u>51,980</u>	<u>96,467</u>	<u>96,178</u>

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: June 30, 2016

Balance Sheet Items:

	For last 12 Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
1-Utility Plant in Service	1,846,205	1,815,853	1,836,492	1,783,800
2-Construction Work in Progress	0	0	0	0
3-Utility Plant Acquisition Adjustment	0	0	0	0
4- Plant Held for Future Use	0	0	0	0
5-Accumulated Depreciation	(450,473)	(431,168)	(442,680)	(423,959)
6-Materials & Supplies	0	0	0	0
7-Unamortized Investment Credit	(1,805)	(1,854)	(1,827)	(1,876)
8-Deferred Income Tax	(179,568)	(159,619)	(171,253)	(149,177)
9-Contributions in Aid of Construction	(683,367)	(698,422)	(690,267)	(705,322)
10-Customer Advances For Const.	0	0	0	0
11-Preferred Stock	0	0	0	0
12-Common Stock	0	0	0	0
13-Paid in Capital-Stock	0	0	0	0
14-Retained Earnings	0	0	0	0
15-Long-Term Debt	0	0	0	0
16-Short-Term Debt	0	0	0	0

Other Required Data:

Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	566				566.00
19	3/4"					-
20	1"					-
21	2"					-
22						-
23						-
Totals		566.00	-	-	-	566.00

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. The report is due sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: _____ Signature: _____
 Title: _____
 Ph. # _____

SUPPLEMENTAL FINANCIAL DATA TO TPUC FORM (PSC-3.07)
FOR THE QUARTER ENDED June 30, 2016

Line #		Current Quarter	Average For 12 MTD
Additions:			
1	Plant-In-Service	\$ 1,846,205	1,836,492
2	Plant Under Construction	0	0
3	Property Held For Future Use	0	0
4	Materials and Supplies	0	0
5	Other Addition (Itemize):	7,827	32,804
6	Working Capital Allowance		
7			
8	Total Additions	\$ 1,854,032	1,869,296
Deductions:			
9	Accumulated Depreciation	450,473	442,680
10	Accumulated Deferred Income Taxes	179,568	171,253
11	Unamortized Investment Credit - Pre-1971	1,805	1,827
12	Customer Deposits	0	0
13	Other Deductions (Itemize):	683,367	690,267
14	CIAC		
15			
16	Total Deductions	\$ 1,315,213	1,306,028
17	Rate Base (Line 8 less line 16)	\$ 538,819	563,269
18	Net Operating Income (NOI)	\$ 39,297	96,467
19	Adjustments to NOI (Itemize):		
20	Interest		
21			
22			
23			
24	Adjusted Net Operating Income	\$ 39,297	96,467
25	Rate of Return (Line 24 divided by line 17)	7.29%	17.13%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significant known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

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COMPANY NAME: Tennessee Water Service, Inc.

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

Page 1 of 2

QUARTER ENDING: September 30, 2016Operating Revenues:

	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
1-Residential Sales	106,780	106,076	291,295	287,281	374,815	367,141
2-Commercial Sales	0	0	0	0	0	0
3-Other Revenues	4,644	3,743	9,295	9,736	12,763	11,961
3a.-Other Revenues						
3b.-Other Revenues						
4-Total Operating Revenues (Line 1 through 3)	<u>111,424</u>	<u>109,820</u>	<u>300,590</u>	<u>297,018</u>	<u>387,578</u>	<u>379,102</u>

Operation and Maintenance Expenses:

5-Salaries & Wages-Employees (601)	12,811	11,679	35,858	33,726	48,488	44,621
6-Salaries & Wages-Officers (603)	439	431	1,298	1,285	1,800	811
7-Employee Pensions & Benefits (604)	3,111	3,147	8,435	9,585	12,018	12,691
8-Purchased Water (610)	44,590	43,878	89,181	89,921	104,848	105,358
9-Purchased Power (615)	5,048	3,706	11,562	12,664	13,862	15,917
10-Fuel for Power Production (616)	0	0	0	0	0	0
11-Chemicals (618)	88	594	131	682	175	726
12-Materials and Supplies (620)	201	628	3,150	1,507	4,259	2,921
13-Contractual Services (630)	(2,104)	2,949	7,391	8,105	10,138	12,433
14-Rent Expense (640)	180	180	1,196	1,023	2,728	2,548
15-Transportation Expense (650)	1,826	1,890	5,697	4,936	7,385	6,732
16-Insurance Expense (655)	0	0	0	0	0	0
17-Advertising Expense (660)	0	0	0	0	0	15
18-Regulatory Commission Expense (665)	0	0	0	0	0	0
19-Water Resource Conservation Expense (668)	0	0	0	0	0	0
20-Bad Debt Expense (670)	(330)	(186)	(707)	(2,308)	1,166	(2,600)
21-Miscellaneous Expense (675)	13,988	12,887	41,898	39,317	53,634	51,178
22-Total Operation & Maintenance Expenses (Line 5 through 21)	<u>79,847</u>	<u>81,782</u>	<u>205,091</u>	<u>200,442</u>	<u>260,500</u>	<u>253,349</u>
22.1 - Depreciation Expense	3,690	4,891	12,051	14,352	16,943	19,250
23-Taxes Other Than Income (408)	1,084	2,891	3,322	9,987	7,120	11,435
24-Income Taxes (409)*						
25-Total Taxes (Lines 23 through 24)	<u>1,084</u>	<u>2,891</u>	<u>3,322</u>	<u>9,987</u>	<u>7,120</u>	<u>11,435</u>
26-Net Operating Income (Line 4-22&25)	<u>26,803</u>	<u>20,256</u>	<u>80,126</u>	<u>72,236</u>	<u>103,014</u>	<u>95,068</u>

COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: September 30, 2016

Balance Sheet Items:

	For last 12-Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
1-Utility Plant in Service	1,852,991	1,826,830	1,843,432	1,798,453
2-Construction Work in Progress	0	0	0	0
3-Utility Plant Acquisition Adjustment	0	0	0	0
4-Plant Held for Future Use	0	0	0	0
5-Accumulated Depreciation	(453,283)	(437,152)	(446,667)	(428,819)
6-Materials & Supplies	0	0	0	0
7-Unamortized Investment Credit	(1,793)	(1,842)	(1,815)	(1,864)
8-Deferred Income Tax	(179,562)	(159,607)	(176,241)	(155,439)
9-Contributions In Aid of Construction	(679,604)	(694,658)	(686,504)	(701,558)
10-Customer Advances For Const.	0	0	0	0
11-Preferred Stock	0	0	0	0
12-Common Stock	0	0	0	0
13-Paid In Capital-Stock	0	0	0	0
14-Retained Earnings	0	0	0	0
15-Long-Term Debt	0	0	0	0
16-Short-Term Debt	0	0	0	0

Other Required Data:

Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	565				566.00
19	3/4"					
20	1"					
21	2"					
22						
23						
Totals		566.00				566.00

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. The report is due sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: _____ Signature: _____
 Title: _____
 Ph. # _____

