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April 15, 2020

VIA ELECTRONIC FILING

TPUC.DocketRoom@tn.gov

Hon. Robin L. Morrison, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: *Tennessee-American Water Company's Response to Commission's Investigation of Impacts of Federal Tax Reform on the Public Utility Revenue Requirements, TPUC Docket No. 18-00039*

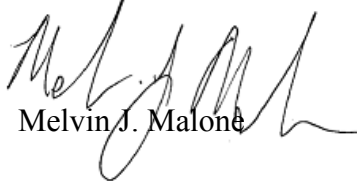
Dear Chairman Morrison:

On March 20, 2020, Tennessee-American Water Company ("TAWC") submitted TAWC's Responses to Staff First Data Requests in the above-captioned matter. On April 1, 2020, the Consumer Advocate Unit requested that TAWC supplement its Response to Staff First Data Request No. 3. Attached please find TAWC's Supplemental Response to Staff First Data Request No. 3.

As required, one copy of this filing will be mailed to your office. 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

Attachment

cc: Elaine Chambers, Tennessee-American Water Company
Daniel Whitaker, Assistant Attorney General, Consumer Advocate Unit
Karen H. Stachowski, Assistant Attorney General, Consumer Advocate Unit

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**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 18-00039
SUPPLEMENTAL RESPONSE TO FIRST
STAFF DATA REQUEST OF THE
TENNESSEE PUBLIC UTILITY COMMISSION**

Responsible Witness: John Wilde

Question:

3. Assuming the repairs deduction-related EADIT provided in response to request no. 1 above is not subject to IRS tax normalization rules and is classified as Unprotected EADIT, please update Exhibit JRW-2S attached to the Supplemental Direct Testimony of John R. Wilde to show the Protected EADIT and Unprotected EADIT using 20-year ARAM to amortize Protected EADIT and a three-year period to amortize Unprotected EADIT. Under this assumption, please compute the appropriate credit to the 2020 Capital Riders pending in Docket No. 19-00105.

Response:

Please see TAW_R_PUCDR1_003_032020_Attachment. (For this attachment to TAWC's original Response to Staff First Data Request No. 3, please refer to TAWC's March 20, 2020 submission.)

Exhibit JRW-2S has been updated for some minor changes that occurred during the implementation of the Company's software but done after the Supplemental Direct Testimony was filed. While the total net excess did not change, some of the pieces did have minor updates.

ARAM does not have a definite life. The amortization runs over the remaining life of the underlying book assets. The attachment referred to above shows ARAM or Proportional to ARAM for items labeled as Protected and Uncertain for years 2018, 2019 & 2020, and shows 3 year straight line amortization for the items labeled as Unprotected.

Supplemental Response:

To provide context for this supplemental response, the Consumer Advocate's request to supplement was because in the Consumer Advocate's review of the Company's identification of Repairs in TAWC's Response No. 3 to First Staff Data Request, the number appeared to be less than presented by TAWC in previous Company discovery responses.

Both ADIT and EADIT are the product of an items cumulative book to tax differences times the applicable tax rate. In PowerTax EADIT is measured by the difference between ADIT accumulated at historic tax rates (including reversals at average rates) and ADIT computed at the current statutory enacted rate. The portion of the EADIT that is the subject of the discussion here is the difference between a federal tax rate of 35% historic rate and 21% the current statutory enacted rate and its related effect on deductible state income taxes.

The component parts of a book to tax difference are book basis, book reserve, tax basis, and tax depreciation reserve. The component parts as maintained in our legacy ADIT systems and spreadsheets were at a different level of detail and needed to be aligned at the level of detail that they would be kept in PowerTax. Initially in order to report ADIT and compute an estimate for ARAM we used development data. The recently provided data is out of our production system. During development changes occurred. So while total amount of EADIT did not change during the PowerTax reimplementation development process, and the total cumulative difference balance did not change during the PowerTax reimplementation process, reclassification in the alignment of the component parts of the cumulative difference were reclassified between item or category at which those difference would be maintained going forward.

The following is a reconciliation of reclassification of EADIT by line item that occurred due to reclassifications that were made during development prior to PowerTax going into production at the end of 2019.

