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December 28, 2017

VIA ELECTRONIC FILING

Hon. David Jones, Chairman
c/o Sharla Dillon
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: *Petition of Tennessee-American Water Company Regarding the 2018 Investment and Related Expenses Under the Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider and the Safety and Environmental Compliance Rider, TPUC Docket No. 17-00124*


Dear Chairman Jones:

Attached for filing please find *Tennessee-American Water Company's Responses to First Discovery Requests of the Consumer Protection and Advocate Division* in the above-captioned matter.

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

Very truly yours,

BUTLER SNOW LLP


Melvin J. Malone

clw

Enclosure

cc: Linda Bridwell, Tennessee-American Water Company
Daniel Whitaker III, Assistant Attorney General, Consumer Protection and Advocate Division
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BUTLER SNOW LLP

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

**PETITION OF TENNESSEE-)
AMERICAN WATER COMPANY)
REGARDING THE 2018 INVESTMENT)
AND RELATED EXPENSES UNDER)
THE QUALIFIED INFRASTRUCTURE)
INVESTMENT PROGRAM RIDER,)
THE ECONOMIC DEVELOPMENT)
INVESTMENT RIDER AND THE)
SAFETY AND ENVIRONMENTAL)
COMPLIANCE RIDER)**

DOCKET NO. 17-00124

**TENNESSEE-AMERICAN WATER COMPANY'S RESPONSES
TO FIRST DISCOVERY REQUESTS OF
THE CONSUMER PROTECTION AND ADVOCATE DIVISION**

Tennessee-American Water Company ("TAWC"), by and through counsel, hereby submits its Responses to the First Discovery Requests propounded by the Consumer Protection and Advocate Division ("CPAD").

GENERAL OBJECTIONS

1. TAWC objects to all requests that seek information protected by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or restriction on disclosure.

2. TAWC objects to the definitions and instructions accompanying the requests to the extent the definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations, or orders of the Tennessee Public Utility Commission ("TPUC" or "Authority").

3. The specific responses set forth below are based on information now available to TAWC, and TAWC reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information produced.

4. TAWC objects to each request to the extent that it is unreasonably cumulative or duplicative, or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

5. TAWC objects to each request to the extent it seeks information outside TAWC's custody or control.

6. TAWC's decision, now or in the future, to provide information or documents notwithstanding the objectionable nature of any of the definitions or instructions, or the requests themselves, should not be construed as: (a) a stipulation that the material is relevant or admissible, (b) a waiver of TAWC's General Objections or the objections asserted in response to specific discovery requests, or (c) an agreement that requests for similar information will be treated in a similar manner.

7. TAWC objects to those requests that seek the identification of "any" or "all" documents or witnesses (or similar language) related to a particular subject matter on the grounds that they are overbroad and unduly burdensome, and exceed the scope of permissible discovery.

8. TAWC objects to those requests that constitute a "fishing expedition," seeking information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence and is not limited to this matter.

9. TAWC does not waive any previously submitted objections to the CPAD's supplemental discovery requests.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

1. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to Cells S15..U33 of the "WKP 2017 In-Serviced SCEP" tab. These cells provide the 2016 prior year spending in November and December for Business Units DV, A, B, C and D in order to calculate the 3-month averages for January and February 2017. It appears that the Company has continued to use the 2016 budget amounts for this calculation instead of the actual November and December 2016 spending amounts included in the 2016 Capital Rider Reconciliation. Please update the Company's calculation or provide an explanation as to why this calculation is correct.

Response:

TAWC has previously recognized that there is no material difference between using a 3-month average for forecasted in-service plant and using the monthly forecasted construction expenditures as the amount of forecasted in-service plant for certain Business Units. Therefore, in this petition TAWC has proposed to change the methodology on a going forward basis beginning with the 2018 forecast. TAWC has not proposed and does not support any retroactive application of the revised methodology.

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

Question:

2. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to Cells Column M ("Portion to Account") of the "WKP 2017 In-Serviced SCEP" tab. This column is used to assign budgeted capital expenditures for each business units to specific accounts. It appears that the Company has updated the "Portion to Account" allocations in the 2017 Budget Filing that was already approved by the Tennessee Public Utility Commission ("TPUC") from a fixed percentage to a three- year average of plant additions from 2014 to 2016. For example, note the following changes to Business Unit B contained in the "WKP 2017 In-Serviced SCEP" spreadsheet:

Tennessee-American Water Company 2017 Business Unit B Budget Allocations			
Account	Description	Prior Allocation	Proposed Allocation
331001	Transmission & Distribution Mains	96.80%	92.29%
333000	Services	2.90%	6.51%
335000	Hydrants	0.30%	1.20%

Is it the Company's intention to have the Commission reconsider and reapprove the 2017 budget allocations that were already decided in Docket 16-00126? If so, cite where this proposal is included in the Company's testimony in the current docket. If not, update the Company's filing to include the previous budget allocation amounts for 2017 that were already approved by the Commission.

Response:

The company's intention is to re-assess the allocation rates based on three years' worth of capital rider actual amounts' approved through the prior reconciliation dockets. A better alignment of the forecasted 2017 forecasted amounts will become the starting basis for the 2018 forecasted utility plant balances. The Company's testimony does not directly call out the allocation change to be based on actuals, but the change is aligned to changes #1 and #4 presented in the testimony. The change is also reflected on the tab "Changes Made" in the workpapers as #4 on that tab. TAW considered the possibility of making the change on a going forward basis only, but due to the improved accuracy for 2017 is proposing to make the change in 2017 as well. These changes address updating the 2016 rider amounts with actuals as well as retirement and COR trends based on the 2014-2016 actual three-

year average from previous reconciliation dockets. Even though the change was identified in the workpapers, the company will amend testimony to more directly call this change out. The company believes no update is necessary for the forecasted 2018 capital rider amounts based on these percentage changes.

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Responsible Witness: **Linda C. Bridwell**

Question:

3. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to Column M ("Portion to Account") of the "WKP 2018 In- Serviced SCEP" tab. This column is used to assign budgeted capital expenditures for each business unit to specific accounts. As noted in CPAD1 -2, it appears that the Company has updated the "Portion to Account" allocations in the 2017 Budget Filing that were already approved by the TPUC from a fixed percentage to a three-year average of plant additions from 2014 to 2016.
 - a. It appears that the Company has not included any testimony on this proposed change for the 2018 Capital Rider Budget Filing in its filing. Specifically, there appears to be no mention of this proposed change in allocation factors on pages 9 - 11 of Company witness Bridwell' s direct testimony where she discusses the "six changes" to the proposed Capital Rider calculation. Does the Company intend to amend its testimony to include this proposed change?
 - b. Is it the Company's intent to update this budget allocation in future filings? If so, at what interval?
 - c. Are there any other changes to the Capital Rider calculation that the Company has included in its filing that are not specifically discussed in the testimony?

Response:

- a. Please refer to the response to Question 2 of the CPAD's First Discovery Request.
- b. Yes, the intent is to utilize the most recent three-year average of actual capital rider data for forecasted additions to specific plant accounts. As new information becomes available, TAW would propose utilizing an updated 3-year average.
- c. To the company's best knowledge, all changes have been addressed either in testimony or in the listing of changes within the workpapers.

**TENNESSEE AMERICAN WATER COMPANY
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FIRST DISCOVERY REQUEST OF THE
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Responsible Witness: **Linda C. Bridwell/Brent E. O'Neill**

Question:

4. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to Cells A1 16..AW145 of the "WKP 2017 In-Serviced SCEP" tab regarding the 2017 budget for Investment Projects. It appears that the Company has reset the budget amounts to zero for a number Investment Projects that the Commission had previously approved in Docket 16-00126 as shown below.

Investment Project	Cumulative December 2017 Budget In 16-00126	Cumulative December 2017 Budget In 17-00124
I26-020022 Post Acquisition BD Capex	\$250,000	\$0
I26-020034 3000'-24" Tennessee River Crossing	2,001,711	0
I26-020041 Electrical -Breakers and Relays	430,212	0
I26-020042 Pumping Auxiliary Power	683,166	0
I26-020045 Renovate Filter Bldg 3	67,480	0
I26-050002 Facility Upgrades at Whitwell WTP	169,659	0
I26-050004 Replace 0.1 MG Storage Tanks at Whitwell	162,534	0
Total	\$3,764,762	\$ 0

- a. Is it the Company's intent to now modify its existing 2017 Investment Project budget that was previously approved by the Commission in Docket 16-00126? If so, cite testimony in the current docket where this modification is requested.
- b. At page 10 of the direct testimony of Company witness Bridwell, she states that the estimated construction of Project I26-020034 was moved from 2017 to 2018. Given this change, would it not be better to make a "reforecast" adjustment to the 2018 budget instead of retroactively adjusting the 2017 budget that had already been approved by the Commission?
- c. On pages 10 and 11 of the direct testimony of Company witness Bridwell, she states that Investment Projects 126-050002 and 126-050004 were not included in the 2017 budget. However, it appears that both of these projects were included in the 2017

budget at a funding level of \$169,659 and \$162,534 respectively as shown in the table above. If this is correct, reconcile Ms. Bridwell's testimony with the table above.

Response:

- a. No. TAW presented its 2017 Investment Project budget in Docket No. 16-00126 as the source and support for the 2017 Capital Recovery Riders approved in Docket No. 16-00126, which are then reflected on the tab "WKP 2017 In-Serviced SCEP". The \$250,000 was listed in Docket No. 16-00126 under the tab "EXH 2017 SCEP" as the budgeted construction expenditures, not the in-service amount proposed to be included in the Capital Recovery Riders. In Docket No. 16-00126 under the tab "WKP 2017 In-Service SCEP", the amount was also listed as \$0 for the project I26-020022. This is identical to the presentation in this case, which lists the 2017 SCEP as "WKP 2017 SCEP" and the amounts included in the Capital Recovery Riders under "WKP 2017 In-Serviced SCEP".
- b. No, TAW does not believe it would be better to make a reforecast adjustment to the 2018 budget. TAW considered a number of different alternatives regarding the presentation of the change, including simply not changing 2017 at all and letting all of the changes be addressed in the reconciliation. Because the 2018 forecasted amount for the Capital Recovery Riders is a cumulative amount of in-serviced construction expenditures and depends in part of the 2017 base, TAW proposed to reflect these changes in the 2017 In-Serviced amounts. In TAW's opinion, it would be confusing to reforecast project I26-020034 with no change to 2017, a \$0 balance at the beginning of 2018, and then a full amount in service in 2018 again. While it would be inefficient to attempt to reforecast every project every year with the next filing, however TAW believed this change of the 3 projects (IP 26-020034, IP26-05002 and IP 26-05004) was material enough to warrant proposing a change to the 2017 forecast as well as the 2018 forecast in this proceeding.
- c. The two projects had construction expenditures in the 2017 budget but were not in the 2017 Capital Recovery Riders. On pages 10 and 11 of her direct testimony, Ms. Bridwell states, "In order to manage construction expenditures, Tennessee American moved two projects forward from 2018 and completed them in 2017. These projects were IP 26-050002 and IP 26-05004. These projects were not included in 2017 in Docket No. 12-00126 because they were scheduled for initiation and completion in 2018." She does not indicate they were not included in the 2017 budget, but in stating they were not included in 2017 was indicating they were not included in the Capital Recovery Riders in 2017. The two projects are listed on the "EXH 2017 SCEP" in Docket No. 16-00126 and have in-service dates for 2018, and have no in-serviced amounts on the WKP 2017 In-Serviced Amounts. Please note the docket number is listed incorrectly in the testimony.

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Responsible Witness: Brent O'Neill

Question:

5. Refer to the Board approval of the 2018 Capital Budget that was included with the Company's filing. Has the Board also approved amendments to the 2017 Capital Budget that was submitted in Docket 16-00126 and approved by the Commission. If so, please provide a copy of Board's amendments to the 2017 Capital Budget. If not, explain the Company's rationale for adjusting the 2017 Capital Budget.

Response:

No, the Board of Tennessee American Water Company does not approve amendments to the Capital Budget. As indicated on page 15 of O'Neill's Testimony, TAWC actively manages each budget line to ensure that the overall spending is consistent with the budget levels that were approved by the Board. The Board approval is for the overall business plan and not approval for individual projects. TAWC is responsible for the implementing the capital program. The management of the budget lines is carried out during monthly Capital Investment Management Committee (CIMC) meetings that compare the current capital expenditures to the budgeted levels. The CIMC includes the TAWC President, TAWC Operations Manager, TAWC Engineering Project Manager, TAWC Financial Analyst, and TAWC Operations Specialist. If changes in the budget are required due to changes in priorities or unexpected changes in projects, the committee reviews the need for the changes and approves the movement of available capital from other budget lines to offset the changes in capital spend and maintain the overall projected spend for the year as approved by the Board.

As further explained on page 25 of O'Neill's Testimony, given the delay, QIIP projects and spending that was originally slated for 2018 were pulled forward into 2017 to offset the River Crossing Project spend. This included bringing forward originally planned 2018 projects that included Facility Upgrades at Whitwell Water Treatment Plant (WTP), Replacement of 0.1MG Storage Tank at Whitwell and Underdrain Replacements at Citico WTP. All of these indicated changes were reviewed and approved through the CIMC meetings throughout the year. The CIMC was able to approve the changes to the 2017 Capital Spending since the changes in the project spending was offset by approving new projects that maintained the overall total Capital Spend for 2017 as approved by the Board.

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Responsible Witness: Brent O'Neill

Question:

6. Refer to the "09 TAW_APP_SCHI_2018" spreadsheet included with the Company's filing. Specifically refer to Row 54 of the "WKP 2017 SCEP" tab regarding the 2017 budget for Investment Project "I26-000002 Post Acquisition BD Capex." Explain the difference between this project and Investment Project "I26-020022 Post Acquisition BD Capex" shown on the "WKP 2014 SCEP" tab of this same spreadsheet.

Response:

Investment Project I26-000002 is a budget line to hold potential costs for possible capital improvements associated with possible acquisitions during the budget year that had not been identified at the time of the creation of the budget in any given year. This Investment Project (I26-000002) has been present on the presented SCEPS for 2015, 2016 and 2017 in the current and past filings for transparency of the entire Tennessee American Capital Plan. Investment Project I26-000002 has not been included as a part of the amount associated with any of the three Capital Recovery Riders in this current case or in past cases.

During 2014, as submitted during the first Capital Recovery Rider case, the Investment Project I26-020022 was designated as the Post Acquisition BD Capex project. In the SCEPS for the filings during 2015, 2016 and 2017, the Investment Project number was changed to I26-000002. Investment Project I26-020022 was a budget line to hold potential costs for possible capital improvements associated with possible acquisitions during the budget year that had not been identified at the time of the creation of the budgets. Similar to Investment Project I26-000002, this Investment Project was not included in the Capital Recovery Riders but was shown as part of the SCEP for transparency of the entire Tennessee American Water Capital Plan for 2014.

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Responsible Witness: **Linda C. Bridwell**

Question:

7. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to the "EXH 2018 SCEP" and the "WKP 2018 In-Serviced SCEP" tabs dealing with Investment Projects. It is generally our understanding that the "EXH 2018 SCEP" tab represents the approved budgeted monthly additions to plant in service, while the "WKP 2018 In-Serviced SCEP" tab represents (in part) the accumulation of the monthly plant additions. However, there appear to be several inconsistencies between these two spreadsheets that cause us concern.
 - a. The Company includes \$673,000 for "Project I26-000002 - Post Acquisition BD Capex" within the 2018 SCEP but excludes this amount from the 2018 In-Serviced SCEP. Reconcile and explain this difference and update the Company's Capital Rider where appropriate.
 - b. The Company includes \$2,414,209 for "Project I26-020034 - Tennessee River Crossing" in the 2018 SCEP as monthly additions but includes this project in the 2018 In-Serviced SCEP as a single expenditure in December 2018. Reconcile and explain this difference and update the Company's Capital Rider where appropriate.
 - c. The Company makes a \$271,495 hard-coded adjustment in January 2018 for "Project I26-050002 -Facilities Upgrade at Whitwell WTP" within the 2018 In-Serviced SCEP without any reference or explanation. At the same time, the Company includes \$0 for this item within the 2018 SCEP. Reconcile and explain this difference and update the Company's Capital Rider where appropriate.
 - d. The Company makes a \$251,103 hard-coded adjustment in January 2018 for "Project I26-050004 - Replace 0.1 MG Storage Tank at Whitwell" within the 2018 In- Serviced SCEP without any reference or explanation. At the same time, the Company includes \$0 for this item within the 2018 SCEP. Reconcile and explain this difference and update the Company's Capital Rider where appropriate.
 - e. The Company includes \$2,322,197 for "Project I26-020039 - Replace Basin 2 and Plate Settlers" within the 2018 SCEP but excludes this amount from the 2018 In-Serviced SCEP. Reconcile and explain this difference and update the Company's Capital Rider where appropriate.
 - f. The Company includes \$974,190 for "Project 126-020040 - Chlorine Gas Conversion" within the 2018 SCEP but excludes this amount from the 2018 In-Serviced SCEP. Reconcile and explain this difference and update the Company's Capital Rider where appropriate.
 - g. The Company includes \$197,371 for "Project I26-020046 -New Field Services Facility" within the 2018 SCEP but excludes this amount from the 2018 In-Serviced SCEP. Reconcile and explain this difference and update the Company's Capital Rider where appropriate.