SUPPLEMENTAL FINANCIAL DATA TO TPUC FORM (PSC-3.07)
FOR THE QUARTER ENDED September 30, 2016

Line #		Current Quarter	Average For 12 MTD
Additions:			
1	Plant-In-Service	\$ 1,852,991	1,843,432
2	Plant Under Construction	0	0
3	Property Held For Future Use	0	0
4	Materials and Supplies	0	0
5	Other Addition (Itemize):	9,981	32,563
6	Working Capital Allowance		
7			
8	Total Additions	\$ 1,862,972	1,875,995
Deductions:			
9	Accumulated Depreciation	453,283	446,667
10	Accumulated Deferred Income Taxes	179,562	176,241
11	Unamortized Investment Credit - Pre-1971	1,793	1,815
12	Customer Deposits	0	0
13	Other Deductions (Itemize):	679,604	686,504
14	CIAC		
15			
16	Total Deductions	\$ 1,314,241	1,311,227
17	Rate Base (Line 8 less line 16)	\$ 548,731	564,768
18	Net Operating Income (NOI)	\$ 26,803	103,014
19	Adjustments to NOI (Itemize):		
20	Interest		
21			
22			
23			
24	Adjusted Net Operating Income	\$ 26,803	103,014
25	Rate of Return (Line 24 divided by line 17)	4.88%	18.24%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significant known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

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COMPANY NAME: Tennessee Water Service, Inc.
 QUARTER ENDING: December 31, 2016

QUARTERLY REPORT OF REVENUES, EXPENSES AND, INVESTMENTS FOR WATER COMPANIES

Page 1 of 2

	Totals for Current Quarter		Year to Date Totals		For last 12-Months	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
<u>Operating Revenues:</u>						
1-Residential Sales	46,949	83,520	338,243	370,802	338,243	370,802
2-Commercial Sales	0	0	0	0	0	0
3-Other Revenues	1,499	3,467	10,794	13,204	10,794	13,204
3a.-Other Revenues						
3b.-Other Revenues						
4-Total Operating Revenues (Line 1 through 3)	<u>48,448</u>	<u>86,988</u>	<u>349,038</u>	<u>384,005</u>	<u>349,038</u>	<u>384,005</u>
<u>Operation and Maintenance Expenses:</u>						
5-Salaries & Wages-Employees (601)	12,453	12,630	48,312	46,355	48,312	46,355
6-Salaries & Wages-Officers (603)	319	502	1,617	1,787	1,617	1,787
7-Employee Pensions & Benefits (604)	2,346	3,583	10,781	13,168	10,781	13,168
8-Purchased Water (610)	7,635	15,667	96,816	105,588	96,816	105,588
9-Purchased Power (615)	3,494	2,300	15,056	14,964	15,056	14,964
10-Fuel for Power Production (616)	0	0	0	0	0	0
11-Chemicals (618)	44	44	175	726	175	726
12-Materials and Supplies (620)	264	1,109	3,414	2,615	3,414	2,615
13-Contractual Services (630)	2,834	2,747	10,225	10,852	10,225	10,852
14-Rent Expense (640)	1,552	1,532	2,748	2,556	2,748	2,556
15-Transportation Expense (650)	1,316	1,688	7,013	6,624	7,013	6,624
16-Insurance Expense (655)	0	0	0	0	0	0
17-Advertising Expense (660)	0	0	0	0	0	0
18-Regulatory Commission Expense (665)	0	0	0	0	0	0
19-Water Resource Conservation Expense (668)	0	0	0	0	0	0
20-Bad Debt Expense (670)	299	1,873	(408)	(435)	(408)	(435)
21-Miscellaneous Expense (675)	15,733	11,735	57,631	51,052	57,631	51,052
22-Total Operation & Maintenance Expenses (Line 5 through 21)	<u>48,289</u>	<u>55,409</u>	<u>253,380</u>	<u>255,852</u>	<u>253,380</u>	<u>255,852</u>
22.1 - Depreciation Expense	3,498	4,892	15,549	19,244	15,549	19,244
23-Taxes Other Than Income (408)						
24-Income Taxes (409)*	7,551	3,798	10,873	13,785	10,873	13,785
25-Total Taxes (Lines 23 through 24)	<u>7,551</u>	<u>3,798</u>	<u>10,873</u>	<u>13,785</u>	<u>10,873</u>	<u>13,785</u>
26-Net Operating Income (Line 4-22&25)	<u>(10,891)</u>	<u>22,888</u>	<u>69,235</u>	<u>95,125</u>	<u>69,235</u>	<u>95,125</u>

COMPANY NAME: Tennessee Water Service, Inc.
QUARTER ENDING: December 31, 2016

Balance Sheet Items:

	For last 12-Months		Average for 12 Months-To-Date	
	This Year	Last Year	This Year	Last Year
1-Utility Plant in Service	1,796,480	1,837,542	1,829,086	1,813,935
2-Construction Work in Progress	0	0	0	0
3-Utility Plant Acquisition Adjustment	0	0	0	0
4-Plant Held for Future Use	0	0	0	0
5-Accumulated Depreciation	(396,409)	(441,688)	(439,097)	(433,047)
6-Materials & Supplies	0	0	0	0
7-Unamortized Investment Credit	(1,780)	(1,829)	(1,827)	(1,852)
8-Deferred Income Tax	(201,279)	(179,576)	(171,326)	(161,278)
9-Contributions in Aid of Construction	(675,840)	(690,895)	(690,267)	(697,795)
10-Customer Advances For Const.	0	0	0	0
11-Preferred Stock	0	0	0	0
12-Common Stock	0	0	0	0
13-Paid In Capital-Stock	0	0	0	0
14-Retained Earnings	0	0	0	0
15-Long-Term Debt	0	0	0	0
16-Short-Term Debt	0	0	0	0

Other Required Data:

Line #	Meter Size	Residential	Commercial	Industrial	Other	Total
17						
18	5/8"	578				578.00
19	3/4"					-
20	1"					-
21	2"					-
22						-
23						-
Totals		578.00				578.00

Instructions:

1. This report is required for all companies that had operating revenues in excess of \$100,000 during the preceeding year, but less than \$1,500,000 per TRA Rule 1220-4-1-.10. The report is due sixty days after the reported ending date.
2. Show amounts rounded to the nearest dollar.
3. List other customers listed in the meter section under the "Remarks" section below.
4. Put any additional comments in the "Remarks" section below.

REMARKS

I certify that to the best of my knowledge and belief this is a true and correct report.

Date: _____ Signature: _____
Title: _____
Ph. # _____

**SUPPLEMENTAL FINANCIAL DATA TO TPUC FORM (PSC-3.07)
FOR THE QUARTER ENDED December 31, 2016**

Line #		Current Quarter	Average For 12 MTD
Additions:			
1	Plant-In-Service	\$ 1,796,480	1,829,086
2	Plant Under Construction	0	0
3	Property Held For Future Use	0	0
4	Materials and Supplies	0	0
5	Other Addition (Itemize):		
6	Working Capital Allowance	6,036	31,673
7			
8	Total Additions	\$ 1,802,516	1,860,759
Deductions:			
9	Accumulated Depreciation	396,409	439,097
10	Accumulated Deferred Income Taxes	201,279	171,326
11	Unamortized Investment Credit - Pre-1971	1,780	1,827
12	Customer Deposits	0	0
13	Other Deductions (Itemize):		
14	CIAC	675,840	690,267
15			
16	Total Deductions	\$ 1,275,309	1,302,517
17	Rate Base (Line 8 less line 16)	\$ 527,206	558,241
18	Net Operating Income (NOI)	\$ (10,891)	69,235
19	Adjustments to NOI (Itemize):		
20	Interest		
21			
22			
23			
24	Adjusted Net Operating Income	\$ (10,891)	69,235
25	Rate of Return (Line 24 divided by line 17)	-2.07%	12.40%

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Authority for this company.

CONTINUING SURVEILLANCE CONSIDERATIONS: Estimate the effect on net operating income of very significant known changes occurring within the period covered by this report which are not fully reflected in the revenue and expense amounts shown in the report.

1

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EXHIBIT AB-2

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending March 31, 2013
Source: TWS Form 3.07 q1 2013

Exhibit AB-2

<u>Line #</u>		<u>Company 12 Months Ending 31-Mar-13</u>
	Income Statement	
1	Residential Sales	\$ 310,310
2	Commercial Sales	-
3	Foreited Discounts	6,916
4	Misc. Revenues	<u>1,615</u>
5	Total Revenues	\$ 318,841
6	Salaries & Wages-Employees	\$ 44,700
7	Salaries & Wages-Officers	3,690
8	Employee Pension & Benefits	9,379
9	Purchased Power	11,442
10	Purchased Water	74,048
11	Fuel for Power Production	-
12	Chemicals	1,730
13	Materials and Supplies	705
14	Contractual Services	13,904
15	Rent Expense	1,970
16	Transportation Expense	25
17	Insurance Expense	4,598
18	Advertising Expense	-
19	Regulatory Commission Expense	7,207
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	1,468
22	Miscellaneous Expense	<u>31,364</u>
23	Total Operating and Maintenance Expense	\$ 206,230
24	Depr. & Amort Expense	16,754
25	Taxes Other Than Income Taxes	14,661
26	Income Taxes	\$ 18,127
27	Total Operating Expense	<u>\$ 255,772</u>
28	Net Operating Income ("NOI")	<u>\$ 63,069</u>
	Rate Base	
29	Utility Plant in Service	\$ 1,728,316
30	Advances in Aid of Construction	-
31	Gen. Ledger Add/Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	4,297 B/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	\$ 1,732,613
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	387,019
39	Unamortized Investment Credit	1,964
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	732,295
42	Accumulated Deferred Income Tax	99,853
43	Total Deductions	\$ 1,221,131
44	Rate Base (Line 36- Line 43)	\$ 511,482
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 303,616
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 19,431
49	Net Income (Line 28 - Line 48)	\$ 43,638
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 207,866
52	Return on Equity (Line 49 / Line 51)	20.99%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return (Line 51 x Line 53)	\$ 15,798
55	Return Over Authorized Return on Equity (Line 49 - Line 54)	\$ 27,840

A/ Settlement Workpapers (09-00017)

B/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending June 30, 2013
Source: TWS Form 3.07 q2 2013

Exhibit AB-2

Company
12 Months
Ending
30-Jun-13

Line #	Income Statement	
1	Residential Sales	\$ 309,301
2	Commercial Sales	-
3	Foreited Discounts	6,258
4	Misc. Revenues	1,790
5	Total Revenues	\$ 317,349
6	Salaries & Wages-Employees	\$ 42,666
7	Salaries & Wages-Officers	3,975
8	Employee Pension & Benefits	9,210
9	Purchased Power	11,816
10	Purchased Water	74,391
11	Fuel for Power Production	-
12	Chemicals	1,730
13	Materials and Supplies	1,137
14	Contractual Services	13,862
15	Rent Expense	1,959
16	Transportation Expense	30
17	Insurance Expense	4,822
18	Advertising Expense	-
19	Regulatory Commission Expense	4,133
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	1,421
22	Miscellaneous Expense	33,676
23	Total Operating and Maintenance Expense	\$ 204,828
24	Depr. & Amort Expense	16,776
25	Taxes Other Than Income Taxes	15,140
26	Income Taxes	\$ 18,127
27	Total Operating Expense	\$ 254,871
28	Net Operating Income ("NOI")	\$ 62,478
29	Utility Plant in Service	\$ 1,735,097
30	Advances in Aid of Construction	-
31	Gen. Ledger Add/Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	4,268 B/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	\$ 1,739,365
37	Customer Deposits	\$ -
38	Accumulated Depreciation	392,145
39	Unamortized Investment Credit	1,952
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	728,531
42	Accumulated Deferred Income Tax	99,856
43	Total Deductions	\$ 1,222,484
44	Rate Base (Line 36- Line 43)	\$ 516,881
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 306,821
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 19,637
49	Net Income (Line 28 - Line 48)	\$ 42,841
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 210,060
52	Return on Equity (Line 49 / Line 51)	20.39%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 15,965
55	Return Over Authorized Return on Equity	\$ 26,877

A/ Settlement Workpapers (09-00017)

B/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending September 30, 2013
Source: TWS Form 3.07 q3 2013

Exhibit AB-2

Company
12 Months
Ending
30-Sep-13

Line #	Income Statement	
1	Residential Sales	\$ 318,356
2	Commercial Sales	-
3	Foreited Discounts	6,127
4	Misc. Revenues	1,694
5	Total Revenues	<u>\$ 326,177</u>
6	Salaries & Wages-Employees	\$ 41,119
7	Salaries & Wages-Officers	4,138
8	Employee Pension & Benefits	9,558
9	Purchased Power	13,426
10	Purchased Water	77,129
11	Fuel for Power Production	-
12	Chemicals	1,223
13	Materials and Supplies	891
14	Contractual Services	12,717
15	Rent Expense	1,961
16	Transportation Expense	23
17	Insurance Expense	4,945
18	Advertising Expense	-
19	Regulatory Commission Expense	1,024
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	2,348
22	Miscellaneous Expense	35,648
23	Total Operating and Maintenance Expense	<u>\$ 206,150</u>
24	Depr. & Amort Expense	16,810
25	Taxes Other Than Income Taxes	15,608
26	Income Taxes	\$ 18,127
27	Total Operating Expense	<u>\$ 256,695</u>
28	Net Operating Income ("NOI")	<u>\$ 69,482</u>
Rate Base		
29	Utility Plant in Service	\$ 1,740,739
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	4,295 B/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	\$ 1,745,034
Less Deductions:		
37	Customer Deposits	\$ -
38	Accumulated Depreciation	399,051
39	Unamortized Investment Credit	1,940
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	724,768
42	Accumulated Deferred Income Tax	99,855
43	Total Deductions	\$ 1,225,614
44	Rate Base (Line 36- Line 43)	\$ 519,420
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 308,328
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 19,733
49	Net Income (Line 28 - Line 48)	\$ 49,749
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 211,092
52	Return on Equity (Line 49 / Line 51)	23.57%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 16,043
55	Return Over Authorized Return on Equity	\$ 33,706