- h. The Company includes \$0 for "Project I26-020045 -Remove Filter Building 3" within the 2018 SCEP but includes \$67,480 in the 2018 In-Serviced SCEP. Reconcile and explain this difference and update the Company's Capital Rider where appropriate.

Response:

- a. I26-000002 – Post Acquisition BD Capex is not eligible for capital rider recovery. This is indicated on tab “2018 SCEP” in column B titled “Rider”. Since the project is not eligible, it is not included on the tab “2018 In-Serviced SCEP”. Please refer to the response to Question 6 of the CPAD’s same Discovery Request for additional details. An update to the Capital Rider is not necessary.
- b. The monthly capital expenditures for I26-020034 – Tennessee River Crossing are forecasted to all go in-service in December 2018. The estimated in-service date is when the project be used and useful. An update to the Capital Rider is not necessary.
- c. I26-050002 -Facilities Upgrade at Whitwell WTP has a current forecasted project total of \$271,495. Of the \$271,495 forecasted total, only \$170K was forecasted on the 2017 SCEP. Since that 2017 SCEP forecast, the additional spend of \$102K was moved from planned 2018 spend to 2017 due to timeline shifts in project completions. The re-forecast spend amount appears in column W titled “2017 SCEP Reforecast” on the “2018 In-Serviced SCEP” tab. Please refer the response to Question 4 of the CPAD’s First Discovery Request for additional details. An update to the Capital Rider is not necessary.
- d. I26-050004 – Replace 0.1MG Storage Tank at Whitwell has a current forecasted project total of \$251,103. Of the \$251,103 forecasted total, only \$163K was forecasted on the 2017 SCEP. Since that 2017 SCEP forecast, the additional spend of \$89K was moved from planned 2018 spend to 2017 due to timeline shifts in project completions. The re-forecast spend amount appears in column W titled “2017 SCEP Reforecast” on the “2018 In-Serviced SCEP” tab. Please refer the response to Question 4 of the CPAD’s First Discovery Request for additional details. An update to the Capital Rider is not necessary.
- e. Project I26-020039 - Replace Basin 2 and Plate Settlers is currently planned to go in-service on 12/31/19. This date is included in column F titled “In-Service Date” on the tab “EXH 2018 SCEP”. Since the project will not be placed in-service until 2019, this project is not listed on tab “2018 In-Serviced SCEP”. An update to the Capital Rider is not necessary.
- f. I26-020040 - Chlorine Gas Conversion is currently planned to go in-service on 4/1/20. This date is included in column F titled “In-Service Date” on the tab “EXH 2018 SCEP”. Since the project will not be placed in-service until 2020, this project is not listed on tab “2018 In-Serviced SCEP”. An update to the Capital Rider is not necessary.

- g. Project I26-020046 -New Field Services Facility is currently planned to go in-service on 12/31/20. This date is included in column F titled "In-Service Date" on the tab "EXH 2018 SCEP". Since the project will not be placed in-service until 2020, this project is not listed on tab "2018 In-Serviced SCEP". It should be noted that this project is not eligible for capital rider recovery as well. An update to the Capital Rider is not necessary.
- h. Project I26-020045 - Remove Filter Building 3 is planned to be in-service on 3/1/2018. The amounts planned for additions were forecasted on the "WKP 2017 SCEP" tab. Please refer the response to Question 4 of the CPAD's First Discovery Request for additional details. An update to the Capital Rider is not necessary.

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Responsible Witness: Brent O'Neill

Question:

8. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to the "WKP 2018 In-Serviced SCEP" tab dealing with Investment Projects. In prior filings, "Project I26-020034 - Tennessee River Crossing" was classified as an EDI project. In the current filing, it appears that this project has been reclassified as a QIIP project. Explain the basis for this reclassification.

Response:

During the most recent Comprehensive Planning Study for Chattanooga Service Area, completed in 2015, it was recommended that a 30-inch diameter main under the Tennessee River be installed in part to provide redundancy but also be designed to meet the long-term demands beyond 2030 to account for additional growth in the service area north of the river. Based on the recommendation from the 2015 study that the new river crossing was to assist in supporting additional growth the Project I26-020034 included under the EDI Rider within the 2014, 2015 and 2016 SCEPs.

On April 4, 2016 the 30-inch concrete main under the Tennessee River ruptured unexpectedly, which resulted in TAWC isolating the main for approximately two weeks to allow it to insert an emergency 24-inch High Density Polyethylene (HDPE) pipe. During the non-operability or temporary loss of the 30-inch main, TAWC relied on the 16-inch steel main and made emergency provisions to ensure service to the area north of the Tennessee River. Unfortunately, the type of emergency repair employed – inserting a new 24-inch HDPE pipe within the existing 30-inch pipe caused a permanent capacity reduction for the system with regard to providing service to the existing customers within the area north of the Tennessee River. Moreover, the rupture also raised the awareness of the importance of redundancy for the system and highlighted the weak link that existed for the system on providing service to the north side of the river.

As indicated in O'Neill's Direct Testimony in Docket No. 16-00126 on page 23, as of January 2016, the capacity of the 30-inch concrete pipe and the 16-inch steel pipe was 21.5 MGD at a flow rate of 5 feet per second. Following the repair of the ruptured 30-inch concrete, the overall capacity of the two mains was reduced to 15.8 MGD. At the point when the 16-inch steel main exceeds its useful life and the chance of failure increases, the potential loss of the main would reduce the overall capacity to the area north of the river to 10.8 MGD. With the installation of the third river crossing, the capacity will be restored to 21.6 MGD that allows the system to recover to the capacity that was present as of January 2016. TAWC included this project within the QIIP rider

since the new river crossing returns the system to the January 2016 capacity levels and is a replacement of the lost capacity of the repair carried out on the 30-inch concrete main and the future retirement of the 68-year old 16-inch steel main. TAWC did not consider this as part of the EDI Rider since the project did not expand the capacity available to the area north of the river and would not support long-term demands beyond 2030. As a result during the development of the 2017 and 2018 SCEPs the Project I26-020034 was revised from an EDI project to a QIIP project since the new main was replacing existing capacity that was lost during the 2016 emergency repair.

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Responsible Witness: **Linda C. Bridwell**

Question:

9. Does the Company include AFUDC on multi-month projects? If so, provide a copy of the Company's policy and a sample of the AFUDC calculations.

Response:

Yes. Please refer to the attached American Water Utility Plant and Capital Asset Accounting Policy. Also please refer to a sample AFUDC calculation attached to this discovery request.

UTILITY PLANT AND CAPITAL ASSET ACCOUNTING POLICY

Policy Number: POL-ACCT03

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Effective Date: 12/31/2016

ELT Sponsor: Linda G. Sullivan, Senior Vice President & Chief Financial Officer

Document Approver:: Melissa K. Wikle, Vice President of Accounting & Controller

Document Author: Elba L. Deck, Assistant Controller

I. PURPOSE

This policy provides the requirements to conduct utility plant and capital asset accounting from capitalization through retirement. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy highlights the differences between regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to ensuring the accurate accounting of utility plant and capital assets in accordance with Generally Accepted Accounting Principles (GAAP) and National Association of Regulatory Utility Commissions (NARUC). Unless otherwise specified, this policy establishes requirements that are to be followed by all employees involved in utility plant and capital asset accounting activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

This policy is the combination of the Allowance for Funds Used during Construction, Capitalization, Contributions in Aid of Construction (CIAC) and Advances in Aid of Construction (AIAC), Regulated Depreciation and Amortization, and Retirement of Capital Assets policies.

Capitalization

- Construction Work In Progress (CWIP)

CWIP is capitalized as a capital asset when the construction project is completed and put into service. Assets are placed in service in the system upon project completion. Assets begin depreciating upon being placed in service unless further direction is provided by jurisdictional regulatory authorities.

- Asset Capitalization Requirements

Costs incurred for the addition or replacement of property, plant and equipment (PP&E) are capitalized in accordance with Generally Accepted Accounting Principles and jurisdictional regulatory requirements. The following three criteria must be met in order for a cost to qualify for capitalization:

1. The cost is related to the addition or replacement of a component of PP&E listed in the Company's Property Unit Catalog, and for non-utility property meets or exceeds a minimum threshold of \$1,500.
2. The property unit has an estimated useful life greater than one year.
3. The property unit can be tracked and accounted for independently in the property records.

- Capital Leases

A lease is treated as a capital lease if it meets the criteria set forth in Accounting Standards Codification (ASC) 840, Leases. Leases that do not meet the specified criteria are recorded as operating leases and reported accordingly. The Accounting monitors capital leases and creates the capital lease amortization schedule. The Accounting records the asset and depreciates the asset in accordance with the capital lease amortization schedule.

- Allowance for Funds Used During Construction (AFUDC)

AFUDC is recognized as a cost component of a capital asset if the asset's inclusion in rate base is probable. Interest costs incurred on borrowings used to finance CWIP are capitalized based on jurisdictional requirements. If it is not probable that inclusion in rate base will occur, AFUDC is not capitalized and interest costs may not be included in capital costs.

AFUDC accrued on CWIP is excluded from rate base while a capital asset is being constructed. The AFUDC accrual concludes when the asset is placed in service, unless regulatory post in-service AFUDC is approved. AFUDC accrual will cease if a capital project is suspended internally based on jurisdictional requirements. Conversely, if a third party causes the capital project to be suspended, the AFUDC accrual may continue. Previously capitalized AFUDC is written-off if a project is cancelled. Refer to the General Accounting Policy for accrual accounting requirements.

Accounting for Income Taxes (ASC 740) is followed for the gross-up of the equity component of AFUDC for income tax purposes when required by regulators.

In special circumstances, post in-service AFUDC debt may be considered for inclusion in rate base and requires the approval of jurisdictional regulatory authorities. Post in-service AFUDC debt is recorded as a regulatory asset, not as a utility plant asset.

- Contributions in Aid of Construction (CIAC) & Advances in Aid of Construction (AIAC)

CIACs are cash payments or infrastructure assignments provided from a third party as part of an agreement, representing a permanent infusion of capital or assets, not required to be refunded. AIACs are cash payments or infrastructure assignments provided from a third party as part of an agreement, required to be refunded in accordance with the agreement. CIAC and AIAC are deducted from rate base and are depreciated in accordance with regulatory requirements.

Acquiring Assets in Business Combinations

Acquired assets that are immediately put into service are capitalized and added to the Continuing Property Record (CPR) upon acquisition. Acquired assets that are not immediately put into service are divested or held for future use. Acquired assets are placed in service and recorded at original cost in accordance with jurisdictional regulatory requirements or as required by a Rate Order. The accumulated depreciation on the acquired asset is also recorded. For MBB, acquired assets are placed in service at fair market value on the day of acquisition.

Divesting Assets

Divested assets are removed from the CPR. Utility plant assets are written off at book value and non-utility plant assets are written off using net realizable value.

Continuing Property Record (CPR) Maintenance

Asset details and asset values are maintained in the CPR. Accounting maintains the CPR and records depreciation and amortization.

- Reconciliation

The CPR is reconciled to the General Ledger using the approved reconciliation frequency in accordance with the General Accounting Policy.

- Asset Tagging

Non-utility assets are tagged and their location is tracked within the CPR. Utility plant assets are not tagged; however, the location of utility plant assets is recorded and systematically tracked by longitude and latitude within the geographical information system ("GIS").

Depreciation

Utility plant assets are depreciated using the Group Depreciation Method, Units of Production Method or Straight-Line Method, where applicable. Regulatory authorities approve the depreciation methods and the rates used to depreciate utility plant assets. The Company establishes non-utility plant depreciation methods and rates. Non-

utility plant is depreciated using the Straight-Line Method. Changes in the depreciation rates of capital assets are treated as changes in accounting estimates and are reflected over the remaining useful life of the assets.

Retirement of Assets

Capital assets that are disposed, abandoned, replaced, permanently removed from service, destroyed, or no longer function as intended are retired and removed from the CPR in the month the asset is retired. The original cost of utility plant assets is recorded as accumulated depreciation upon retirement. The net book cost of non-utility plant or land assets results in a gain or loss on the asset upon retirement.

Removal costs are recorded in accordance with GAAP and jurisdictional specific requirements. A regulatory asset or liability may be recorded when differences exist between the time the Company incurs removal costs and the time the Company recovers such costs in rates. Operating Units that do not include cost of removal in depreciation rates expense the costs as incurred.

III. RESPONSIBILITIES

- Functional and Operating Units – Responsible for capitalizing, depreciating, and retiring assets.
- Operating Units – Responsible for verifying the details of the assets in the CPR match the physical assets' current state.
- Rates Support – Responsible for obtaining approval for inclusion of asset costs in rate base, and the determination of depreciation methods and rates for utility assets.
- Accounting – Responsible for monitoring capital leases, creating capital lease amortization schedules, maintaining the CPR, performing reconciliations from the CPR to the General Ledger using the approved reconciliation frequency, monitoring the consistent application of capitalization, depreciation, and retirement of assets., and the determination of depreciation methods and rates for non-utility assets
- Tax – Responsible for ensuring accounting for income taxes (as required by ASC 740) is followed for the gross-up of the equity component of AFUDC for income tax purposes when required by regulators.

IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objectives to ensure capital asset accounting is in accordance with regulatory requirements and Generally Accepted Accounting Principles (GAAP).

V. MONITORING

Consistent application of this policy is monitored and reviewed by Accounting.

VI. WAIVERS

Any deviation, waiver or exception from this practice requires the prior written approval of the Document Approver of this practice. The Document Approver, or her or his designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VII. NON-COMPLIANCE

Any employee who violates or circumvents the policy may be subject to disciplinary action up to and including termination.