A/ Settlement Workpapers (09-00017)

B/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending December 31, 2013
Source: TWS Form 3.07 q4 2013

Exhibit AB-2

Company
12 Months
Ending
31-Dec-13

Line #		
	Income Statement	
1	Residential Sales	\$ 319,303
2	Commercial Sales	-
3	Foreited Discounts	5,552
4	Misc. Revenues	1,834
5	Total Revenues	\$ 326,689
6	Salaries & Wages-Employees	\$ 40,972
7	Salaries & Wages-Officers	3,506
8	Employee Pension & Benefits	10,001
9	Purchased Power	12,020
10	Purchased Water	72,907
11	Fuel for Power Production	-
12	Chemicals	318
13	Materials and Supplies	1,349
14	Contractual Services	13,193
15	Rent Expense	1,982
16	Transportation Expense	23
17	Insurance Expense	5,092
18	Advertising Expense	-
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	4,434
22	Miscellaneous Expense	38,013
23	Total Operating and Maintenance Expense	\$ 203,810
24	Depr. & Amort Expense	16,745
25	Taxes Other Than Income Taxes	8,035
26	Income Taxes	34,654
27	Total Operating Expense	\$ 263,244
28	Net Operating Income ("NOI")	\$ 63,445
	Rate Base	
29	Utility Plant in Service	\$ 1,746,890
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	4,246 B/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	\$ 1,751,136
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	400,206
39	Unamortized Investment Credit	1,927
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	721,004
42	Accumulated Deferred Income Tax	134,561
43	Total Deductions	\$ 1,257,698
44	Rate Base (Line 36- Line 43)	\$ 493,438
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 292,905
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 18,746
49	Net Income (Line 28 - Line 48)	\$ 44,699
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 200,533
52	Return on Equity (Line 49 / Line 51)	22.29%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 15,241
55	Return Over Authorized Return on Equity	\$ 29,459

A/ Settlement Workpapers (09-00017)

B/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending March 31, 2014
Source: TWS Form 3.07 q1 2014

Exhibit AB-2

<u>Line #</u>		<u>Company 12 Months Ending 31-Mar-14</u>
	Income Statement	
1	Residential Sales	\$ 336,760
2	Commercial Sales	-
3	Forfeited Discounts	6,001
4	Other Revenues	1,784
5	Total Revenues	<u>\$ 344,545</u>
6	Salaries & Wages-Employees	\$ 41,107
7	Salaries & Wages-Officers	3,039
8	Employee Pension & Benefits	10,304
9	Purchased Power	13,567
10	Purchased Water	88,090
11	Fuel for Power Production	-
12	Chemicals	362
13	Materials and Supplies	952
14	Contractual Services	12,968
15	Rent Expense	2,118
16	Transportation Expense	19
17	Insurance Expense	5,420
18	Advertising Expense	-
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	6,546
22	Miscellaneous Expense	41,402
23	Total Operating and Maintenance Expense	<u>\$ 225,894</u>
24	Depr. & Amort Expense	17,096
25	Taxes Other Than Income Taxes	7,921
26	Income Taxes	\$ 34,654
27	Total Operating Expense	<u>\$ 285,565</u>
28	Net Operating Income ("NOI")	<u>\$ 58,980</u>
	Rate Base	
29	Utility Plant in Service	\$ 1,754,195
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	4,706 B/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	<u>\$ 1,758,901</u>
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	405,796
39	Unamortized Investment Credit	1,915
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	717,240
42	Accumulated Deferred Income Tax	134,557
43	Total Deductions	<u>\$ 1,259,508</u>
44	Rate Base (Line 36- Line 43)	\$ 499,393
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 296,440
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 18,972
49	Net Income (Line 28 - Line 48)	\$ 40,008
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 202,953
52	Return on Equity (Line 49 / Line 51)	19.71%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 15,424
55	Return Over Authorized Return on Equity	\$ 24,583

A/ Settlement Workpapers (09-00017)
B/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending June 30, 2014
Source: TWS Form 3.07 q2 2014

Exhibit AB-2

Company
12 Months
Ending
30-Jun-14

<u>Line #</u>	<u>Income Statement</u>	
1	Residential Sales	\$ 345,690
2	Commercial Sales	-
3	Forfeited Discounts	6,131
4	Other Revenues	1,754
5	Total Revenues	\$ 353,575
6	Salaries & Wages-Employees	\$ 42,184
7	Salaries & Wages-Officers	3,104
8	Employee Pension & Benefits	9,993
9	Purchased Power	14,562
10	Purchased Water	97,644
11	Fuel for Power Production	-
12	Chemicals	362
13	Materials and Supplies	706
14	Contractual Services	13,008
15	Rent Expense	2,257
16	Transportation Expense	12
17	Insurance Expense	5,459
18	Advertising Expense	-
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	5,873
22	Miscellaneous Expense	41,277
23	Total Operating and Maintenance Expense	\$ 236,441
24	Depr. & Amort Expense	17,292
25	Taxes Other Than Income Taxes	8,312
26	Income Taxes	\$ 34,654
27	Total Operating Expense	\$ 296,699
28	Net Operating Income ("NOI")	\$ 56,876
29	Rate Base	\$ 1,762,338
30	Utility Plant in Service	-
31	Advances in Aid of Construction	-
32	Gen. Ledger Add./Capitalized Time	-
33	Cash Working Capital	-
34	Working Capital Allowance	30,594 B/
35	Materials and Supplies	-
36	Regional Office Allocation	-
36	Total	\$ 1,792,932
37	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	410,629
39	Unamortized Investment Credit	1,903
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	713,477
42	Accumulated Deferred Income Tax	134,553
43	Total Deductions	\$ 1,260,562
44	Rate Base (Line 36- Line 43)	\$ 532,370
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 316,015
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 20,225
49	Net Income (Line 28 - Line 48)	\$ 36,651
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 216,355
52	Return on Equity (Line 49 / Line 51)	16.94%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 16,443
55	Return Over Authorized Return on Equity	\$ 20,208

A/ Settlement Workpapers (09-00017)

B/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending September 30, 2014
Source: TWS Form 3.07 q3 2014

Exhibit AB-2

Company
12 Months
Ending
30-Sep-14

Line #	Income Statement	
1	Residential Sales	\$ 337,871
2	Commercial Sales	-
3	Forfeited Discounts	5,615
4	Other Revenues	1,825
5	Total Revenues	<u>\$ 345,311</u>
6	Salaries & Wages-Employees	\$ 43,376
7	Salaries & Wages-Officers	2,984
8	Employee Pension & Benefits	10,224
9	Purchased Power	14,051
10	Purchased Water	99,796
11	Fuel for Power Production	-
12	Chemicals	318
13	Materials and Supplies	644
14	Contractual Services	13,608
15	Rent Expense	9,534
16	Transportation Expense	(18)
17	Insurance Expense	5,639
18	Advertising Expense	-
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	4,519
22	Miscellaneous Expense	33,852
23	Total Operating and Maintenance Expense	<u>\$ 238,527</u>
24	Depr. & Amort Expense	17,717
25	Taxes Other Than Income Taxes	8,582
26	Income Taxes	\$ 34,654
27	Total Operating Expense	<u>\$ 299,480</u>
28	Net Operating Income ("NOI")	<u>\$ 45,831</u>
29	Utility Plant in Service	\$ 1,765,526
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	30,889 B/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	<u>\$ 1,796,415</u>
37	Customer Deposits	\$ -
38	Accumulated Depreciation	418,778
39	Unamortized Investment Credit	1,891
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	709,713
42	Accumulated Deferred Income Tax	134,557
43	Total Deductions	<u>\$ 1,264,939</u>
44	Rate Base (Line 36- Line 43)	\$ 531,476
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 315,484
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 20,191
49	Net Income (Line 28 - Line 48)	\$ 25,640
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 215,992
52	Return on Equity (Line 49 / Line 51)	11.87%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 16,415
55	Return Over Authorized Return on Equity	\$ 9,225

A/ Settlement Workpapers (09-00017)

B/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending December 31, 2014
Source: TWS Form 3.07 q4 2014

Exhibit AB-2

Company
12 Months
Ending
31-Dec-14

Line #

Income Statement

1	Residential Sales	\$ 343,157
2	Commercial Sales	-
3	Forfeited Discounts	-
4	Other Revenues	8,284
5	Total Revenues	<u>\$ 351,441</u>
6	Salaries & Wages-Employees	\$ 43,843
7	Salaries & Wages-Officers	2,232
8	Employee Pension & Benefits	10,642
9	Purchased Power	15,654
10	Purchased Water	100,882
11	Fuel for Power Production	-
12	Chemicals	131
13	Materials and Supplies	1,545
14	Contractual Services	12,811
15	Rent Expense	2,548
16	Transportation Expense	6,017
17	Insurance Expense	-
18	Advertising Expense	119
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	2,072
22	Miscellaneous Expense	44,374
23	Total Operating and Maintenance Expense	<u>\$ 242,870</u>
24	Depr. & Amort Expense	18,283
25	Taxes Other Than Income Taxes	9,734
26	Income Taxes	\$ 23,895 B/
27	Total Operating Expense	<u>\$ 294,782</u>
28	Net Operating Income ("NOI")	<u>\$ 56,659</u>

Rate Base

29	Utility Plant in Service	\$ 1,778,658
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	30,359 C/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	<u>\$ 1,809,017</u>
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	424,701
39	Unamortized Investment Credit	1,878
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	705,949
42	Accumulated Deferred Income Tax	159,624
43	Total Deductions	<u>\$ 1,292,152</u>
44	Rate Base (Line 36- Line 43)	<u>\$ 516,865</u>
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	<u>\$ 306,811</u>
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	<u>\$ 19,636</u>
49	Net Income (Line 28 - Line 48)	<u>\$ 37,023</u>
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	<u>\$ 210,054</u>
52	Return on Equity (Line 49 / Line 51)	17.63%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	<u>\$ 15,964</u>
55	Return Over Authorized Return on Equity	<u>\$ 21,059</u>

A/ Settlement Workpapers (09-00017)

B/ Line 5 minus sum of Lines 23,24,25 and 48 times composite tax rate of 39.225% (PROOF: (1-.065)*0.35=0.32725+0.065=0.39225)

C/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending March 31, 2015
Source: TWS Form 3.07 q1 2015

Exhibit AB-2

Company
12 Months
Ending
31-Mar-15

Line #	Income Statement	
1	Residential Sales	\$ 342,685
2	Commercial Sales	-
3	Forfeited Discounts	-
4	Other Revenues	9,072
5	Total Revenues	\$ 351,757
6	Salaries & Wages-Employees	\$ 44,131
7	Salaries & Wages-Officers	1,814
8	Employee Pension & Benefits	11,406
9	Purchased Power	16,189
10	Purchased Water	88,727
11	Fuel for Power Production	-
12	Chemicals	131
13	Materials and Supplies	2,150
14	Contractual Services	12,500
15	Rent Expense	2,549
16	Transportation Expense	5,934
17	Insurance Expense	-
18	Advertising Expense	114
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	(1,332)
22	Miscellaneous Expense	46,596
23	Total Operating and Maintenance Expense	\$ 230,909
24	Depr. & Amort Expense	18,466
25	Taxes Other Than Income Taxes	9,942
26	Income Taxes	\$ 28,458 B/
27	Total Operating Expense	\$ 287,775
28	Net Operating Income ("NOI")	\$ 63,982
29	Rate Base	\$ 1,786,686
30	Utility Plant in Service	-
31	Advances in Aid of Construction	-
32	Gen. Ledger Add/Capitalized Time	-
33	Cash Working Capital	-
34	Working Capital Allowance	28,864 C/
35	Materials and Supplies	-
36	Regional Office Allocation	-
36	Total	\$ 1,815,550
37	Less Deductions:	
38	Customer Deposits	\$ -
39	Accumulated Depreciation	428,359
40	Unamortized Investment Credit	1,866
41	Pro Forma Retirements	-
42	Contributions & Advances in Aid of Construction	702,186
43	Accumulated Deferred Income Tax	159,614
43	Total Deductions	\$ 1,292,025
44	Rate Base (Line 36- Line 43)	\$ 523,525
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 310,764
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 19,889
49	Net Income (Line 28 - Line 48)	\$ 44,093
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 212,761
52	Return on Equity (Line 49 / Line 51)	20.72%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 16,170
55	Return Over Authorized Return on Equity	\$ 27,923

A/ Settlement Workpapers (09-00017)

B/ Line 5 minus sum of Lines 23,24,25 and 48 times composite tax rate of 39.225% (PROOF: $(1-.065)*0.35=0.32725+0.065=0.39225$)

C/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending June 30, 2015
Source: TWS Form 3.07 q2 2015

Exhibit AB-2

Company
12 Months
Ending
30-Jun-15

Line #		
	Income Statement	
1	Residential Sales	\$ 355,189
2	Commercial Sales	-
3	Forfeited Discounts	-
4	Other Revenues	10,269
5	Total Revenues	<u>\$ 365,458</u>
6	Salaries & Wages-Employees	\$ 44,306
7	Salaries & Wages-Officers	1,260
8	Employee Pension & Benefits	12,257
9	Purchased Power	16,428
10	Purchased Water	94,404
11	Fuel for Power Production	-
12	Chemicals	131
13	Materials and Supplies	2,303
14	Contractual Services	12,773
15	Rent Expense	2,547
16	Transportation Expense	6,052
17	Insurance Expense	-
18	Advertising Expense	65
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	(2,591)
22	Miscellaneous Expense	49,096
23	Total Operating and Maintenance Expense	<u>\$ 239,031</u>
24	Depr. & Amort Expense	18,941
25	Taxes Other Than Income Taxes	11,307
26	Income Taxes	\$ 29,461 B/
27	Total Operating Expense	<u>\$ 298,740</u>
28	Net Operating Income ("NOI")	<u>\$ 66,718</u>
	Rate Base	
29	Utility Plant in Service	\$ 1,815,853
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	29,879 C/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	<u>\$ 1,845,732</u>
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	431,168
39	Unamortized Investment Credit	1,854
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	698,422
42	Accumulated Deferred Income Tax	159,619
43	Total Deductions	<u>\$ 1,291,063</u>
44	Rate Base (Line 36- Line 43)	<u>\$ 554,669</u>
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	<u>\$ 329,252</u>
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	<u>\$ 21,072</u>
49	Net Income (Line 28 - Line 48)	<u>\$ 45,646</u>
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	<u>\$ 225,417</u>
52	Return on Equity (Line 49 / Line 51)	20.25%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	<u>\$ 17,132</u>
55	Return Over Authorized Return on Equity	<u>\$ 28,514</u>