Next Review By: 12/31/2017

Approval Date: 12/31/2016

Last Reviewed: 12/31/2016

Appendix – Summary of Practices Related to Utility Plant and Capital Asset Accounting

Policy	Related Practices
Utility Plant and Capital Asset Accounting	Regulated Depreciation and Amortization Practice
	Non-Utility Asset Depreciable Lives Practice
	Allowance for Funds Used During Construction Practice

Tennessee-American Water Company
Docket #17-00124
Sample AFUDC Calculation

Line #	Charge Description	Charge Period					Total
		1/1/2016	2/1/2016	3/1/2016	4/1/2016	5/1/2016	
1	CWIP Accrual						\$30,594.68
2	Contracted Services						253.08
3	Labor	47.86	(23.93)				224.85
4	Labor Overhead	20.10	(10.34)				96.49
5	Licenses, Permits & Misc Fees	96.73					96.73
6	Materials & Supplies						9,137.93
7	Other	3.84	(1.92)				21.27
8	Overhead	20.75	(4.45)				826.39
9	AFUDC Equity	0.27	0.49	0.43	0.43	0.44	15.57
10	AFUDC Debt	0.30	0.54	0.48	0.48	0.48	17.18
11	Grand Total	\$189.85	(\$39.61)	\$0.91	\$0.91	\$0.92	\$41,187.44
12							\$41,340.42
13							
Line #	Charge Description	Balance By Period					Total
		1/1/2016	2/1/2016	3/1/2016	4/1/2016	5/1/2016	
15	CWIP Accrual	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30,594.68
16	Contracted Services	0.00	0.00	0.00	0.00	0.00	253.08
17	Labor	47.86	23.93	23.93	23.93	23.93	248.78
18	Labor Overhead	20.10	9.76	9.76	9.76	9.76	106.25
19	Licenses, Permits & Misc Fees	96.73	96.73	96.73	96.73	96.73	96.73
20	Materials & Supplies	0.00	0.00	0.00	0.00	0.00	9,137.93
21	Other	3.84	1.92	1.92	1.92	1.92	23.19
22	Overhead	20.75	16.30	16.30	16.30	16.30	842.69
23	AFUDC Equity	0.27	0.76	1.19	1.62	2.06	17.63
24	AFUDC Debt	0.30	0.84	1.32	1.80	2.28	19.46
25							
26	Total	\$189.85	\$150.24	\$151.15	\$152.06	\$152.98	\$41,340.42
27							
28	Full Month Basis	\$0.00	\$189.85	\$150.24	\$151.15	\$152.06	\$152.98
29	1/2 Month Basis	\$189.28	(\$40.64)	\$0.00	\$0.00	\$0.00	\$10,560.01
30							
31	Full Month - Equity	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
32	Full Month - Debt	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%
33							
34	1/2 Month -Equity	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%
35	1/2 Month -Debt	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
36							
37							
38	Full Month - Equity	\$0.00	\$0.54	\$0.43	\$0.43	\$0.44	\$0.44
39	Full Month - Debt	\$0.00	\$0.60	\$0.48	\$0.48	\$0.48	\$0.48
40							
41	1/2 Month -Equity	\$0.27	(\$0.06)	\$0.00	\$0.00	\$0.00	\$15.14
42	1/2 Month -Debt	\$0.30	(\$0.06)	\$0.00	\$0.00	\$0.00	\$16.72
43							
44							
45	Total Month EQUITY	\$0.27	\$0.48	\$0.43	\$0.43	\$0.44	\$15.58
46	Total Month DEBT	\$0.30	\$0.54	\$0.48	\$0.48	\$0.48	\$17.20
47							

Recorded By Books
Recorded By Books

Sum Lines 15-24

Excludes CWIP Accrual
Excludes CWIP Accrual

=3.44%/12
=3.80%/12

Line 31/2
Line 32/2

Line 28 * Line 31
Line 28 * Line 32

Line 29 * Line 34
Line 29 * Line 35

Line 38 + Line 41
Line 39 + Line 42

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

10. Refer to Exhibit A of the Board of Director's Approval for the 2018 capital budget. Provide the source and support for the forecasted monthly investments in the QIIP, EDI and SEC Riders included on this schedule.

Response:

Exhibit A to the Board of Director's resolution is a summary compiled from the 2018 proposed SCEP. The source and support for the forecasted monthly investments are the 2018 SCEP, which is provided as "EXH 2018 SCEP" in the filing.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell/ Brent E. O'Neill**

Question:

11. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to the "WKP 2018 In-Serviced SCEP" tab dealing with Investment Projects. Finally, refer to Column BC referencing "Average Retires" and provide the following information.
- a. Provide the source and support for the hard-coded numbers included in Cell BC1 18 totaling \$42,385 as the average retirement balance for Investment Project I26-020028.
 - b. Provide the source and support for the hard-coded numbers included in Cell BC 135 totaling \$1,805 as the average retirement balance for Investment Project 126-020028.
 - c. Provide the source and support for the hard-coded numbers included in Cell BC138 totaling \$18,824 as the average retirement balance for Investment Project I26-050002.
 - d. Provide the source and support for the hard-coded numbers included in Cell BC140 totaling \$1,500 as the average retirement balance for Investment Project I26-050004.

Response:

- a. These are estimated amounts based on the historic asset records on the books of the company. Any differences will be trued-up through the reconciliation process. Please see the attachment to this response to the discovery request for information, pulled from the financial accounting records.
- b. These are estimated amounts based on the historic asset records on the books of the company. Any differences will be trued-up through the reconciliation process. Please see the attachment to this response to the discovery request for information, pulled from the financial accounting records.
- c. These are estimated amounts based on the historic asset records on the books of the company. Any differences will be trued-up through the reconciliation process. Please see the attachment to this response to the discovery request for information, pulled from the financial accounting records.
- d. These are estimated amounts based on the historic asset records on the books of the company. Any differences will be trued-up through the reconciliation process. Please see the attachment to this response to discovery request for information, pulled from the financial accounting records.

Tennessee-American Water Company

Docket No. 17-00124

Response to CPADR1-011

Historic Assets Identified for Estimating IP Retirement

asset_id	business_unit	long_description	activity_cost	asset_location	long_description	company_id	description	in_service_year
3804735	I26-020028	CLEAR WATER BASIN #3 CITICO	2,606.72	4448 Chattanooga		26	1026-Tenne	1/1/1970 0:00
3804744	I26-020028	HAND RAIL ALONG NORTH SIDE BASIN #	2,717.71	260201 TN-Chattanooga		26	1026-Tenne	1/1/1972 0:00
3806592	I26-020028	INSTALL HAND RAIL BASIN #3	16,973.69	260201 TN-Chattanooga		26	1026-Tenne	1/1/1926 0:00
3806589	I26-020028	SEDIMENTATION BASIN #3	19,071.59	260201 TN-Chattanooga		26	1026-Tenne	1/1/1925 0:00
3804561	I26-020028	WASH WATER TANK#2 FILTRATION PLT #	1,014.70	260201 TN-Chattanooga		26	1026-Tenne	1/1/1952 0:00
68461283	I26-050002	High Service Pump # 1 S N 81-2292	18,824.18	68152220 Whitwell Fil		26	1026-Tenne	6/30/1983 0:00
68461296	I26-050004	500 gallon Chemical / EC-265	1,500.00	68152220 Whitwell Fil		26	1026-Tenne	6/30/1983 0:00
	I26-020045	Estimation off Asset 3804735	1804.65					

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Brent E. O'Neill/Linda C. Bridwell**

Question:

12. Refer to the "09 TAW APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to the "Retires" tab of this spreadsheet. It appears that the Company has modified the methodology used in previous filings to forecast retirements and cost of removal.
- a. Does the Company have an official board approved forecast for retirements and cost of removal as it does for plant additions? If so, provide a copy of this approval and explain why these amounts are not used in the capital rider budget filing.
 - b. Is it the Company's intent to use a rolling 3-year average of retirements and cost of removals in future capital rider filings in a similar manner to this filing?
 - c. In the current filing, the Company calculates a 3-year ratio of historical plant retirements to plant additions and then applies this ratio to forecasted plant additions. The Company also calculates a 3-year ratio of historical cost of removal to plant retirements and then applies this ratio to forecasted plant retirements. Explain why applying a 3-year average of actual retirements and cost of removal by account wouldn't suffice as a reasonable forecast of future plant retirements and cost of removal in the absence of any board approvals. Wouldn't this methodology ultimately result in a simpler retirement and cost of removal budget calculation?

Response:

- a. Retirements and cost of removal are approved by the board at a high level as part of the overall Strategic Capital Expenditure Plan and not at the level of detail that is project specific or NARUC account level that would be necessary for capital rider and general rate filings.
- b. Yes.
- c. The amounts of retirements and cost of removal associated with infrastructure replacement are directly related to the level of investment in these types of projects and specifically to those NARUC utility plant accounts. More investment in one specific NARUC utility plant account will equate to more retirements and cost of removal for that year in one specific NARUC utility plant account. Less investment in different NARUC utility plant accounts will equate to less retirements and cost of removal in those different NARUC utility plant accounts. Retirement values are based on the original cost of installation while cost of removal may vary depending on the type of project. While most years

there is a base amount of retirement in some accounts, the amount and direction of investment drives variability from year to year. Because of the difference in what is essentially driving the costs of each, the Company originally proposed the methodology to capture the different drivers. While the methodology proposed by the CPAD may be simpler, TAWC does not believe that applying a 3-year average of actual retirements and cost of removal by account would suffice as a reasonable forecast of future plant retirements and cost of removal.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

13. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to the "WKP 2018 In-Serviced SCEP" tab dealing with Investment Projects. Finally, refer to Column BI referencing "Cost of Removal Less Salvage" and provide the following information.
- a. Provide the source and support for the hard-coded numbers included in Cell BI18 totaling \$850,267 as the cost of removal balance for Investment Project I26-020028.
 - b. Provide the source and support for the formulas included in Cell BI120, BI121, and BI124 totaling \$375,638, \$1,396,120 and \$7,834 as the cost of removal balance for Investment Project I26-020032.
 - c. Provide the source and support for the hard-coded numbers included in Cell BI135 totaling \$287,308 as the cost of removal balance for Investment Project I26-020045.
 - d. Provide the source and support for the hard-coded numbers included in Cell BI138 totaling \$30,000 as the cost of removal balance for Investment Project I26-050002. Provide the source and support for the hard-coded numbers included in Cell BI140 totaling \$50,000 as the cost of removal balance for Investment Project I26-050004.

Response:

- a. The source and support are the financial accounting records of Tennessee American. The actual removal costs incurred on this project will be through the project close date of 08/2017. These amounts will be trued-up in subsequent reconciliation dockets.
- b. The source and support are the financial accounting records of Tennessee American. The actual removal costs incurred on this project will be through the project close date of 03/2017. These amounts will be trued-up in subsequent reconciliation dockets.
- c. These estimated amounts were developed through project justifications and analysis utilized to include an investment project into the annual SCEP. Refer to Docket No. 16-00126, the third item of the CPAD's First Discovery Request, and the attachment TAW_R_CPADDR1_003_122016_Attachment2 for an example. These amounts will be trued-up in subsequent reconciliation dockets.
- d. These estimated amounts were developed through project justifications and analysis utilized to include an investment project into the annual SCEP. Refer to Docket No. 16-00126, the third item of the CPAD's First Discovery Request, and

the attachment TAW_R_CPADDR1_003_122016_Attachment2 for an example. These amounts will be trued-up in subsequent reconciliation dockets.

- e. These estimated amounts were developed through project justifications and analysis utilized to include an investment project into the annual SCEP. Refer to Docket No. 16-00126, the third item of the CPAD's First Discovery Request, and the attachment TAW_R_CPADDR1_003_122016_Attachment2 for an example. These amounts will be ctrued-up in subsequent reconciliation dockets.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

14. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to Column BQ of the "WKP 2018 In-Serviced SCEP" tab dealing with tax depreciation. It appears that the Company has omitted the CIAOC amounts received during 2016 (\$493,440 in Business Unit D and \$3,845 in Business Unit E) in making the 2017 and 2018 tax depreciation calculations. In previous filings (2014-2016) the CIAOC was deducted from plant additions to calculate tax depreciation. Please update the Company's calculation or provide an explanation as to why this calculation is correct.

Response:

Yes, the CIAC for 2016 was included in the 2016 reconciliation but the "WKP 2018 In-Service SCEP" tab does not separate CIAC out by vintage, thereby overstating the CIAC slightly. Any CIAC amounts included will increase the capital rider surcharges for 2018 due to reducing the amount of tax depreciation. The increase would be minimal, approximately \$1,400. But for the Tax Reform Act of 2017, the Company would revise the filing to reflect this change. Due to the Tax Reform Act of 2017, TAWC is in the process of determining the best manner in addressing the implications of the Tax Reform Act of 2017. For that reason, Tennessee American has determined not to provide a revised calculation for the \$1,400 revision at this time.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

15. Refer to the Company's response to CPAD DRI-13 in Docket 15-00111 related to vintage year tax depreciation which reads as follows: "A tax depreciation Calculation tab can be added for future filings." In addition, refer to the Company's response to CPADDR2-18 in Docket 16-00126. Please provide a tax depreciation calculation in a separate spreadsheet (either a new tab to the existing spreadsheet or a new spreadsheet file) that expands the calculations contained in Column BQ for vintage year Tax Depreciation.

Response:

Please refer to the attachment.

Tennessee American Water Company
Qualified Infrastructure Improvement Program
Economic Development Rider
Safety and Environmental Compliance Rider

STRATEGIC CAPITAL EXPENDITURE PLAN
PROGRAM

Business Unit Tennessee
Revision Date July 5, 2017
Description TN BP 2018-2022 SCEP

Line #	Business Unit No.	Project Title	Account	Account Description	Portion to Account	In-Service (Months) (2)	Dep Rate	Prior Year Period 11 Spend	Prior Year Period 12 Spend	2017 SCEP Reforecast	Prior 2017 SCEP In-Serviced
1		RECURRING PROJECTS									
2	TN	DV	Projects Funded by Others	331001	Transmission & Distribution Mains	0.0%	1	1.25%	120,000	100,000	\$0
3	TN	DV		333000	Services	0.0%	1	1.11%	120,000	100,000	0
4	TN	DV		335000	Hydrants	0.0%	1	2.30%	120,000	100,000	0
5											
6	TN	A	Mains - New	331001	Transmission & Distribution Mains	92.5%	1	1.25%	-	-	884,264
7	TN	A		333000	Services	0.9%	1	1.11%			8,513
8	TN	A		334300	Meter Vaults	2.8%	1	2.73%			26,895
9	TN	A		335000	Hydrants	3.8%	1	2.30%			36,543
10											
11	TN	B	Mains - Replaced / Restored	331001	Transmission & Distribution Mains	92.3%	1	1.25%	110,867	105,975	4,841,291
12	TN	B		333000	Services	6.5%	1	1.11%	110,867	105,975	341,438
13	TN	B		335000	Hydrants	1.2%	1	2.30%	110,867	105,975	63,004
14											
15	TN	C	Mains - Unscheduled	331001	Transmission & Distribution Mains	99.9%	1	1.25%	84,968	110,621	5,171,202
16	TN	C		335000	Hydrants	0.1%	1	2.30%			6,195
17											
18	TN	D	Mains - Relocated	331001	Transmission & Distribution Mains	99.2%	1	1.25%	-	-	1,644,642
19	TN	D		333000	Services	0.1%	1	1.11%	-	-	1,425
20	TN	D		335000	Hydrants	0.8%	1	2.30%	-	-	12,423
21											
22	TN	E	Hydrants, Valves, and Manholes - New	331001	Transmission & Distribution Mains	78.0%	1	1.25%			205,518
23	TN	E		335000	Hydrants	22.0%	1	2.30%			58,090
24											
25	TN	F	Hydrants, Valves, and Manholes - Replaced	331001	Transmission & Distribution Mains	21.8%	1	1.25%			222,157
26	TN	F		335000	Hydrants	78.3%	1	2.30%			799,345
27											
28	TN	G	Services and Laterals - New	333000	Services	0.0%	1	1.11%			0
29											
30	TN	H	Services and Laterals - Replaced	333000	Services	99.6%	1	1.11%			1,676,281
31	TN	H		334100	Meters	0.4%	1	7.47%			6,525
32											
33	TN	I	Meters - New	334100	Meters	0.0%	1	7.47%			0
34	TN	I		334200	Meter Installations	0.0%	1	2.73%			0
35											
36	TN	J	Meters - Replaced	334100	Meters	11.1%	1	7.47%			482,906
37	TN	J		334200	Meter Installations	88.9%	1	2.73%			3,863,265
38											
39	TN	K	ITS Equipment and Systems	340200	Computer & Peripheral Equipment	0.0%	1	2.19%			0
40											
41	TN	L	SCADA Equipment and Systems	320100	WT Equip Non-Media	29.0%	1	1.09%			319,034
42	TN	L		340200	Computer & Peripheral Equipment	5.3%	1	2.19%			58,659
43	TN	L		346100	Comm Equip Non-Telephone	4.4%	1	4.21%			48,889
44	TN	L		346190	Remote Control & Instrument	61.3%	1	4.21%			674,788
45											
46	TN	M	Security Equipment and Systems	304300	Structures & Improvement - Treatment	79.3%	1	4.11%			301,859
47	TN	M		304400	Struct & Imp-Treatment-T&D	18.2%	1	2.13%			69,243
48	TN	M		304500	Structures & Improvement - General	2.6%	1	1.13%			9,791
49											
50	TN	N	Offices and Operations Centers	304500	Structures & Improvement - General	0.0%	1	1.13%			0
51											

Tennessee American Water Company
Qualified Infrastructure Improvement Program
Economic Development Rider
Safety and Environmental Compliance Rider

**STRATEGIC CAPITAL EXPENDITURE PLAN
PROGRAM**

Business Unit Tennessee
Revision Date July 5, 2017
Description TN BP 2018-2022 SCEP