A/ Settlement Workpapers (09-00017)

B/ Line 5 minus sum of Lines 23,24,25 and 48 times composite tax rate of 39.225% (PROOF: $(1-.065)*0.35=0.32725+0.065=0.39225$)

C/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending September 30, 2015
Source: TWS Form 3.07 q3 2015

Exhibit AB-2

Company
12 Months
Ending
30-Sep-15

Line #		
	Income Statement	
1	Residential Sales	\$ 367,141
2	Commercial Sales	-
3	Forfeited Discounts	-
4	Other Revenues	11,961
5	Total Revenues	<u>\$ 379,102</u>
6	Salaries & Wages-Employees	\$ 44,621
7	Salaries & Wages-Officers	811
8	Employee Pension & Benefits	12,691
9	Purchased Power	15,917
10	Purchased Water	105,358
11	Fuel for Power Production	-
12	Chemicals	726
13	Materials and Supplies	2,921
14	Contractual Services	12,433
15	Rent Expense	2,548
16	Transportation Expense	6,732
17	Insurance Expense	-
18	Advertising Expense	15
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	(2,600)
22	Miscellaneous Expense	51,178
23	Total Operating and Maintenance Expense	<u>\$ 253,351</u>
24	Depr. & Amort Expense	19,250
25	Taxes Other Than Income Taxes	11,435
26	Income Taxes	\$ 28,867 B/
27	Total Operating Expense	<u>\$ 312,903</u>
28	Net Operating Income ("NOI")	<u>\$ 66,199</u>
	Rate Base	
29	Utility Plant in Service	\$ 1,826,830
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	31,669 C/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	<u>\$ 1,858,499</u>
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	437,152
39	Unamortized Investment Credit	1,842
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	694,658
42	Accumulated Deferred Income Tax	159,607
43	Total Deductions	<u>\$ 1,293,259</u>
44	Rate Base (Line 36- Line 43)	\$ 565,240
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 335,526
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 21,474
49	Net Income (Line 28 - Line 48)	\$ 44,726
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 229,714
52	Return on Equity (Line 49 / Line 51)	19.47%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 17,458
55	Return Over Authorized Return on Equity	\$ 27,267

A/ Settlement Workpapers (09-00017)

B/ Line 5 minus sum of Lines 23,24,25 and 48 times composite tax rate of
39.225% (PROOF: $(1-.065)*0.35=0.32725+0.065=0.39225$)

C/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending December 31, 2015
Source: TWS Form 3.07 q4 2015

Exhibit AB-2

Company
12 Months
Ending
31-Dec-15

Line #	Income Statement	
1	Residential Sales	\$ 370,802
2	Commercial Sales	-
3	Forfeited Discounts	-
4	Other Revenues	<u>13,204</u>
5	Total Revenues	\$ 384,006
6	Salaries & Wages-Employees	\$ 46,355
7	Salaries & Wages-Officers	1,787
8	Employee Pension & Benefits	13,168
9	Purchased Power	14,964
10	Purchased Water	105,588
11	Fuel for Power Production	-
12	Chemicals	726
13	Materials and Supplies	2,615
14	Contractual Services	10,852
15	Rent Expense	2,556
16	Transportation Expense	6,624
17	Insurance Expense	-
18	Advertising Expense	-
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	(435)
22	Miscellaneous Expense	<u>51,052</u>
23	Total Operating and Maintenance Expense	\$ 255,852
24	Depr. & Amort Expense	19,244
25	Taxes Other Than Income Taxes	13,785
26	Income Taxes	\$ 29,034 B/
27	Total Operating Expense	<u>\$ 317,915</u>
28	Net Operating Income ("NOI")	<u>\$ 66,091</u>
Rate Base		
29	Utility Plant in Service	\$ 1,837,542
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	31,981 C/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	\$ 1,869,523
Less Deductions:		
37	Customer Deposits	\$ -
38	Accumulated Depreciation	441,688
39	Unamortized Investment Credit	1,829
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	690,895
42	Accumulated Deferred Income Tax	179,576
43	Total Deductions	\$ 1,313,988
44	Rate Base (Line 36- Line 43)	\$ 555,535
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 329,766
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 21,105
49	Net Income (Line 28 - Line 48)	\$ 44,986
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 225,769
52	Return on Equity (Line 49 / Line 51)	19.93%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 17,158
55	Return Over Authorized Return on Equity	\$ 27,827

A/ Settlement Workpapers (09-00017)

B/ Line 5 minus sum of Lines 23,24,25 and 48 times composite tax rate of 39.225% (PROOF: (1-.065)*0.35=0.32725+0.065=0.39225)

C/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending March 31, 2016
Source: TWS Form 3.07 q1 2016

Exhibit AB-2

Company
12 Months
Ending
31-Mar-16

Line #		
	Income Statement	
1	Residential Sales	\$ 368,773
2	Commercial Sales	-
3	Other Revenues	12,477
4	Other Revenues	-
5	Total Revenues	<u>\$ 381,250</u>
6	Salaries & Wages-Employees	\$ 46,884
7	Salaries & Wages-Officers	1,780
8	Employee Pension & Benefits	12,124
9	Purchased Power	13,558
10	Purchased Water	106,478
11	Fuel for Power Production	-
12	Chemicals	682
13	Materials and Supplies	3,940
14	Contractual Services	15,793
15	Rent Expense	2,553
16	Transportation Expense	7,569
17	Insurance Expense	-
18	Advertising Expense	-
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	189
22	Miscellaneous Expense	51,647
23	Total Operating and Maintenance Expense	<u>\$ 263,197</u>
24	Depr. & Amort Expense	19,027
25	Taxes Other Than Income Taxes	12,076
26	Income Taxes	\$ 25,740 B/
27	Total Operating Expense	<u>\$ 320,040</u>
28	Net Operating Income ("NOI")	<u>\$ 61,210</u>
	Rate Base	
29	Utility Plant in Service	\$1,841,977
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	32,900 C/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	<u>\$1,874,877</u>
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	444,945
39	Unamortized Investment Credit	1,817
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	687,131
42	Accumulated Deferred Income Tax	179,564
43	Total Deductions	<u>\$1,313,457</u>
44	Rate Base (Line 36- Line 43)	\$ 561,420
45	Long Term Debt Ratio	59.36%
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 333,259 A/
47	Interest Rate on Debt	6.40%
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 21,329 A/
49	Net Income (Line 28 - Line 48)	\$ 39,881
50	Stockholders Equity	40.64%
51	Rate Base Equity (Line 44 x Line 50)	\$ 228,161 A/
52	Return on Equity (Line 49 / Line 51)	17.48%
53	Authorized Return on Equity	
54	Authorized Return	7.60% A/
55	Return Over Authorized Return on Equity	\$ 17,340
		\$ 22,541

A/ Settlement Workpapers (09-00017)

B/ Line 5 minus sum of Lines 23,24,25 and 48 times composite tax rate of 39.225% (PROOF: (1-.065)*0.35=0.32725+0.065=0.39225)

C/ Average 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending June 30, 2016
Source: TWS Form 3.07 q2 2016

Exhibit AB-2

<u>Line #</u>		Company 12 Months Ending 30-Jun-16
	Income Statement	
1	Residential Sales	\$ 374,112
2	Commercial Sales	-
3	Other Revenues	11,862
4	Other Revenues	-
5	Total Revenues	<u>\$ 385,974</u>
6	Salaries & Wages-Employees	\$ 47,356
7	Salaries & Wages-Officers	1,792
8	Employee Pension & Benefits	12,053
9	Purchased Power	12,520
10	Purchased Water	104,135
11	Fuel for Power Production	-
12	Chemicals	682
13	Materials and Supplies	4,686
14	Contractual Services	15,191
15	Rent Expense	2,728
16	Transportation Expense	7,449
17	Insurance Expense	-
18	Advertising Expense	-
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	1,309
22	Miscellaneous Expense	52,533
23	Total Operating and Maintenance Expense	<u>\$ 262,434</u>
24	Depr. & Amort Expense	18,143
25	Taxes Other Than Income Taxes	8,928
26	Income Taxes	<u>\$ 29,438 B/</u>
27	Total Operating Expense	<u>\$ 318,943</u>
28	Net Operating Income ("NOI")	<u>\$ 67,031</u>
	Rate Base	
29	Utility Plant in Service	\$ 1,846,205
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	32,804 C/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	<u>\$ 1,879,009</u>
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	450,473
39	Pro Forma Retirements	-
40	Unamortized Investment Credit	1,805
41	Contributions & Advances in Aid of Construction	683,367
42	Accumulated Deferred Income Tax	179,568
43	Total Deductions	<u>\$ 1,315,213</u>
44	Rate Base (Line 36- Line 43)	\$ 563,796
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 334,669
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 21,419
49	Net Income (Line 28 - Line 48)	\$ 45,612
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 229,127
52	Return on Equity (Line 49 / Line 51)	19.91%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 17,414
55	Return Over Authorized Return on Equity	\$ 28,198

A/ Settlement Workpapers (09-00017)

B/ Line 5 minus sum of Lines 23,24,25 and 48 times composite tax rate of 39.225%
(PROOF: $(1-.065)*0.35=0.32725+0.065=0.39225$)

C/ Average for 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending September 30, 2016
Source: TWS Form 3.07 q3 2016

Exhibit AB-2

<u>Line #</u>		Company 12 Months Ending <u>30-Sep-16</u>
	Income Statement	
1	Residential Sales	\$ 374,815
2	Commercial Sales	-
3	Other Revenues	12,763
4	Other Revenues	-
5	Total Revenues	<u>\$ 387,578</u>
6	Salaries & Wages-Employees	\$ 48,488
7	Salaries & Wages-Officers	1,800
8	Employee Pension & Benefits	12,018
9	Purchased Power	13,862
10	Purchased Water	104,848
11	Fuel for Power Production	-
12	Chemicals	175
13	Materials and Supplies	4,259
14	Contractual Services	10,138
15	Rent Expense	2,728
16	Transportation Expense	7,385
17	Insurance Expense	-
18	Advertising Expense	-
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	1,166
22	Miscellaneous Expense	53,634
23	Total Operating and Maintenance Expense	<u>\$ 260,501</u>
24	Depr. & Amort Expense	16,943
25	Taxes Other Than Income Taxes	7,120
26	Income Taxes	\$ 31,894 B/
27	Total Operating Expense	<u>\$ 316,458</u>
28	Net Operating Income ("NOI")	<u>\$ 71,120</u>
	Rate Base	
29	Utility Plant in Service	\$ 1,852,991
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	32,563 C/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	<u>\$ 1,885,554</u>
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	453,283
39	Pro Forma Retirements	-
40	Unamortized Investment Credit	1,793
41	Contributions & Advances in Aid of Construction	679,604
42	Accumulated Deferred Income Tax	179,562
43	Total Deductions	<u>\$ 1,314,242</u>
43	Rate Base (Line 36- Line 43)	\$ 571,312
44	Long Term Debt Ratio	59.36% A/
45	Rate Base Financed Debt (Line 44 x Line 45)	\$ 339,131
46	Interest Rate on Debt	6.40% A/
47	Interest Expense on Debt (Line 46 x Line 47)	\$ 21,704
48	Net Income (Line 28 - Line 48)	\$ 49,416
49	Stockholders Equity	40.64% A/
50	Rate Base Equity (Line 44 x Line 50)	\$ 232,181
51	Return on Equity (Line 49 / Line 51)	21.28%
52	Authorized Return on Equity	7.60% A/
53	Authorized Return	\$ 17,646
54	Return Over Authorized Return on Equity	\$ 31,770

A/ Settlement Workpapers (09-00017)

B/ Line 14 minus sum of Lines 23,24,25 and 44 times composite tax rate of 39.225%
(PROOF: (1-.065)*0.35=0.32725+0.065=0.39225)

C/ Average for 12 MTD

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending December 31, 2016
Source: TWS Form 3.07 q4 2016

Exhibit AB-2

<u>Line #</u>		Company 12 Months Ending 31-Dec-16
	Income Statement	
1	Residential Sales	\$ 338,243
2	Commercial Sales	-
3	Other Revenues	10,794
4	Other Revenues	-
5	Total Revenues	<u>\$ 349,037</u>
6	Salaries & Wages-Employees	\$ 48,312
7	Salaries & Wages-Officers	1,617
8	Employee Pension & Benefits	10,781
9	Purchased Power	15,056
10	Purchased Water	96,816
11	Fuel for Power Production	-
12	Chemicals	175
13	Materials and Supplies	3,414
14	Contractual Services	10,225
15	Rent Expense	2,748
16	Transportation Expense	7,013
17	Insurance Expense	-
18	Advertising Expense	-
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	(408)
22	Miscellaneous Expense	57,631
23	Total Operating and Maintenance Expense	<u>\$ 253,380</u>
24	Depr. & Amort Expense	15,549
25	Taxes Other Than Income Taxes	10,873
26	Income Taxes	<u>\$ 18,919 B/</u>
27	Total Operating Expense	<u>\$ 298,721</u>
28	Net Operating Income ("NOI")	<u>\$ 50,316</u>
	Rate Base	
29	Utility Plant in Service	\$ 1,796,480
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	31,673 C/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	\$ 1,828,153
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	396,409
39	Unamortized Investment Credit	1,780
40	Pro Forma Retirements	-
41	Contributions & Advances in Aid of Construction	675,840
42	Accumulated Deferred Income Tax	201,279
43	Total Deductions	\$ 1,275,308
44	Rate Base (Line 36- Line 43)	\$ 552,845
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 328,169
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 21,003
49	Net Income (Line 28 - Line 48)	\$ 29,313
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 224,676
52	Return on Equity (Line 49 / Line 51)	13.05%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 17,075
55	Return Over Authorized Return on Equity	\$ 12,238