Line #	Business Unit No.		Project Title	Account	Account Description	Portion to Account	In-Service (Months) (2)	Dep Rate	Prior Year Period 11 Spend	Prior Year Period 12 Spend	2017 SCEP Reforecast	Prior 2017 SCEP In-Serviced
52	TN	O	Vehicles	341100	Transportation Equip Lt Duty Trucks	0.0%	1	16.00%				0
53	TN	O		341200	Transportation Equip Hvy Duty Trucks	0.0%	1	16.62%				0
54	TN	O		341300	Transportation Equip Autos	0.0%	1	11.38%				0
55												
56	TN	P	Tools and Equipment	343000	Tools, Shop, Garage Equipment	0.0%	1	6.89%				0
57												
58	TN	Q	Process Plant Facilities and Equipment	304100	Struct & Imp-Supply	5.6%	1	1.98%				267,719
59	TN	Q		304200	Struct & Imp-Pumping	8.8%	1	1.98%				421,182
60	TN	Q		304300	Struct & Imp-Treatment	0.5%	1	4.11%				24,126
61	TN	Q		304400	Struct & Imp-Treatment-T&D	0.6%	1	2.13%				28,799
62	TN	Q		304500	Structures & Improvement - General	0.7%	1	1.13%				31,093
63	TN	Q		304700	Struct & Imp-Store,Shop,Garage	0.0%	1	0.73%				0
64	TN	Q		306000	Lake, River & Other Intakes	0.6%	1	0.83%				27,211
65	TN	Q		309000	Supply Mains	0.2%	1	1.87%				11,058
66	TN	Q		310000	Power Generation Equip	0.6%	1	12.33%				28,134
67	TN	Q		311200	Pump Eqp Electric	0.5%	1	2.45%				23,662
68	TN	Q		311520	Pumping Equipment SOS	20.1%	1	1.83%				956,994
69	TN	Q		320100	WT Equip Non-Media	44.1%	1	1.09%				2,099,468
70	TN	Q		320200	Water Trmt Equip Filter Media	16.4%	1	33.69%				781,336
71	TN	Q		330000	Dist Reservoirs & Standpipes	0.0%	1	2.08%				0
72	TN	Q		331001	Transmission & Distribution Mains	0.0%	1	1.25%				0
73	TN	Q		334100	Meters	0.0%	1	7.47%				0
74	TN	Q		340200	Computer & Peripheral Equipment	0.0%	1	2.19%				0
75	TN	Q		343000	Tools, Shop, Garage Equipment	0.1%	1	6.89%				3,710
76	TN	Q		344000	Laboratory Equipment	0.0%	1	1.01%				1,608
77	TN	Q		345000	Power Operated Equipment	1.0%	1	7.03%				46,581
78	TN	Q		346190	Remote Control & Instrument	0.1%	1	4.21%				3,918
79	TN	Q		347000	Misc Equipment	0.2%	1	6.33%				8,729
80												
81	TN	R	Capitalized Tank Rehabilitation/Painting	304300	Struct & Imp-Treatment	0.0%	1	4.11%				0
82	TN	R		304301	Struct & Imp-Treatment-Dpr Paint	62.1%	1	12.06%				1,939,632
83	TN	R		320100	WT Equip Non-Media	12.9%	1	1.09%				403,138
84	TN	R		320200	Water Trmt Equip Filter Media	2.6%	1	33.69%				81,825
85	TN	R		330000	Dist Reservoirs & Standpipes	1.1%	1	2.08%				35,701
86	TN	R		330003	Tank Repainting	16.8%	1	11.08%				524,446
87	TN	R		330100	Elevated Tanks & Standpipes	4.5%	1	2.74%				140,555
88	TN	R		330200	Ground Level Tanks	0.0%	1	2.74%				0
89												
90	TN	S	Engineering Studies	331001	Transmission & Distribution Mains	0.0%	1	1.25%				0
91			Total Recurring Projects									
92												
93			ACQUISITIONS									
94												
95			Total Acquisitions									
96												
97			CENTRALLY SPONSORED PROJECTS									
98	TN	T26-0202	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate		1	10.00%				0
99	TN	T26-0203	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate		1	10.00%				0
100			Total Centrally Sponsored Projects									
101												

Tennessee American Water Company
Qualified Infrastructure Improvement Program
Economic Development Rider
Safety and Environmental Compliance Rider

STRATEGIC CAPITAL EXPENDITURE PLAN
PROGRAM

Business Unit Tennessee
Revision Date July 5, 2017
Description TN BP 2018-2022 SCEP

Line #	Business Unit No.	Project Title	Account	Account Description	Portion to Account	In-Service (Months) (2)	Dep Rate	Prior Year Period 11 Spend	Prior Year Period 12 Spend	2017 SCEP Reforecast	Prior 2017 SCEP In-Serviced
102		INVESTMENT PROJECTS							<u>Inception to Date Spend</u>	<u>2017 SCEP Reforecast</u>	
103	TN	I26-020017		Electrical Motor Efficiency Enhancement (\$2.9)							0
104	TN	I26-020027		Construct 1.0MG Tank & 2500-16" ER (\$1.0)		12/31/2022					0
105	TN	I26-020028		Citico Plant Improvements Phase 1B (\$8.6)	304300	6/1/2016	4.11%				6,290,400
106	TN	I26-020028		WT Equip Non-Media	320100	6/1/2016	1.09%				2,096,800
107	TN	I26-020032		Wastewater Treatm't & Handling Impr (\$15.3)	304200	11/1/2015	1.98%				14,597
108	TN	I26-020032		Struct & Imp-Treatment	304300	11/1/2015	4.11%				394,579
109	TN	I26-020032		Struct & Imp-T&D	304400	11/1/2015	2.13%				0
110	TN	I26-020032		Structures & Improvement - General	304500	11/1/2015	1.13%				9,103,923
111	TN	I26-020032		WT Equip Non-Media	320100	11/1/2015	1.09%				5,988,538
112	TN	I26-020032		Ground Level Tanks	330200	11/1/2015	2.74%				45,429
113	TN	I26-020032		Misc Equipment	347000	11/1/2015	6.33%				18,537
114	TN	I26-020034		Tennessee River Crossing (\$2.5)	331001	12/31/2018	1.25%				0
115	TN	I26-020038		Retire Basin 1	304300	12/31/2020	4.11%				0
116	TN	I26-020039		Repl Basin 2 & Plate Settlers		12/31/2019					0
117	TN	I26-020040		Chlorine Gas Conversion		4/1/2020					0
118	TN	I26-020041		Electrical - Breakers and Relays (\$0.6)	311200		2.45%				0
119	TN	I26-020042		Pumping Auxiliary Power (\$1.4)							0
120	TN	I26-020043		Energy Reduction and Efficiency (\$0.87)		12/31/2020					0
121	TN	I26-020044		New Raw Water Intake Citico (\$13)		6/30/2022					0
122	TN	I26-020045		Remove Filter Bldg 3	304300	3/1/2018	4.11%				0
123	TN	I26-020046		New Field Services Facility (\$4.5)		12/31/2020					0
124	TN	I26-050001		Raw Water Intake Improvements Whitwell (\$2)		12/31/2021					0
125	TN	I26-050002		Facility Upgrades at Whitwell WTP (\$0.3)	320100	12/31/2017	1.09%			101,836	0
126	TN	I26-050003		Replace 0.5 MG Storage Tanks at Whitwell (\$.5)		12/31/2021					0
127	TN	I26-050004		Replace 0.1 MG Storage Tank at Whitwell (\$0.3)	330200	12/31/2017	2.74%			88,569	0
128	TN	I26-020002		Post Acquisition BD Capex							0
129	TN	I26-000001		Whitwell Acquisition Capital Investment	331001	12/31/2014	1.25%				0
130	TN	I26-000001		Water Trmt Equip Filter Media	320200	12/31/2014	33.69%				0
131	TN	I26-000001		Pumping Equipment SOS	311520	12/31/2014	1.83%				0
132	TN	I26-000001		Computer & Peripheral Equipment	340200	12/31/2014	2.19%				0
133											
134		(1) Amounts not reflected in actuals through 2016 or projections based on project costs through 2018		Total DV Included:							<u>\$53,677,612</u>
135				Total DV Excluded:							<u>\$53,677,612</u>
136											
137		(2) From actual or estimated in-service data provided by the company.		Total Surcharge Amt:							<u>\$53,677,612</u>
138											
139		(3) Tax depreciation rates utilized by the company.									
140				SEC Total:							<u>\$21,813,192</u>
141											
142				EDI Total:							<u>\$1,219,824</u>
143											
144				QIIP Total:							<u>\$30,644,596</u>
145											

Tennessee American Water Company
Qualified Infrastructure Improvement Program
Economic Development Rider
Safety and Environmental Compliance Rider

STRATEGIC CAPITAL EXPENDITURE PLAN
PROGRAM

Business Unit Tennessee
Revision Date July 5, 2017
Description TN BP 2018-2022 SCEP

Line #	Business Unit No.		Project Title	Account	Account Description	Cumulative Balance of In-Serviced Plant, from 2018 Capex, by Period					
						1	2	3	4	5	6
1			RECURRING PROJECTS								
2	TN	DV	Projects Funded by Others	331001	Transmission & Distribution Mains	\$0	\$0	\$0	\$0	\$0	\$0
3	TN	DV		333000	Services	0	0	0	0	0	0
4	TN	DV		335000	Hydrants	0	0	0	0	0	0
5											
6	TN	A	Mains - New	331001	Transmission & Distribution Mains	921,256	983,680	1,053,503	1,132,573	1,213,956	1,299,962
7	TN	A		333000	Services	8,869	9,470	10,142	10,903	11,686	12,514
8	TN	A		334300	Meter Vaults	28,019	29,915	32,037	34,440	36,912	39,526
9	TN	A		335000	Hydrants	38,071	40,650	43,534	46,800	50,162	53,714
10											
11	TN	B	Mains - Replaced / Restored	331001	Transmission & Distribution Mains	4,887,436	4,979,726	5,099,703	5,224,295	5,371,959	5,528,852
12	TN	B		333000	Services	344,693	351,203	359,666	368,455	378,871	389,938
13	TN	B		335000	Hydrants	63,604	64,804	66,364	67,984	69,904	71,944
14											
15	TN	C	Mains - Unscheduled	331001	Transmission & Distribution Mains	5,271,581	5,381,949	5,487,821	5,593,694	5,697,070	5,797,449
16	TN	C		335000	Hydrants	6,316	6,448	6,575	6,703	6,827	6,947
17											
18	TN	D	Mains - Relocated	331001	Transmission & Distribution Mains	1,644,642	1,649,600	1,654,558	1,664,474	1,679,348	1,694,222
19	TN	D		333000	Services	1,425	1,429	1,434	1,443	1,456	1,470
20	TN	D		335000	Hydrants	12,423	12,460	12,498	12,573	12,685	12,798
21											
22	TN	E	Hydrants, Valves, and Manholes - New	331001	Transmission & Distribution Mains	209,416	215,652	223,838	232,804	242,938	256,971
23	TN	E		335000	Hydrants	59,192	60,956	63,270	65,804	68,670	72,637
24											
25	TN	F	Hydrants, Valves, and Manholes - Replaced	331001	Transmission & Distribution Mains	226,398	231,074	236,186	242,819	252,607	263,482
26	TN	F		335000	Hydrants	814,603	831,427	849,816	873,682	908,895	948,020
27											
28	TN	G	Services and Laterals - New	333000	Services	0	0	0	0	0	0
29											
30	TN	H	Services and Laterals - Replaced	333000	Services	1,696,701	1,731,565	1,776,588	1,833,565	1,918,433	2,003,400
31	TN	H		334100	Meters	6,605	6,742	6,918	7,141	7,473	7,806
32											
33	TN	I	Meters - New	334100	Meters	0	0	0	0	0	0
34	TN	I		334200	Meter Installations	0	0	0	0	0	0
35											
36	TN	J	Meters - Replaced	334100	Meters	488,461	499,571	516,348	538,734	572,231	605,827
37	TN	J		334200	Meter Installations	3,907,710	3,996,600	4,130,824	4,309,938	4,577,941	4,846,740
38											
39	TN	K	ITS Equipment and Systems	340200	Computer & Peripheral Equipment	0	0	0	0	0	0
40											
41	TN	L	SCADA Equipment and Systems	320100	WT Equip Non-Media	320,483	322,511	325,118	329,464	335,982	343,369
42	TN	L		340200	Computer & Peripheral Equipment	58,925	59,299	59,778	60,578	61,777	63,136
43	TN	L		346100	Comm Equip Non-Telephone	49,111	49,422	49,821	50,487	51,486	52,619
44	TN	L		346190	Remote Control & Instrument	677,851	682,139	687,652	696,841	710,625	726,246
45											
46	TN	M	Security Equipment and Systems	304300	Structures & Improvement - Treatment	303,840	307,802	315,727	323,652	335,540	355,352
47	TN	M		304400	Struct & Imp-Treatment-T&D	69,697	70,606	72,424	74,242	76,969	81,514
48	TN	M		304500	Structures & Improvement - General	9,855	9,984	10,241	10,498	10,883	11,526
49											
50	TN	N	Offices and Operations Centers	304500	Structures & Improvement - General	0	0	0	0	0	0
51											

Tennessee American Water Company
Qualified Infrastructure Improvement Program
Economic Development Rider
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**STRATEGIC CAPITAL EXPENDITURE PLAN
PROGRAM**

Business Unit Tennessee
Revision Date July 5, 2017
Description TN BP 2018-2022 SCEP

Line #	Business Unit No.		Project Title	Account	Account Description	Cumulative Balance of In-Serviced Plant, from 2018 Capex, by Period					
						1	2	3	4	5	6
52	TN	O	Vehicles	341100	Transportation Equip Lt Duty Trucks	0	0	0	0	0	0
53	TN	O		341200	Transportation Equip Hvy Duty Trucks	0	0	0	0	0	0
54	TN	O		341300	Transportation Equip Autos	0	0	0	0	0	0
55											
56	TN	P	Tools and Equipment	343000	Tools, Shop, Garage Equipment	0	0	0	0	0	0
57											
58	TN	Q	Process Plant Facilities and Equipment	304100	Struct & Imp-Supply	269,264	273,760	278,256	282,752	287,389	292,306
59	TN	Q		304200	Struct & Imp-Pumping	423,613	430,685	437,757	444,829	452,122	459,857
60	TN	Q		304300	Struct & Imp-Treatment	24,266	24,674	25,082	25,490	25,911	26,357
61	TN	Q		304400	Struct & Imp-Treatment-T&D	28,964	29,444	29,924	30,404	30,899	31,424
62	TN	Q		304500	Structures & Improvement - General	31,271	31,791	32,311	32,831	33,368	33,936
63	TN	Q		304700	Struct & Imp-Store,Shop,Garage	0	0	0	0	0	0
64	TN	Q		306000	Lake, River & Other Intakes	27,367	27,823	28,279	28,735	29,206	29,704
65	TN	Q		309000	Supply Mains	11,121	11,305	11,489	11,673	11,863	12,064
66	TN	Q		310000	Power Generation Equip	28,296	28,768	29,240	29,712	30,199	30,715
67	TN	Q		311200	Pump Eqp Electric	23,799	24,199	24,599	24,999	25,412	25,849
68	TN	Q		311520	Pumping Equipment SOS	962,516	978,580	994,644	1,010,708	1,027,274	1,044,844
69	TN	Q		320100	WT Equip Non-Media	2,111,585	2,146,833	2,182,081	2,217,329	2,253,678	2,292,231
70	TN	Q		320200	Water Trmt Equip Filter Media	785,846	798,966	812,086	825,206	838,736	853,086
71	TN	Q		330000	Dist Reservoirs & Standpipes	0	0	0	0	0	0
72	TN	Q		331001	Transmission & Distribution Mains	0	0	0	0	0	0
73	TN	Q		334100	Meters	0	0	0	0	0	0
74	TN	Q		340200	Computer & Peripheral Equipment	0	0	0	0	0	0
75	TN	Q		343000	Tools, Shop, Garage Equipment	3,732	3,796	3,860	3,924	3,990	4,060
76	TN	Q		344000	Laboratory Equipment	1,616	1,640	1,664	1,688	1,713	1,739
77	TN	Q		345000	Power Operated Equipment	46,851	47,635	48,419	49,203	50,011	50,869
78	TN	Q		346190	Remote Control & Instrument	3,940	4,004	4,068	4,132	4,198	4,268
79	TN	Q		347000	Misc Equipment	8,779	8,923	9,067	9,211	9,359	9,517
80											
81	TN	R	Capitalized Tank Rehabilitation/Painting	304300	Struct & Imp-Treatment	0	0	0	0	0	0
82	TN	R		304301	Struct & Imp-Treatment-Dpr Paint	1,970,662	2,001,692	2,032,722	2,079,267	2,125,812	2,187,872
83	TN	R		320100	WT Equip Non-Media	409,588	416,038	422,488	432,163	441,838	454,738
84	TN	R		320200	Water Trmt Equip Filter Media	83,135	84,445	85,755	87,720	89,685	92,305
85	TN	R		330000	Dist Reservoirs & Standpipes	36,271	36,841	37,411	38,266	39,121	40,261
86	TN	R		330003	Tank Repainting	532,836	541,226	549,616	562,201	574,786	591,566
87	TN	R		330100	Elevated Tanks & Standpipes	142,805	145,055	147,305	150,680	154,055	158,555
88	TN	R		330200	Ground Level Tanks	0	0	0	0	0	0
89											
90	TN	S	Engineering Studies	331001	Transmission & Distribution Mains	0	0	0	0	0	0
91			Total Recurring Projects								
92											
93			ACQUISITIONS								
94											
95			Total Acquisitions								
96											
97			CENTRALLY SPONSORED PROJECTS								
98	TN	T26-0202	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate	0	0	0	0	0	0
99	TN	T26-0203	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate	0	0	0	0	0	0
100			Total Centrally Sponsored Projects								
101											

Tennessee American Water Company
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STRATEGIC CAPITAL EXPENDITURE PLAN
PROGRAM

Business Unit Tennessee
Revision Date July 5, 2017
Description TN BP 2018-2022 SCEP

Line #	Business Unit No.	Project Title	Account	Account Description	Cumulative Balance of In-Serviced Plant, from 2018 Capex, by Period					
					1	2	3	4	5	6
102		INVESTMENT PROJECTS								
103	TN	I26-020017 Electrical Motor Efficiency Enhancement (\$2.9)			0	0	0	0	0	0
104	TN	I26-020027 Construct 1.0MG Tank & 2500-16" ER (\$1.0)			0	0	0	0	0	0
105	TN	I26-020028 Citico Plant Improvements Phase 1B (\$8.6)	304300	Struct & Imp-Treatment	6,290,400	6,290,400	6,290,400	6,290,400	6,290,400	6,290,400
106	TN	I26-020028	320100	WT Equip Non-Media	2,096,800	2,096,800	2,096,800	2,096,800	2,096,800	2,096,800
107	TN	I26-020032 Wastewater Treatm't & Handling Impr (\$15.3)	304200	Struct & Imp-Pumping	14,597	14,597	14,597	14,597	14,597	14,597
108	TN	I26-020032	304300	Struct & Imp-Treatment	394,579	394,579	394,579	394,579	394,579	394,579
109	TN	I26-020032	304400	Struct & Imp-T&D	0	0	0	0	0	0
110	TN	I26-020032	304500	Structures & Improvement - General	9,103,923	9,103,923	9,103,923	9,103,923	9,103,923	9,103,923
111	TN	I26-020032	320100	WT Equip Non-Media	5,988,538	5,988,538	5,988,538	5,988,538	5,988,538	5,988,538
112	TN	I26-020032	330200	Ground Level Tanks	45,429	45,429	45,429	45,429	45,429	45,429
113	TN	I26-020032	347000	Misc Equipment	18,537	18,537	18,537	18,537	18,537	18,537
114	TN	I26-020034 Tennessee River Crossing (\$2.5)	331001	Transmission & Distribution Mains	0	0	0	0	0	0
115	TN	I26-020038 Retire Basin 1	304300	Struct & Imp-WT	0	0	0	0	0	0
116	TN	I26-020039 Repl Basin 2 & Plate Settlers			0	0	0	0	0	0
117	TN	I26-020040 Chlorine Gas Conversion			0	0	0	0	0	0
118	TN	I26-020041 Electrical - Breakers and Relays (\$0.6)	311200	Pump Eqp Electric	0	0	0	0	0	0
119	TN	I26-020042 Pumping Auxiliary Power (\$1.4)			0	0	0	0	0	0
120	TN	I26-020043 Energy Reduction and Efficiency (\$0.87)			0	0	0	0	0	0
121	TN	I26-020044 New Raw Water Intake Citico (\$13)			0	0	0	0	0	0
122	TN	I26-020045 Remove Filter Bldg 3	304300	Struct & Imp-Treatment	0	0	67480	67480	67480	67480
123	TN	I26-020046 New Field Services Facility (\$4.5)			0	0	0	0	0	0
124	TN	I26-050001 Raw Water Intake Improvements Whitwell (\$2)			0	0	0	0	0	0
125	TN	I26-050002 Facility Upgrades at Whitwell WTP (\$0.3)	320100	WT Equip Non-Media	271495	271495	271495	271495	271495	271495
126	TN	I26-050003 Replace 0.5 MG Storage Tanks at Whitwell (\$.5)			0	0	0	0	0	0
127	TN	I26-050004 Replace 0.1 MG Storage Tank at Whitwell (\$0.3)	330200	Ground Level Tanks	251103	251103	251103	251103	251103	251103
128	TN	I26-020002 Post Acquisition BD Capex			0	0	0	0	0	0
129	TN	I26-000001 Whitwell Acquisition Capital Investment	331001	Transmission & Distribution Mains	0	0	0	0	0	0
130	TN	I26-000001	320200	Water Trmt Equip Filter Media	0	0	0	0	0	0
131	TN	I26-000001	311520	Pumping Equipment SOS	0	0	0	0	0	0
132	TN	I26-000001	340200	Computer & Peripheral Equipment	0	0	0	0	0	0
133										
134		(1) Amounts not reflected in actuals through 2016 or projections based on project costs through 2018		Total DV Included:						
135										
136				Total DV Excluded:						
137		(2) From actual or estimated in-service data provided by the company.								
138				Total Surcharge Amt:						
139		(3) Tax depreciation rates utilized by the company.								
140				SEC Total:						
141										
142				EDI Total:						
143										
144				QIIP Total:						
145										

Tennessee American Water Company
Qualified Infrastructure Improvement Program
Economic Development Rider
Safety and Environmental Compliance Rider

STRATEGIC CAPITAL EXPENDITURE PLAN
PROGRAM

Business Unit Tennessee
Revision Date July 5, 2017
Description TN BP 2018-2022 SCEP

Line #	Business Unit No.	Project Title	Account	Account Description	Cumulative Balance of In-Serviced Plant, from 2018 Capex, by Period					
					7	8	9	10	11	12
1				RECURRING PROJECTS						
2	TN	DV		Projects Funded by Others						
3	TN	DV	331001	Transmission & Distribution Mains	\$0	\$0	\$0	\$0	\$0	\$0
4	TN	DV	333000	Services	0	0	0	0	0	0
5			335000	Hydrants	0	0	0	0	0	0
6	TN	A	331001	Mains - New	1,390,592	1,484,922	1,557,056	1,630,578	1,703,175	1,774,847
7	TN	A	333000	Services	13,386	14,294	14,988	15,695	16,394	17,084
8	TN	A	334300	Meter Vaults	42,279	45,146	47,337	49,571	51,777	53,955
9	TN	A	335000	Hydrants	57,458	61,354	64,334	67,371	70,369	73,330
10										
11	TN	B	331001	Mains - Replaced / Restored	5,690,359	5,861,096	6,017,989	6,165,653	6,304,088	6,433,294
12	TN	B	333000	Services	401,330	413,374	424,441	434,857	444,622	453,736
13	TN	B	335000	Hydrants	74,044	76,264	78,304	80,224	82,024	83,704
14										
15	TN	C	331001	Mains - Unscheduled	5,867,865	5,938,280	5,978,732	6,019,183	6,099,087	6,198,967
16	TN	C	335000	Hydrants	7,032	7,117	7,165	7,214	7,310	7,430
17										
18	TN	D	331001	Mains - Relocated	1,714,054	1,728,928	1,738,844	1,748,760	1,753,718	1,753,718
19	TN	D	333000	Services	1,488	1,501	1,510	1,519	1,524	1,524
20	TN	D	335000	Hydrants	12,948	13,060	13,135	13,210	13,248	13,248
21										
22	TN	E	331001	Hydrants, Valves, and Manholes - New	270,614	283,088	294,782	301,019	305,306	309,204
23	TN	E	335000	Hydrants	76,494	80,020	83,326	85,089	86,302	87,404
24										
25	TN	F	331001	Hydrants, Valves, and Manholes - Replaced	275,444	286,972	296,977	304,807	310,462	313,942
26	TN	F	335000	Hydrants	991,057	1,032,530	1,068,525	1,096,695	1,117,040	1,129,560
27										
28	TN	G	333000	Services and Laterals - New	0	0	0	0	0	0
29										
30	TN	H	333000	Services and Laterals - Replaced	2,085,280	2,150,225	2,205,210	2,248,042	2,277,925	2,304,073
31	TN	H	334100	Meters	8,127	8,381	8,596	8,764	8,881	8,983
32										
33	TN	I	334100	Meters - New	0	0	0	0	0	0
34	TN	I	334200	Meter Installations	0	0	0	0	0	0
35										
36	TN	J	334100	Meters - Replaced	639,157	672,487	696,878	716,876	727,986	733,541
37	TN	J	334200	Meter Installations	5,113,410	5,380,080	5,575,233	5,735,235	5,824,125	5,868,570
38										
39	TN	K	340200	ITS Equipment and Systems	0	0	0	0	0	0
40										
41	TN	L	320100	SCADA Equipment and Systems	349,743	355,537	359,882	362,779	364,228	365,386
42	TN	L	340200	WT Equip Non-Media	64,309	65,375	66,174	66,707	66,974	67,187
43	TN	L	346100	Computer & Peripheral Equipment	53,595	54,483	55,149	55,593	55,815	55,993
44	TN	L	346190	Comm Equip Non-Telephone	739,723	751,975	761,164	767,290	770,353	772,804
45										
46	TN	M	304300	Remote Control & Instrument	375,165	394,977	402,902	410,827	418,752	420,734
47	TN	M	304400	Structures & Improvement - Treatment	86,059	90,604	92,422	94,240	96,058	96,513
48	TN	M	304500	Struct & Imp-Treatment-T&D	12,168	12,811	13,068	13,325	13,582	13,646
49										
50	TN	N	304500	Structures & Improvement - General	0	0	0	0	0	0
51										

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**STRATEGIC CAPITAL EXPENDITURE PLAN
PROGRAM**

Business Unit Tennessee
Revision Date July 5, 2017
Description TN BP 2018-2022 SCEP

Line #	Business Unit No.		Project Title	Account	Account Description	Cumulative Balance of In-Serviced Plant, from 2018 Capex, by Period					
						7	8	9	10	11	12
52	TN	O	Vehicles	341100	Transportation Equip Lt Duty Trucks	0	0	0	0	0	0
53	TN	O		341200	Transportation Equip Hvy Duty Trucks	0	0	0	0	0	0
54	TN	O		341300	Transportation Equip Autos	0	0	0	0	0	0
55											
56	TN	P	Tools and Equipment	343000	Tools, Shop, Garage Equipment	0	0	0	0	0	0
57											
58	TN	Q	Process Plant Facilities and Equipment	304100	Struct & Imp-Supply	297,364	302,422	306,918	311,414	315,910	317,737
59	TN	Q		304200	Struct & Imp-Pumping	467,813	475,769	482,841	489,913	496,985	499,858
60	TN	Q		304300	Struct & Imp-Treatment	26,816	27,275	27,683	28,091	28,499	28,665
61	TN	Q		304400	Struct & Imp-Treatment-T&D	31,964	32,504	32,984	33,464	33,944	34,139
62	TN	Q		304500	Structures & Improvement - General	34,521	35,106	35,626	36,146	36,666	36,878
63	TN	Q		304700	Struct & Imp-Store,Shop,Garage	0	0	0	0	0	0
64	TN	Q		306000	Lake, River & Other Intakes	30,217	30,730	31,186	31,642	32,098	32,284
65	TN	Q		309000	Supply Mains	12,271	12,478	12,662	12,846	13,030	13,105
66	TN	Q		310000	Power Generation Equip	31,246	31,777	32,249	32,721	33,193	33,385
67	TN	Q		311200	Pump Eqp Electric	26,299	26,749	27,149	27,549	27,949	28,112
68	TN	Q		311520	Pumping Equipment SOS	1,062,916	1,080,988	1,097,052	1,113,116	1,129,180	1,135,706
69	TN	Q		320100	WT Equip Non-Media	2,331,885	2,371,539	2,406,787	2,442,035	2,477,283	2,491,602
70	TN	Q		320200	Water Trmt Equip Filter Media	867,846	882,606	895,726	908,846	921,966	927,296
71	TN	Q		330000	Dist Reservoirs & Standpipes	0	0	0	0	0	0
72	TN	Q		331001	Transmission & Distribution Mains	0	0	0	0	0	0
73	TN	Q		334100	Meters	0	0	0	0	0	0
74	TN	Q		340200	Computer & Peripheral Equipment	0	0	0	0	0	0
75	TN	Q		343000	Tools, Shop, Garage Equipment	4,132	4,204	4,268	4,332	4,396	4,422
76	TN	Q		344000	Laboratory Equipment	1,766	1,793	1,817	1,841	1,865	1,875
77	TN	Q		345000	Power Operated Equipment	51,751	52,633	53,417	54,201	54,985	55,303
78	TN	Q		346190	Remote Control & Instrument	4,340	4,412	4,476	4,540	4,604	4,630
79	TN	Q		347000	Misc Equipment	9,679	9,841	9,985	10,129	10,273	10,331
80											
81	TN	R	Capitalized Tank Rehabilitation/Painting	304300	Struct & Imp-Treatment	0	0	0	0	0	0
82	TN	R		304301	Struct & Imp-Treatment-Dpr Paint	2,311,992	2,377,155	2,439,215	2,501,275	2,532,305	2,560,232
83	TN	R		320100	WT Equip Non-Media	480,538	494,083	506,983	519,883	526,333	532,138
84	TN	R		320200	Water Trmt Equip Filter Media	97,545	100,296	102,916	105,536	106,846	108,025
85	TN	R		330000	Dist Reservoirs & Standpipes	42,541	43,738	44,878	46,018	46,588	47,101
86	TN	R		330003	Tank Repainting	625,126	642,745	659,525	676,305	684,695	692,246
87	TN	R		330100	Elevated Tanks & Standpipes	167,555	172,280	176,780	181,280	183,530	185,555
88	TN	R		330200	Ground Level Tanks	0	0	0	0	0	0
89											
90	TN	S	Engineering Studies	331001	Transmission & Distribution Mains	0	0	0	0	0	0
91			Total Recurring Projects								
92											
93			ACQUISITIONS								
94											
95			Total Acquisitions								
96											
97			CENTRALLY SPONSORED PROJECTS								
98	TN	T26-0202	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate	0	0	0	0	0	0
99	TN	T26-0203	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate	0	0	0	0	0	0
100			Total Centrally Sponsored Projects								
101											