A/ Settlement Workpapers (09-00017)

B/ Line 14 minus sum of Lines 23,24,25 and 44 times composite tax rate of 39.225%
(Proof: $(1-.065)*0.35=0.32725+0.065=0.39225$)

C/ Average for 12 MTD

EXHIBIT AB-3

TN Attorney General - Consumer Protection and Advocate Division
Calculation of Return on Equity of
Tennessee Water Services
For the Twelve Month Period Ending June 30, 2016
Source: TWS Form 3.07 q2 2016

Exhibit AB-3

<u>Line #</u>		<u>Company 12 Months Ending 30-Jun-16</u>
	Income Statement	
1	Residential Sales	\$ 374,112
2	Commercial Sales	-
3	Other Revenues	11,862
4	Other Revenues	-
5	Total Revenues	<u>\$ 385,974</u>
6	Salaries & Wages-Employees	\$ 47,356
7	Salaries & Wages-Officers	1,792
8	Employee Pension & Benefits	12,053
9	Purchased Power	12,520
10	Purchased Water	104,135
11	Fuel for Power Production	-
12	Chemicals	682
13	Materials and Supplies	4,686
14	Contractual Services	15,191
15	Rent Expense	2,728
16	Transportation Expense	7,449
17	Insurance Expense	-
18	Advertising Expense	-
19	Regulatory Commission Expense	-
20	Water Resource Conservation Expense	-
21	Bad Debt Expense	1,309
22	Miscellaneous Expense	52,533
23	Total Operating and Maintenance Expense	<u>\$ 262,434</u>
24	Depr. & Amort Expense	18,143
25	Taxes Other Than Income Taxes	8,928
26	Income Taxes	<u>\$ 29,438 B/</u>
27	Total Operating Expense	<u>\$ 318,943</u>
28	Net Operating Income ("NOI")	<u>\$ 67,031</u>
	Rate Base	
29	Utility Plant in Service	\$ 1,846,205
30	Advances in Aid of Construction	-
31	Gen. Ledger Add./Capitalized Time	-
32	Cash Working Capital	-
33	Working Capital Allowance	32,804 C/
34	Materials and Supplies	-
35	Regional Office Allocation	-
36	Total	<u>\$ 1,879,009</u>
	Less Deductions:	
37	Customer Deposits	\$ -
38	Accumulated Depreciation	450,473
39	Pro Forma Retirements	-
40	Unamortized Investment Credit	1,805
41	Contributions & Advances in Aid of Construction	683,367
42	Accumulated Deferred Income Tax	179,568
43	Total Deductions	<u>\$ 1,315,213</u>
44	Rate Base (Line 36- Line 43)	\$ 563,796
45	Long Term Debt Ratio	59.36% A/
46	Rate Base Financed Debt (Line 44 x Line 45)	\$ 334,669
47	Interest Rate on Debt	6.40% A/
48	Interest Expense on Debt (Line 46 x Line 47)	\$ 21,419
49	Net Income (Line 28 - Line 48)	\$ 45,612
50	Stockholders Equity	40.64% A/
51	Rate Base Equity (Line 44 x Line 50)	\$ 229,127
52	Return on Equity (Line 49 / Line 51)	19.91%
53	Authorized Return on Equity	7.60% A/
54	Authorized Return	\$ 17,414
55	Return Over Authorized Return on Equity	\$ 28,198

- A/ Settlement Workpapers (09-00017)
 B/ Line 5 minus sum of Lines 23,24,25 and 48 times composite tax rate of 39.225%
 (PROOF: $(1-.065)*0.35=0.32725+0.065=0.39225$)
 C/ Average for 12 MTD

EXHIBIT AB-4

TN Attorney General - Consumer Protection and Advocate Division
"Make Whole" Surcharge Calculation

Exhibit AB-4

Line #	To Correct Make-Whole Surcharge to 18 Month	
1	Total Customers before Wildfires	565
2	Total "Active Customers"	160
3	"Inactive Customers"	405
4	Company Projected Revenue Shortfall to Cover Expenses	\$80,860
5	Revenue Requirement per "inactive customer"	\$199.65
6	Monthly Surcharge	\$11.09

Line #	Projected Revenue Shortfall for Company's Make-Whole Surcharge	
1	Total Customers before Wildfires	565
2	Total "Active Customers"	160
3	"Inactive Customers"	405
4	Customer Growth per Month	10
5	Company Projected Revenue Shortfall to Cover Expenses	\$ 80,860
6	Revenue Requirement per "inactive customer"	\$ 200
7	Monthly Surcharge	\$ 11.09
8	Projected Make-Whole Surcharge Revenue	
9	Month 1	\$ 4,381
10	Month 2	\$ 4,270
11	Month 3	\$ 4,159
12	Month 4	\$ 4,049
13	Month 5	\$ 3,938
14	Month 6	\$ 3,827
15	Month 7	\$ 3,716
16	Month 8	\$ 3,605
17	Month 9	\$ 3,494
18	Month 10	\$ 3,383
19	Month 11	\$ 3,272
20	Month 12	\$ 3,161
21	Month 13	\$ 3,050
22	Month 14	\$ 2,939
23	Month 15	\$ 2,828
24	Month 16	\$ 2,718
25	Month 17	\$ 2,607
26	Month 18	\$ 2,496
27	Total Surcharge Revenues	\$ 61,893
28	Shortfall	\$ (18,967)

Line #	Projected Revenue Shortfall for Company's Make-Whole Surcharge assuming customer loss of 25%	
1	Total Customers before Wildfires	565
2	Hypothetical Customer Loss	25%
3	Customer Count with Loss	424
4	Total "Active Customers"	160
5	"Inactive Customers"	264
6	Customer Growth per Month	10
7	Company Projected Revenue Shortfall to Cover Expenses	\$ 80,860
8	Revenue Requirement per "Inactive Customer"	\$ 199.65
9	Monthly Surcharge	\$ 11.09
10	Projected Make-Whole Surcharge Revenue	
11	Month 1	\$ 2,815
12	Month 2	\$ 2,704
13	Month 3	\$ 2,593
14	Month 4	\$ 2,482
15	Month 5	\$ 2,371
16	Month 6	\$ 2,260
17	Month 7	\$ 2,149
18	Month 8	\$ 2,038
19	Month 9	\$ 1,927
20	Month 10	\$ 1,816
21	Month 11	\$ 1,705
22	Month 12	\$ 1,594
23	Month 13	\$ 1,484
24	Month 14	\$ 1,373
25	Month 15	\$ 1,262
26	Month 16	\$ 1,151
27	Month 17	\$ 1,040
28	Month 18	\$ 929
29	Total Surcharge Revenues	\$ 33,692
30	Shortfall	\$ (47,168)