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Business Unit Tennessee
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					Cumulative Balance of In-Serviced Plant, from 2018 Capex, by Period					
Line #	Business Unit No.	Project Title	Account	Account Description	7	8	9	10	11	12
102		INVESTMENT PROJECTS								
103	TN I26-020017	Electrical Motor Efficiency Enhancement (\$2.9)			0	0	0	0	0	0
104	TN I26-020027	Construct 1.0MG Tank & 2500-16" ER (\$1.0)			0	0	0	0	0	0
105	TN I26-020028	Citico Plant Improvements Phase 1B (\$8.6)	304300	Struct & Imp-Treatment	6,290,400	6,290,400	6,290,400	6,290,400	6,290,400	6,290,400
106	TN I26-020028		320100	WT Equip Non-Media	2,096,800	2,096,800	2,096,800	2,096,800	2,096,800	2,096,800
107	TN I26-020032	Wastewater Treatm't & Handling Impr (\$15.3)	304200	Struct & Imp-Pumping	14,597	14,597	14,597	14,597	14,597	14,597
108	TN I26-020032		304300	Struct & Imp-Treatment	394,579	394,579	394,579	394,579	394,579	394,579
109	TN I26-020032		304400	Struct & Imp-T&D	0	0	0	0	0	0
110	TN I26-020032		304500	Structures & Improvement - General	9,103,923	9,103,923	9,103,923	9,103,923	9,103,923	9,103,923
111	TN I26-020032		320100	WT Equip Non-Media	5,988,538	5,988,538	5,988,538	5,988,538	5,988,538	5,988,538
112	TN I26-020032		330200	Ground Level Tanks	45,429	45,429	45,429	45,429	45,429	45,429
113	TN I26-020032		347000	Misc Equipment	18,537	18,537	18,537	18,537	18,537	18,537
114	TN I26-020034	Tennessee River Crossing (\$2.5)	331001	Transmission & Distribution Mains	0	0	0	0	0	2414209
115	TN I26-020038	Retire Basin 1	304300	Struct & Imp-WT	0	0	0	0	0	0
116	TN I26-020039	Repl Basin 2 & Plate Settlers			0	0	0	0	0	0
117	TN I26-020040	Chlorine Gas Conversion			0	0	0	0	0	0
118	TN I26-020041	Electrical - Breakers and Relays (\$0.6)	311200	Pump Eqp Electric	0	0	0	0	0	0
119	TN I26-020042	Pumping Auxiliary Power (\$1.4)			0	0	0	0	0	0
120	TN I26-020043	Energy Reduction and Efficiency (\$0.87)			0	0	0	0	0	0
121	TN I26-020044	New Raw Water Intake Citico (\$13)			0	0	0	0	0	0
122	TN I26-020045	Remove Filter Bldg 3	304300	Struct & Imp-Treatment	67480	67480	67480	67480	67480	67480
123	TN I26-020046	New Field Services Facility (\$4.5)			0	0	0	0	0	0
124	TN I26-050001	Raw Water Intake Improvements Whitwell (\$2)			0	0	0	0	0	0
125	TN I26-050002	Facility Upgrades at Whitwell WTP (\$0.3)	320100	WT Equip Non-Media	271495	271495	271495	271495	271495	271495
126	TN I26-050003	Replace 0.5 MG Storage Tanks at Whitwell (\$.5)			0	0	0	0	0	0
127	TN I26-050004	Replace 0.1 MG Storage Tank at Whitwell (\$0.3)	330200	Ground Level Tanks	251103	251103	251103	251103	251103	251103
128	TN I26-020002	Post Acquisition BD Capex			0	0	0	0	0	0
129	TN I26-000001	Whitwell Acquisition Capital Investment	331001	Transmission & Distribution Mains	0	0	0	0	0	0
130	TN I26-000001		320200	Water Trmt Equip Filter Media	0	0	0	0	0	0
131	TN I26-000001		311520	Pumping Equipment SOS	0	0	0	0	0	0
132	TN I26-000001		340200	Computer & Peripheral Equipment	0	0	0	0	0	0
133										
134		(1) Amounts not reflected in actuals through 2016 or projections based on project costs through 2018		Total DV Included:						\$66,150,089
135										
136				Total DV Excluded:						\$66,150,089
137		(2) From actual or estimated in-service data provided by the company.								
138				Total Surcharge Amt:						\$66,150,089
139		(3) Tax depreciation rates utilized by the company.								
140				SEC Total:						\$23,535,790
141										
142				EDI Total:						\$2,315,824
143										
144				QIIP Total:						\$40,298,475
145										

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Business Unit Tennessee
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Line #	Business Unit No.	Project Title	Account	Account Description	Surcharge	Prior 2014 Ending Balance	Prior 2015 Ending Balance	Prior 2016 Ending Balance
1		RECURRING PROJECTS						
2	TN	DV		Projects Funded by Others				
3	TN	DV	331001	Transmission & Distribution Mains		\$0	\$0	\$0
4	TN	DV	333000	Services		0	0	0
5			335000	Hydrants		0	0	0
6	TN	A	331001	Transmission & Distribution Mains	EDI	0	456,264	597,576
7	TN	A	333000	Services	EDI	0	3,176	5,754
8	TN	A	334300	Meter Vaults	EDI	0	0	18,184
9	TN	A	335000	Hydrants	EDI	0	11,329	24,701
10								
11	TN	B	331001	Transmission & Distribution Mains	QIIP	804,983	1,796,068	2,522,367
12	TN	B	333000	Services	QIIP	22,175	171,623	177,865
13	TN	B	335000	Hydrants	QIIP	27,283	25,909	32,852
14								
15	TN	C	331001	Transmission & Distribution Mains	QIIP	979,105	1,880,706	4,158,822
16	TN	C	335000	Hydrants	QIIP	0	0	4,979
17								
18	TN	D	331001	Transmission & Distribution Mains	QIIP	69,181	1,415,151	1,052,042
19	TN	D	333000	Services	QIIP	288	1,328	1,335
20	TN	D	335000	Hydrants	QIIP	0	7,286	11,673
21								
22	TN	E	331001	Transmission & Distribution Mains	EDI	23,936	108,049	147,515
23	TN	E	335000	Hydrants	EDI	38,569	30,189	37,848
24								
25	TN	F	331001	Transmission & Distribution Mains	QIIP	21,480	121,273	140,790
26	TN	F	335000	Hydrants	QIIP	219,103	410,751	506,611
27								
28	TN	G	333000	Services		0	0	0
29								
30	TN	H	333000	Services	QIIP	442,503	871,492	1,279,335
31	TN	H	334100	Meters	QIIP	0	0	4,971
32								
33	TN	I	334100	Meters		0	0	0
34	TN	I	334200	Meter Installations		0	0	0
35								
36	TN	J	334100	Meters	QIIP	43,095	278,825	295,389
37	TN	J	334200	Meter Installations	QIIP	618,384	1,492,760	2,362,958
38								
39	TN	K	340200	Computer & Peripheral Equipment				
40								
41	TN	L	320100	WT Equip Non-Media	SEC	268,337	268,337	268,337
42	TN	L	340200	Computer & Peripheral Equipment	SEC	17,205	(0)	49,331
43	TN	L	346100	Comm Equip Non-Telephone	SEC	57,328	41,119	41,119
44	TN	L	346190	Remote Control & Instrument	SEC	144,865	436,754	567,583
45								
46	TN	M	304300	Structures & Improvement - Treatment	SEC	0	131,615	190,909
47	TN	M	304400	Struct & Imp-Treatment-T&D	SEC	0	0	43,791
48	TN	M	304500	Structures & Improvement - General	SEC	6,193	6,193	6,193
49								
50	TN	N	304500	Structures & Improvement - General		0	0	0
51								

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Line #	Business Unit No.		Project Title	Account	Account Description	Surcharge	Prior 2014 Ending Balance	Prior 2015 Ending Balance	Prior 2016 Ending Balance
52	TN	O	Vehicles	341100	Transportation Equip Lt Duty Trucks		0	0	0
53	TN	O		341200	Transportation Equip Hvy Duty Trucks		0	0	0
54	TN	O		341300	Transportation Equip Autos		0	0	0
55									
56	TN	P	Tools and Equipment	343000	Tools, Shop, Garage Equipment		0	0	0
57									
58	TN	Q	Process Plant Facilities and Equipment	304100	Struct & Imp-Supply	SEC	132,235	122,766	238,495
59	TN	Q		304200	Struct & Imp-Pumping	SEC	0	0	375,214
60	TN	Q		304300	Struct & Imp-Treatment	SEC	0	7,125	21,474
61	TN	Q		304400	Struct & Imp-Treatment-T&D	SEC	0	25,654	25,679
62	TN	Q		304500	Structures & Improvement - General	SEC	0	27,713	27,713
63	TN	Q		304700	Struct & Imp-Store,Shop,Garage	SEC	0	0	0
64	TN	Q		306000	Lake, River & Other Intakes	SEC	0	0	24,247
65	TN	Q		309000	Supply Mains	SEC	9,862	9,862	9,862
66	TN	Q		310000	Power Generation Equip	SEC	25,066	25,066	25,066
67	TN	Q		311200	Pump Eqp Electric	SEC	0	18,849	21,062
68	TN	Q		311520	Pumping Equipment SOS	SEC	115,840	465,043	852,578
69	TN	Q		320100	WT Equip Non-Media	SEC	376,215	1,806,356	1,870,356
70	TN	Q		320200	Water Trmt Equip Filter Media	SEC	0	693,894	696,056
71	TN	Q		330000	Dist Reservoirs & Standpipes	SEC	0	0	0
72	TN	Q		331001	Transmission & Distribution Mains	SEC	0	0	0
73	TN	Q		334100	Meters	SEC	0	0	0
74	TN	Q		340200	Computer & Peripheral Equipment	SEC	0	0	0
75	TN	Q		343000	Tools, Shop, Garage Equipment	SEC	0	0	3,294
76	TN	Q		344000	Laboratory Equipment	SEC	0	0	1,452
77	TN	Q		345000	Power Operated Equipment	SEC	0	41,485	41,485
78	TN	Q		346190	Remote Control & Instrument	SEC	0	3,502	3,502
79	TN	Q		347000	Misc Equipment	SEC	0	7,793	7,793
80									
81	TN	R	Capitalized Tank Rehabilitation/Painting	304300	Struct & Imp-Treatment	QIIP	0	(778)	0
82	TN	R		304301	Struct & Imp-Treatment-Dpr Paint	QIIP	0	0	1,250,689
83	TN	R		320100	WT Equip Non-Media	QIIP	2,337,229	2,310,463	259,932
84	TN	R		320200	Water Trmt Equip Filter Media	QIIP	0	0	52,740
85	TN	R		330000	Dist Reservoirs & Standpipes	QIIP	22,832	567,580	23,045
86	TN	R		330003	Tank Repainting	QIIP	0	46,367	338,167
87	TN	R		330100	Elevated Tanks & Standpipes	QIIP	0	0	90,599
88	TN	R		330200	Ground Level Tanks	QIIP	0	0	0
89									
90	TN	S	Engineering Studies	331001	Transmission & Distribution Mains				
91			Total Recurring Projects						
92									
93			ACQUISITIONS						
94									
95			Total Acquisitions						
96									
97			CENTRALLY SPONSORED PROJECTS						
98	TN	T26-0202	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate				
99	TN	T26-0203	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate				
100			Total Centrally Sponsored Projects						
101									

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STRATEGIC CAPITAL EXPENDITURE PLAN
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Line #	Business Unit No.	Project Title	Account	Account Description	Surcharge	Prior 2014 Ending Balance	Prior 2015 Ending Balance	Prior 2016 Ending Balance
102		INVESTMENT PROJECTS						
103	TN	I26-020017		Electrical Motor Efficiency Enhancement (\$2.9)	SEC			
104	TN	I26-020027		Construct 1.0MG Tank & 2500-16" ER (\$1.0)	SEC			
105	TN	I26-020028		Citico Plant Improvements Phase 1B (\$8.6)	QIIP			6,290,400
106	TN	I26-020028	320100	WT Equip Non-Media	QIIP			2,096,800
107	TN	I26-020032	304200	Struct & Imp-Pumping	SEC		0	14,597
108	TN	I26-020032	304300	Struct & Imp-Treatment	SEC		0	394,579
109	TN	I26-020032	304400	Struct & Imp-T&D	SEC		0	0
110	TN	I26-020032	304500	Structures & Improvement - General	SEC		9,374,098	9,103,923
111	TN	I26-020032	320100	WT Equip Non-Media	SEC		5,603,877	5,988,538
112	TN	I26-020032	330200	Ground Level Tanks	SEC		46,777	45,429
113	TN	I26-020032	347000	Misc Equipment	SEC		18,711	18,537
114	TN	I26-020034	331001	Tennessee River Crossing (\$2.5)	QIIP			
115	TN	I26-020038	304300	Retire Basin 1	QIIP			
116	TN	I26-020039		Repl Basin 2 & Plate Settlers	QIIP			
117	TN	I26-020040		Chlorine Gas Conversion	SEC			
118	TN	I26-020041	311200	Electrical - Breakers and Relays (\$0.6)	QIIP			
119	TN	I26-020042		Pumping Auxiliary Power (\$1.4)	SEC			
120	TN	I26-020043		Energy Reduction and Efficiency (\$0.87)	QIIP			
121	TN	I26-020044		New Raw Water Intake Citico (\$13)	SEC			
122	TN	I26-020045	304300	Remove Filter Bldg 3	QIIP			
123	TN	I26-020046		New Field Services Facility (\$4.5)				
124	TN	I26-050001		Raw Water Intake Improvements Whitwell (\$2)	SEC			
125	TN	I26-050002	320100	Facility Upgrades at Whitwell WTP (\$0.3)	SEC			
126	TN	I26-050003		Replace 0.5 MG Storage Tanks at Whitwell (\$.5)	SEC			
127	TN	I26-050004	330200	Replace 0.1 MG Storage Tank at Whitwell (\$0.3)	SEC			
128	TN	I26-020002		Post Acquisition BD Capex				
129	TN	I26-000001	331001	Whitwell Acquisition Capital Investment	QIIP			
130	TN	I26-000001	320200	Water Trmt Equip Filter Media	QIIP			
131	TN	I26-000001	311520	Pumping Equipment SOS	QIIP			
132	TN	I26-000001	340200	Computer & Peripheral Equipment	QIIP			
133								
134		(1) Amounts not reflected in actuals through 2016 or projections based on project costs through 2018		Total DV Included:		\$6,823,293	\$31,188,399	\$44,764,131
135				Total DV Excluded:		\$6,823,293	\$31,188,399	\$44,764,131
136								
137		(2) From actual or estimated in-service data provided by the company.		Total Surcharge Amt:		\$6,823,293	\$31,188,399	\$44,764,131
138								
139		(3) Tax depreciation rates utilized by the company.						
140				SEC Total:		\$1,153,147	\$19,182,588	\$20,978,192
141								
142				EDI Total:		\$62,504	\$609,007	\$831,579
143								
144				QIIP Total:		\$5,607,642	\$11,396,805	\$22,954,361
145								

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Line #	Business Unit No.	Project Title	Account	Account Description	Tax Depr class life	Y1 Tax Depr Rate (3)	Y2 Tax Depr Rate (3)	Y3 Tax Depr Rate (3)	Y4 Tax Depr Rate (3)	Y5 Tax Depr Rate (3)	Y1 Tax Depreciation	Y2 Tax Depreciation	Y3 Tax Depreciation	Y4 Tax Depreciation
1		RECURRING PROJECTS												
2	TN	DV		Projects Funded by Others										
3	TN	DV	331001	Transmission & Distribution Mains	25 yr	0.02	0.04	0.04	0.04	0.04	\$0	\$0	\$0	\$0
4	TN	DV	333000	Services	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
5			335000	Hydrants	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
6	TN	A	331001	Transmission & Distribution Mains	25 yr	0.02	0.04	0.04	0.04	0.04	17,812	11,468	5,653	18,251
7	TN	A	333000	Services	25 yr	0.02	0.04	0.04	0.04	0.04	171	110	103	127
8	TN	A	334300	Meter Vaults	25 yr	0.02	0.04	0.04	0.04	0.04	541	348	727	0
9	TN	A	335000	Hydrants	25 yr	0.02	0.04	0.04	0.04	0.04	736	474	535	453
10														
11	TN	B	331001	Transmission & Distribution Mains	25 yr	0.02	0.04	0.04	0.04	0.04	31,840	92,757	29,052	39,643
12	TN	B	333000	Services	25 yr	0.02	0.04	0.04	0.04	0.04	2,246	6,543	250	5,978
13	TN	B	335000	Hydrants	25 yr	0.02	0.04	0.04	0.04	0.04	414	1,206	278	(55)
14														
15	TN	C	331001	Transmission & Distribution Mains	25 yr	0.02	0.04	0.04	0.04	0.04	20,555	40,495	91,125	36,064
16	TN	C	335000	Hydrants	25 yr	0.02	0.04	0.04	0.04	0.04	25	49	199	0
17														
18	TN	D	331001	Transmission & Distribution Mains	25 yr	0.02	0.04	0.04	0.04	0.04	2,182	23,704	(14,524)	53,839
19	TN	D	333000	Services	25 yr	0.02	0.04	0.04	0.04	0.04	2	4	0	42
20	TN	D	335000	Hydrants	25 yr	0.02	0.04	0.04	0.04	0.04	17	30	175	291
21														
22	TN	E	331001	Transmission & Distribution Mains	25 yr	0.02	0.04	0.04	0.04	0.04	2,074	2,320	1,579	3,365
23	TN	E	335000	Hydrants	25 yr	0.02	0.04	0.04	0.04	0.04	586	810	306	(335)
24														
25	TN	F	331001	Transmission & Distribution Mains	25 yr	0.02	0.04	0.04	0.04	0.04	1,836	3,255	781	3,992
26	TN	F	335000	Hydrants	25 yr	0.02	0.04	0.04	0.04	0.04	6,604	11,709	3,834	7,666
27														
28	TN	G	333000	Services	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
29														
30	TN	H	333000	Services	25 yr	0.02	0.04	0.04	0.04	0.04	12,556	15,878	16,314	17,160
31	TN	H	334100	Meters	25 yr	0.02	0.04	0.04	0.04	0.04	49	62	199	0
32														
33	TN	I	334100	Meters	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
34	TN	I	334200	Meter Installations	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
35														
36	TN	J	334100	Meters	25 yr	0.02	0.04	0.04	0.04	0.04	5,013	7,501	663	9,429
37	TN	J	334200	Meter Installations	25 yr	0.02	0.04	0.04	0.04	0.04	40,106	60,012	34,808	34,975
38														
39	TN	K	340200	Computer & Peripheral Equipment	5 yr	0.2	0.32	0.192	0.1152	0.1152	0	0	0	0
40														
41	TN	L	320100	WT Equip Non-Media	25 yr	0.02	0.04	0.04	0.04	0.04	927	2,028	0	0
42	TN	L	340200	Computer & Peripheral Equipment	5 yr	0.2	0.32	0.192	0.1152	0.1152	1,706	2,985	9,472	(1,982)
43	TN	L	346100	Comm Equip Non-Telephone	5 yr	0.2	0.32	0.192	0.1152	0.1152	1,421	2,486	(0)	(1,867)
44	TN	L	346190	Remote Control & Instrument	5 yr	0.2	0.32	0.192	0.1152	0.1152	19,603	34,306	25,119	33,626
45														
46	TN	M	304300	Structures & Improvement - Treatment	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	1,524	2,845	1,520	3,375
47	TN	M	304400	Struct & Imp-Treatment-T&D	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	350	653	1,123	0
48	TN	M	304500	Structures & Improvement - General	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	49	92	0	0
49														
50	TN	N	304500	Structures & Improvement - General	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	0	0	0	0
51														

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Line #	Business Unit No.		Project Title	Account	Account Description	Tax Depr class life	Y1 Tax Depr Rate (3)	Y2 Tax Depr Rate (3)	Y3 Tax Depr Rate (3)	Y4 Tax Depr Rate (3)	Y5 Tax Depr Rate (3)	Y1 Tax Depreciation	Y2 Tax Depreciation	Y3 Tax Depreciation	Y4 Tax Depreciation
52	TN	O	Vehicles	341100	Transportation Equip Lt Duty Trucks	5 yr	0.2	0.32	0.192	0.1152	0.1152	0	0	0	0
53	TN	O		341200	Transportation Equip Hvy Duty Trucks	5 yr	0.2	0.32	0.192	0.1152	0.1152	0	0	0	0
54	TN	O		341300	Transportation Equip Autos	5 yr	0.2	0.32	0.192	0.1152	0.1152	0	0	0	0
55															
56	TN	P	Tools and Equipment	343000	Tools, Shop, Garage Equipment	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
57															
58	TN	Q	Process Plant Facilities and Equipment	304100	Struct & Imp-Supply	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	641	749	2,967	(243)
59	TN	Q		304200	Struct & Imp-Pumping	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	1,009	1,179	9,620	0
60	TN	Q		304300	Struct & Imp-Treatment	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	58	68	368	183
61	TN	Q		304400	Struct & Imp-Treatment-T&D	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	68	80	1	658
62	TN	Q		304500	Structures & Improvement - General	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	74	87	0	711
63	TN	Q		304700	Struct & Imp-Store,Shop,Garage	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	0	0	0	0
64	TN	Q		306000	Lake, River & Other Intakes	25 yr	0.02	0.04	0.04	0.04	0.04	101	119	970	0
65	TN	Q		309000	Supply Mains	25 yr	0.02	0.04	0.04	0.04	0.04	41	48	0	0
66	TN	Q		310000	Power Generation Equip	25 yr	0.02	0.04	0.04	0.04	0.04	105	123	0	0
67	TN	Q		311200	Pump Eqp Electric	25 yr	0.02	0.04	0.04	0.04	0.04	89	104	89	754
68	TN	Q		311520	Pumping Equipment SOS	25 yr	0.02	0.04	0.04	0.04	0.04	3,574	4,177	15,501	13,968
69	TN	Q		320100	WT Equip Non-Media	25 yr	0.02	0.04	0.04	0.04	0.04	7,843	9,164	2,560	57,206
70	TN	Q		320200	Water Trmt Equip Filter Media	25 yr	0.02	0.04	0.04	0.04	0.04	2,919	3,411	86	27,756
71	TN	Q		330000	Dist Reservoirs & Standpipes	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
72	TN	Q		331001	Transmission & Distribution Mains	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
73	TN	Q		334100	Meters	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
74	TN	Q		340200	Computer & Peripheral Equipment	5 yr	0.2	0.32	0.192	0.1152	0.1152	0	0	0	0
75	TN	Q		343000	Tools, Shop, Garage Equipment	25 yr	0.02	0.04	0.04	0.04	0.04	14	17	132	0
76	TN	Q		344000	Laboratory Equipment	25 yr	0.02	0.04	0.04	0.04	0.04	5	6	58	0
77	TN	Q		345000	Power Operated Equipment	25 yr	0.02	0.04	0.04	0.04	0.04	174	204	0	1,659
78	TN	Q		346190	Remote Control & Instrument	5 yr	0.2	0.32	0.192	0.1152	0.1152	142	133	0	403
79	TN	Q		347000	Misc Equipment	25 yr	0.02	0.04	0.04	0.04	0.04	32	37	0	312
80															
81	TN	R	Capitalized Tank Rehabilitation/Painting	304300	Struct & Imp-Treatment	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	0	0	20	(20)
82	TN	R		304301	Struct & Imp-Treatment-Dpr Paint	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	7,956	17,665	32,068	0
83	TN	R		320100	WT Equip Non-Media	25 yr	0.02	0.04	0.04	0.04	0.04	2,580	5,728	(82,021)	(1,071)
84	TN	R		320200	Water Trmt Equip Filter Media	25 yr	0.02	0.04	0.04	0.04	0.04	524	1,163	2,110	0
85	TN	R		330000	Dist Reservoirs & Standpipes	25 yr	0.02	0.04	0.04	0.04	0.04	228	506	(21,781)	21,790
86	TN	R		330003	Tank Repainting	25 yr	0.02	0.04	0.04	0.04	0.04	3,356	7,451	11,672	1,855
87	TN	R		330100	Elevated Tanks & Standpipes	25 yr	0.02	0.04	0.04	0.04	0.04	900	1,998	3,624	0
88	TN	R		330200	Ground Level Tanks	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
89															
90	TN	S	Engineering Studies	331001	Transmission & Distribution Mains	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
91			Total Recurring Projects												
92															
93			ACQUISITIONS												
94															
95			Total Acquisitions												
96															
97			CENTRALLY SPONSORED PROJECTS												
98	TN	T26-0202	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate	3 yr	0.3333	0.3333	0.3334			0	0	0	0
99	TN	T26-0203	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate							0	0	0	0
100			Total Centrally Sponsored Projects												
101															

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Line #	Business Unit No.	Project Title	Account	Account Description	Tax Depr class life	Y1 Tax Depr Rate (3)	Y2 Tax Depr Rate (3)	Y3 Tax Depr Rate (3)	Y4 Tax Depr Rate (3)	Y5 Tax Depr Rate (3)	Y1 Tax Depreciation	Y2 Tax Depreciation	Y3 Tax Depreciation	Y4 Tax Depreciation
102		INVESTMENT PROJECTS												
103	TN	I26-020017		Electrical Motor Efficiency Enhancement (\$2.9)										
104	TN	I26-020027		Construct 1.0MG Tank & 2500-16" ER (\$1.0)										
105	TN	I26-020028		Citico Plant Improvements Phase 1B (\$8.6)										
106	TN	I26-020028	304300	Struct & Imp-Treatment	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	0	0	161,286	0
107	TN	I26-020032	320100	WT Equip Non-Media	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	83,872	0
108	TN	I26-020032	304200	Struct & Imp-Pumping	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	0	0	374	0
109	TN	I26-020032	304300	Struct & Imp-Treatment	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	0	0	10,117	0
110	TN	I26-020032	304400	Struct & Imp-T&D	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	0	0	0	0
111	TN	I26-020032	304500	Structures & Improvement - General	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	0	0	(6,927)	240,352
112	TN	I26-020032	320100	WT Equip Non-Media	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	15,386	224,155
113	TN	I26-020032	330200	Ground Level Tanks	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	(54)	1,871
114	TN	I26-020032	347000	Misc Equipment	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	(7)	748
115	TN	I26-020034	331001	Transmission & Distribution Mains	25 yr	0.02	0.04	0.04	0.04	0.04	48,284	0	0	0
116	TN	I26-020038	304300	Struct & Imp-WT	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	0	0	0	0
117	TN	I26-020039		Retire Basin 1							0	0	0	0
118	TN	I26-020041		Repl Basin 2 & Plate Settlers							0	0	0	0
119	TN	I26-020040		Chlorine Gas Conversion							0	0	0	0
120	TN	I26-020041	311200	Electrical - Breakers and Relays (\$0.6)	25 yr	0.02	0.04	0.04	0.04	0.04	0	0	0	0
121	TN	I26-020042		Pumping Auxiliary Power (\$1.4)							0	0	0	0
122	TN	I26-020043		Energy Reduction and Efficiency (\$0.87)							0	0	0	0
123	TN	I26-020044		New Raw Water Intake Citico (\$13)							0	0	0	0
124	TN	I26-020045	304300	Remove Filter Bldg 3	39 yr	0.01282	0.02564	0.02564	0.02564	0.02564	865	0	0	0
125	TN	I26-020046		New Field Services Facility (\$4.5)							0	0	0	0
126	TN	I26-050001		Raw Water Intake Improvements Whitwell (\$2)							0	0	0	0
127	TN	I26-050002	320100	Facility Upgrades at Whitwell WTP (\$0.3)	25 yr	0.02	0.04	0.04	0.04	0.04	5,430	0	0	0
128	TN	I26-050003		Replace 0.5 MG Storage Tanks at Whitwell (\$.5)							0	0	0	0
129	TN	I26-050004	330200	Replace 0.1 MG Storage Tank at Whitwell (\$0.3)	25 yr	0.02	0.04	0.04	0.04	0.04	5,022	0	0	0
130	TN	I26-020002		Post Acquisition BD Capex										
131	TN	I26-000001	331001	Whitwell Acquisition Capital Investment	25 yr	0.02	0.04	0.04	0.04	0.04				
132	TN	I26-000001	320200	Water Trmt Equip Filter Media	25 yr	0.02	0.04	0.04	0.04	0.04				
133	TN	I26-000001	311520	Pumping Equipment SOS	25 yr	0.02	0.04	0.04	0.04	0.04				
134	TN	I26-000001	340200	Computer & Peripheral Equipment	5 yr	0.2	0.32	0.192	0.1152	0.1152				
135		(1) Amounts not reflected in actuals through 2016 or projections based on project costs through 2018		Total DV Included:							\$262,980	\$378,346	\$451,380	\$857,081
136				Total DV Excluded:							\$262,980	\$378,346	\$451,380	\$857,081
137		(2) From actual or estimated in-service data provided by the company.												
138				Total Surcharge Amt:							\$262,980	\$378,346	\$451,380	\$857,081
139		(3) Tax depreciation rates utilized by the company.												
140				SEC Total:							\$52,923	\$65,100	\$88,476	\$603,643
141														
142				EDI Total:							\$21,920	\$15,530	\$8,903	\$21,860
143														
144				QIIP Total:							\$188,137	\$297,716	\$354,001	\$231,578
145														

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Line #	Business Unit No.	Project Title	Account	Account Description	Y5 Tax Depreciation	Total Tax Depreciation
1		RECURRING PROJECTS				
2	TN DV	Projects Funded by Others	331001	Transmission & Distribution Mains	\$0	\$0
3	TN DV		333000	Services	0	0
4	TN DV		335000	Hydrants	0	0
5						
6	TN A	Mains - New	331001	Transmission & Distribution Mains	0	53,182
7	TN A		333000	Services	0	512
8	TN A		334300	Meter Vaults	0	1,617
9	TN A		335000	Hydrants	0	2,197
10						
11	TN B	Mains - Replaced / Restored	331001	Transmission & Distribution Mains	32,199	225,492
12	TN B		333000	Services	887	15,903
13	TN B		335000	Hydrants	1,091	2,934
14						
15	TN C	Mains - Unscheduled	331001	Transmission & Distribution Mains	39,164	227,403
16	TN C		335000	Hydrants	0	272
17						
18	TN D	Mains - Relocated	331001	Transmission & Distribution Mains	2,767	67,967
19	TN D		333000	Services	12	59
20	TN D		335000	Hydrants	0	513
21						
22	TN E	Hydrants, Valves, and Manholes - New	331001	Transmission & Distribution Mains	957	10,294
23	TN E		335000	Hydrants	1,543	2,910
24						
25	TN F	Hydrants, Valves, and Manholes - Replaced	331001	Transmission & Distribution Mains	859	10,722
26	TN F		335000	Hydrants	8,764	38,578
27						
28	TN G	Services and Laterals - New	333000	Services	0	0
29						
30	TN H	Services and Laterals - Replaced	333000	Services	17,700	79,607
31	TN H		334100	Meters	0	310
32						
33	TN I	Meters - New	334100	Meters	0	0
34	TN I		334200	Meter Installations	0	0
35						
36	TN J	Meters - Replaced	334100	Meters	1,724	24,329
37	TN J		334200	Meter Installations	24,735	194,637
38						
39	TN K	ITS Equipment and Systems	340200	Computer & Peripheral Equipment	0	0
40						
41	TN L	SCADA Equipment and Systems	320100	WT Equip Non-Media	10,733	13,688
42	TN L		340200	Computer & Peripheral Equipment	1,982	14,162
43	TN L		346100	Comm Equip Non-Telephone	6,604	8,644
44	TN L		346190	Remote Control & Instrument	16,688	129,342
45						
46	TN M	Security Equipment and Systems	304300	Structures & Improvement - Treatment	0	9,264
47	TN M		304400	Struct & Imp-Treatment-T&D	0	2,125
48	TN M		304500	Structures & Improvement - General	159	300
49						
50	TN N	Offices and Operations Centers	304500	Structures & Improvement - General	0	0
51						

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Line #	Business Unit No.		Project Title	Account	Account Description	Y5 Tax Depreciation	Total Tax Depreciation
52	TN	O	Vehicles	341100	Transportation Equip Lt Duty Trucks	0	0
53	TN	O		341200	Transportation Equip Hvy Duty Trucks	0	0
54	TN	O		341300	Transportation Equip Autos	0	0
55							
56	TN	P	Tools and Equipment	343000	Tools, Shop, Garage Equipment	0	0
57							
58	TN	Q	Process Plant Facilities and Equipment	304100	Struct & Imp-Supply	3,390	7,506
59	TN	Q		304200	Struct & Imp-Pumping	0	11,808
60	TN	Q		304300	Struct & Imp-Treatment	0	677
61	TN	Q		304400	Struct & Imp-Treatment-T&D	0	807
62	TN	Q		304500	Structures & Improvement - General	0	871
63	TN	Q		304700	Struct & Imp-Store,Shop,Garage	0	0
64	TN	Q		306000	Lake, River & Other Intakes	0	1,190
65	TN	Q		309000	Supply Mains	394	483
66	TN	Q		310000	Power Generation Equip	1,003	1,230
67	TN	Q		311200	Pump Eqp Electric	0	1,035
68	TN	Q		311520	Pumping Equipment SOS	4,634	41,854
69	TN	Q		320100	WT Equip Non-Media	15,049	91,821
70	TN	Q		320200	Water Trmt Equip Filter Media	0	34,173
71	TN	Q		330000	Dist Reservoirs & Standpipes	0	0
72	TN	Q		331001	Transmission & Distribution Mains	0	0
73	TN	Q		334100	Meters	0	0
74	TN	Q		340200	Computer & Peripheral Equipment	0	0
75	TN	Q		343000	Tools, Shop, Garage Equipment	0	163
76	TN	Q		344000	Laboratory Equipment	0	70
77	TN	Q		345000	Power Operated Equipment	0	2,038
78	TN	Q		346190	Remote Control & Instrument	0	679
79	TN	Q		347000	Misc Equipment	0	381
80							
81	TN	R	Capitalized Tank Rehabilitation/Painting	304300	Struct & Imp-Treatment	0	0
82	TN	R		304301	Struct & Imp-Treatment-Dpr Paint	0	57,688
83	TN	R		320100	WT Equip Non-Media	93,489	18,706
84	TN	R		320200	Water Trmt Equip Filter Media	0	3,797
85	TN	R		330000	Dist Reservoirs & Standpipes	913	1,656
86	TN	R		330003	Tank Repainting	0	24,334
87	TN	R		330100	Elevated Tanks & Standpipes	0	6,522
88	TN	R		330200	Ground Level Tanks	0	0
89							
90	TN	S	Engineering Studies	331001	Transmission & Distribution Mains	0	0
91			Total Recurring Projects				
92							
93			ACQUISITIONS				
94							
95			Total Acquisitions				
96							
97			CENTRALLY SPONSORED PROJECTS				
98	TN	T26-0202	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate	0	0
99	TN	T26-0203	Business Transformation 2010 - 2014	340315	Computer Software Special Deprec Rate	0	0
100			Total Centrally Sponsored Projects				
101							

Tennessee American Water Company
Qualified Infrastructure Improvement Program
Economic Development Rider
Safety and Environmental Compliance Rider

STRATEGIC CAPITAL EXPENDITURE PLAN
PROGRAM

Business Unit Tennessee
Revision Date July 5, 2017
Description TN BP 2018-2022 SCEP

Line #	Business Unit No.	Project Title	Account	Account Description	Y5 Tax Depreciation	Total Tax Depreciation
102		INVESTMENT PROJECTS				
103	TN	I26-020017 Electrical Motor Efficiency Enhancement (\$2.9)				
104	TN	I26-020027 Construct 1.0MG Tank & 2500-16" ER (\$1.0)			0	0
105	TN	I26-020028 Citico Plant Improvements Phase 1B (\$8.6)	304300	Struct & Imp-Treatment	0	161,286
106	TN	I26-020028	320100	WT Equip Non-Media	0	83,872
107	TN	I26-020032 Wastewater Treatm't & Handling Impr (\$15.3)	304200	Struct & Imp-Pumping	0	374
108	TN	I26-020032	304300	Struct & Imp-Treatment	0	10,117
109	TN	I26-020032	304400	Struct & Imp-T&D	0	0
110	TN	I26-020032	304500	Structures & Improvement - General	0	233,425
111	TN	I26-020032	320100	WT Equip Non-Media	0	239,542
112	TN	I26-020032	330200	Ground Level Tanks	0	1,817
113	TN	I26-020032	347000	Misc Equipment	0	741
114	TN	I26-020034 Tennessee River Crossing (\$2.5)	331001	Transmission & Distribution Mains	0	48,284
115	TN	I26-020038 Retire Basin 1	304300	Struct & Imp-WT	0	0
116	TN	I26-020039 Repl Basin 2 & Plate Settlers			0	0
117	TN	I26-020040 Chlorine Gas Conversion			0	0
118	TN	I26-020041 Electrical - Breakers and Relays (\$0.6)	311200	Pump Eqp Electric		-
119	TN	I26-020042 Pumping Auxiliary Power (\$1.4)				
120	TN	I26-020043 Energy Reduction and Efficiency (\$0.87)			0	0
121	TN	I26-020044 New Raw Water Intake Citico (\$13)			0	0
122	TN	I26-020045 Remove Filter Bldg 3	304300	Struct & Imp-Treatment	0	865
123	TN	I26-020046 New Field Services Facility (\$4.5)			0	0
124	TN	I26-050001 Raw Water Intake Improvements Whitwell (\$2)			0	0
125	TN	I26-050002 Facility Upgrades at Whitwell WTP (\$0.3)	320100	WT Equip Non-Media	0	5,430
126	TN	I26-050003 Replace 0.5 MG Storage Tanks at Whitwell (\$.5)			0	0
127	TN	I26-050004 Replace 0.1 MG Storage Tank at Whitwell (\$0.3)	330200	Ground Level Tanks	0	5,022
128	TN	I26-020002 Post Acquisition BD Capex				
129	TN	I26-000001 Whitwell Acquisition Capital Investment	331001	Transmission & Distribution Mains		
130	TN	I26-000001	320200	Water Trmt Equip Filter Media		
131	TN	I26-000001	311520	Pumping Equipment SOS		
132	TN	I26-000001	340200	Computer & Peripheral Equipment		
133						
134		(1) Amounts not reflected in actuals through 2016 or projections based on project costs through 2018		Total DV Included:	\$287,443	\$2,237,230
135				Total DV Excluded:	\$287,443	\$2,237,230
136						
137		(2) From actual or estimated in-service data provided by the company.		Total Surcharge Amt:	\$287,443	\$2,237,230
138						
139		(3) Tax depreciation rates utilized by the company.				
140				SEC Total:	\$60,637	\$870,779
141						
142				EDI Total:	\$2,500	\$70,713
143						
144				QIIP Total:	\$224,306	\$1,295,738
145						

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

16. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to Column BQ of the "WKP 2018 In-Serviced SCEP" tab dealing with tax depreciation. Does the Company include Bonus Depreciation on its federal income tax return related to plant investment? If so, explain why bonus depreciation is not included in the tax depreciation calculation.

Response:

The company has claimed bonus depreciation on its tax return for all years it was available except 2011.

However, the company has been in a Net Operating Loss Position dating back to 2008. Pursuant to the tax normalization rule the ADIT liability for claiming bonus would need to be offset by the ADIT asset for the incremental impact in the NOL resulting from claiming bonus.

Also when this recovery mechanism was created, bonus depreciation had not been enacted for future periods, and the company was not certain it would elect to claim it given growing NOL balance.

Due to Tax Reform Act of 2017, bonus depreciation is not available to the company for 2018.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

17. Refer to the "09 TAW_APP_SCH1_2018" spreadsheet included with the Company's filing. Specifically refer to the "WKP APP Reduction" tab dealing with incentive compensation and answer the following:
- a. Provide the source and support for the "Annual Performance Plan" amounts from 2013 to 2016 located on Cells C10..C13.
 - b. Provide the source and support for the "Long-Term Performance Plan" amounts from 2013 to 2016 located on Cells E10..E13.
 - c. Provide the source and support from the "Percentage of Capitalized Wages" amounts for 2013 to 2016 located on Cells E19..E22.
 - d. Provide the source and support for the "Actual Amount of Performance Compensation Capitalized" amounts from 2013 to 2016 located on Cells 110..113.
 - e. Provide the source and support for the composite depreciation rate of 2.22% located in Cell BO.
 - f. Provide the source and support for the capital rider allocators located on Cells 139..141.
 - g. Provide the justification for excluding the revenue reduction for 2013 - 2016 located in Cells M43..S43 from the total 2018 revenue reduction. Does the Company consider these amounts cumulative in nature? If not, explain more fully why they should be excluded beyond footnote # 1 on this schedule.
 - h. Provide the justification for excluding a forecast of capitalized incentive compensation for 2017 and 2018 from the calculation.

Response:

- a. Please refer to the rebuttal testimony of Linda C. Bridwell in Docket No. 17-00020 at page 12, line 15 through page 13, line 2. The source was the financial accounting records of Tennessee American which was also presented as an exhibit to that same rebuttal testimony.
- b. Please refer to the rebuttal testimony of Linda C. Bridwell in Docket No. 17-00020 at page 12, line 15 through page 13, line 2. The source was the financial accounting records of Tennessee American which was also presented as an exhibit to that same rebuttal testimony.
- c. Please refer to the rebuttal testimony of Linda C. Bridwell in Docket No. 17-00020 at page 12, line 15 through page 13, line 2. The source was the financial accounting records of Tennessee American which was also presented as an exhibit to that same

rebuttal testimony.

- d. Please refer to the rebuttal testimony of Linda C. Bridwell in Docket No. 17-00020 at page 12, line 15 through page 13, line 2. The source was the financial accounting records of Tennessee American which was also presented as an exhibit to that same rebuttal testimony.
- e. Please refer to the rebuttal testimony of Linda C. Bridwell in Docket No. 17-00020 at page 12, line 15 through page 13, line 2. The source was the financial accounting records of Tennessee American which was also presented as an exhibit to that same rebuttal testimony.
- f. Please refer to the rebuttal testimony of Linda C. Bridwell in Docket No. 17-00020 at page 12, line 15 through page 13, line 2. The source was the financial accounting records of Tennessee American which was also presented as an exhibit to that same rebuttal testimony.
- g. The revenue requirement reduction for the years 2013-2016, related to cumulative capitalized APP over the allowed amounts, were flowed back to the customer in Docket No. 17-00020 based on the capital additions that were previously included and cumulative expenses. The reduction in this docket addresses the revenue requirement for the years 2017 and 2018, which the customer has not received, from the same cumulative capitalized APP amounts over the allowed amounts.
- h. As discussed in the response to Item 5 of the CPAD's First Discovery Request in Docket No. 17-00020, changes were made in early 2017 to prevent capitalizing APP amounts over the allowed amounts going forward. The cumulative amounts, capitalized over the allowed amounts, only pertain to 2016 and prior.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

18. Please identify each person who you expect to call as an expert witness at the hearing on the merits in this Docket, and for each such expert witness:
- a. Identify the field in which the witness is to be offered as an expert;
 - b. Provide complete background information, including the witness's current employer, as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify;
 - c. Identify all publications written or presentations presented in whole or in part by the witness, and provide either a copy of all such publications and presentations or a reference to where such publications and presentations may be publicly obtained;
 - d. Provide the grounds for the opinions to which each witness is expected to testify, and provide a summary of the grounds for each such opinion;
 - e. Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
 - f. Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;
 - g. Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by each expert; and
 - h. Please produce copies of all documents, summaries, charts, trade articles, journals, treatises, publications, workpapers, file notes, chart notes, tests, test results, interview notes, and consultation notes provided to, reviewed by, utilized by, relied upon, created by or produced by any proposed expert witness in evaluating, reaching conclusions or formulating an opinion in this matter.

Response:

In addition to its General Objections, TAWC objects to this Request on the grounds that it is overbroad, unduly burdensome, unrestricted in time and scope, and seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. TAWC further objects to this Request on the grounds that it seeks the production of information that is protected from disclosure by the attorney-client privilege, the work product immunity, or any other applicable privileges, immunities, and/or doctrines of state law. TAWC reserves the right to supplement this response as information

becomes available during the course of discovery, document review and investigation. Subject to and without waiving the foregoing objections, TAWC states as follows:

This Response will be supplemented at a later date, if appropriate, in accordance with the Tennessee Rules of Civil Procedure and any Scheduling Order. However, at this time, TAWC does not expect to call any witnesses at the hearing not already identified and refers the CPAD to the Pre-filed Testimony of Linda C. Bridwell and Brent E. O'Neill, the Petition, and all supporting documentation, including responses to discovery, data requests, and the record in TPUC Docket No. 13-00130 and subsequent related TPUC dockets. TAWC also refers to and incorporates herein its responses to Request Nos. 19, 20, 21, and 22.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

18A. Please identify all persons having knowledge of discoverable matters in this case.

Response:

In addition to its General Objections, TAWC objects to this Request on the grounds that it is overbroad, unduly burdensome, unrestricted in scope, and seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. TAWC further objects to this Request to the extent that it seeks information that is equally obtainable by the CPAD from public or other sources or through some other means of discovery that is more convenient, less burdensome, or less expensive. TAWC reserves the right to supplement this response as information becomes available during the course of discovery, document review and investigation. Subject to and without waiving the foregoing objections, TAWC states as follows:

The following persons have some knowledge of discoverable matters in this case: Linda C. Bridwell and Brent E. O'Neill. In addition to the Pre-filed Testimony in this matter, TAWC will identify responsible persons for each discovery request in this matter on an ongoing basis, if appropriate.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness:

Question:

- 19 Please produce copies of all documents referred to or relied upon in responding to these discovery requests.

Response:

In addition to its General Objections, TAWC objects to this Request on the grounds that it is overbroad, unduly burdensome, and duplicative. TAWC further objects to this Request to the extent that it seeks information that is equally obtainable by the CPAD from public or other sources or through some other means of discovery that is more convenient, less burdensome, or less expensive. Subject to and without waiving the foregoing objections, TAWC states as follows:

Any documents relied upon in responding to these discovery requests have been included as attachments to specific requests. TAWC also refers the CPAD to all documents filed previously in this matter, including the Pre-filed Testimony of Linda C. Bridwell and Brent E. O'Neil, the Petition, and all supporting documentation, responses to discovery and data requests, and the record in TPUC Docket No. 13-00130, Docket No. 14-00121, Docket No. 15-00111 and 16-00126. TAWC reserves the right to supplement this response as information becomes available during the course of discovery, document review and investigation.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

20. Please produce copies of all hearing exhibits that you plan to introduce, use, or reference at the hearing on the merits in this docket.

Response:

In addition to its General Objections, TAWC objects to this Request on the grounds that it is overbroad, unduly burdensome, and duplicative. TAWC further objects to this Request to the extent that it seeks information that is equally obtainable by the CPAD from public or other sources or through some other means of discovery that is more convenient, less burdensome, or less expensive. Subject to and without waiving the foregoing objections, TAWC states as follows:

TAWC refers the CPAD to all documents filed previously in this matter, and it anticipates that all documents submitted in this matter will be introduced into evidence. TAWC also refers the CPAD to all documents filed in this matter subsequent to the issuance of these responses, including, but not limited to, future responses to discovery requests and/or TPUC data requests. TAWC reserves the right to supplement this response as information becomes available during the course of discovery, document review and investigation.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

21. Please produce copies of all documents -- including, without limitation, work papers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- relied upon by any of your witnesses in evaluating, reaching conclusions, or formulating an opinion in this matter.

Response:

In addition to its General Objections, TAWC objects to this Request on the grounds that it is overbroad, unduly burdensome, duplicative, and seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. TAWC further objects to this Request to the extent that it seeks information that is equally obtainable by the CPAD from public or other sources or through some other means of discovery that is more convenient, less burdensome, or less expensive. Subject to and without waiving the foregoing objections, TAWC states as follows:

TAWC refers the CPAD to the following previously filed documents in this matter: TAWC's Petition and supporting documentation, including, but not limited to: the Pre-Filed Testimony of Linda C. Bridwell and Brent E. O'Neill, work papers, spreadsheets and exhibits. TAWC also refers and incorporates herein its objections and responses to Request Nos. 9, 11, and 15 as well as the record in TPUC Docket No. 13-00130, Docket No. 14-00121, Docket No. 15-00111 and Docket No. 16-00126. TAWC reserves the right to supplement this response as information becomes available during the course of discovery, document review and investigation.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 17-00124
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Linda C. Bridwell**

Question:

22. Identify all information, documents and things filed in the present docket record, including all responses to discovery of the parties and data request from the TRA Staff, which TAWC produced in this docket and does not agree to stipulate to the authenticity of such information, documents and things in this proceeding. For each separate piece of information, documents and things which TAWC produced in this docket and TAWC contends is not admissible as evidence describe in specific detail any objection(s) TAWC claims as to admissibility into the evidentiary record in this docket.

Response:


In addition to its General Objections, TAWC objects to this Request on the grounds that it is overbroad, unduly burdensome, vague, confusing, and ambiguous. Subject to and without waiving the foregoing objections, TAWC states as follows:

At this time, only with respect to such information submitted by TAWC, TAWC has no intention of challenging the authenticity or admissibility of such information. TAWC also has no objection to the submission into evidence of such information submitted by TAWC. It is customary for the agency to move all discovery into evidence. TAWC reserves the right to supplement this response as information becomes available during the course of discovery, document review and investigation.

STATE OF Kentucky)
COUNTY OF Fayette)

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Linda C. Bridwell, being by me first duly sworn deposed and said that:

She is appearing as a witness on behalf of Tennessee-American Water Company before the Tennessee Public Utility Commission, and if present before the Commission and duly sworn, the data requests responses are accurate to the best of her knowledge.


Linda C. Bridwell

Sworn to and subscribed before me
this 27th day of December, 2017.


Notary Public

My Commission Expires: 7/25/2020

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

Vance Broemel, Esq.
Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Protection and Advocate Division
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Nashville, TN 37202-0207
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Daniel Whitaker III, Esq.
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Office of the Tennessee Attorney General
Consumer Protection and Advocate Division
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Nashville, TN 37202-0207
Daniel.Whitaker@ag.tn.gov

This the 28th day of December, 2017.



Melvin J. Malone