Tennessee-American Water Company				
Comparison of PowerTax Report 259				
And Non Powertax Items				
	Production	Development	Reclassification	Explanation
COR	552,564	552,564	-	no change
M/L	13,196,175	12,869,192	326,983	reclass
AFUDC Debt	179,158	179,154	4	no change
AFUDC Equity	143,979	143,977	3	no change
Asset Acq Adj	635,914	635,904	10	no change
CPI	(28,692)	(28,691)	(1)	no change
Historical Other	(207,419)	933,682	(1,141,102)	collapse line
Inter-Co Adj	(454,078)	(368,735)	(85,343)	book reserve issue and TBBS reclass
Non-Tax CAC	-	(1,141,092)	1,141,092	collapse line
Repair 481a	-	(137,995)	137,995	repair collapse lines and reclass
Repair M/L	212,224	2,457,864	(2,245,640)	repair collapse lines and reclass
Tax Repairs	4,545,396	2,726,052	1,819,344	repair collapse lines and reclass
AFUDC Equity FT	-	-	-	no change
Taxable CIAC	(403,370)	(403,370)	-	no change
PowerTax	18,371,852	18,418,506	(46,654)	
Plant Related Amounts Carried Outside of PowerTax				
Federal NOL	(801,599)	(801,599)	-	no change
Plant Customer Advances	(460,203)	(460,203)	-	no change
Plant CWIP	11,763	11,763	-	no change
CIAC WIP	(5,619)	(5,619)	-	no change
Plant 481	110,156	110,156	-	no change
Non Plant Related Items	(383,178)	(429,833)	46,654	TBBS Reclass
Total	16,843,171	16,843,171	0	No Change

Tennessee-American Water Company
Comparison of PowerTax Report 259
And Non Powertax Items

	Production	Development	Reclassification	Explanation
COR	552,564	552,564	-	no change
M/L	13,196,175	12,869,192	326,983	reclass
AFUDC Debt	179,158	179,154	4	no change
AFUDC Equity	143,979	143,977	3	no change
Asset Acq Adj	635,914	635,904	10	no change
CPI	(28,692)	(28,691)	(1)	no change
Historical Other	(207,419)	933,682	(1,141,102)	collapse line
Inter-Co Adj	(454,078)	(368,735)	(85,343)	book reserve issue and TBBS reclass
Non-Tax CAC	-	(1,141,092)	1,141,092	collapse line
Repair 481a	-	(137,995)	137,995	repair collapse lines and reclass
Repair M/L	212,224	2,457,864	(2,245,640)	repair collapse lines and reclass
Tax Repairs	4,545,396	2,726,052	1,819,344	repair collapse lines and reclass
AFUDC Equity FT	-	-	-	no change
Taxable CIAC	(403,370)	(403,370)	-	no change
PowerTax	18,371,852	18,418,506	(46,654)	
Plant Related Amounts Carried Outside of PowerTax				
Federal NOL	(801,599)	(801,599)	-	no change
Plant Customer Advances	(460,203)	(460,203)	-	no change
Plant CWIP	11,763	11,763	-	no change
CIAC WIP	(5,619)	(5,619)	-	no change
Plant 481	110,156	110,156	-	no change
Non Plant Related Items	(383,178)	(429,833)	46,654	TBBS Reclass
Total	16,843,171	16,843,171	0	No Change

	Production	Development		
COR	(552,563.80)	(552,563.80)	-	
M/L	(13,196,174.88)	(12,869,191.79)	326,983.09	
AFUDC Debt	(179,157.72)	(179,153.79)	3.93	
AFUDC Equity	(143,979.49)	(143,976.66)	2.83	
Asset Acq Adj	(635,914.13)	(635,903.87)	10.26	
CPI	28,691.85	28,691.03	(0.82)	
Historical Other	207,419.27	(933,682.31)	(1,141,101.58)	collapse line
Inter-Co Adj	454,077.63	368,734.65	(85,342.98)	book reserve issue and TBBS adjustment
Non-Tax CAC	-	1,141,091.77	1,141,091.77	collapse line
Repair 481a	-	137,995.15	137,995.15	repair collapse lines and adjust
Repair M/L	(212,224.22)	(2,457,864.43)	(2,245,640.21)	repair collapse lines and adjust
Tax Repairs	(4,545,396.01)	(2,726,051.74)	1,819,344.27	repair collapse lines and adjust
AFUDC Equity FT	-	-	-	
Taxable CIAC	403,369.98	403,369.98	-	
	(18,371,851.52)	(18,418,505.81)	(46,654.29)	
	(18,371,851.52)	(18,418,505.83)		
	(18,371,851.52)	18,418,505.83		

Tennessee American Water
Excess ADIT
Years 2018, 2019 & 2020

		Total Net Excess	Total Net Excess		
Net Excess Amortization from Powertax (Rpt 259)					
Method / Life	ARAM	13,196,175	12,869,192	326,983	
Cost of Removal	ARAM	552,564	552,564	-	
Repairs - M/L	ARAM	212,224	2,457,864	(2,245,640)	
Repairs Other	ARAM	4,545,396	2,588,057	1,957,339	(288,301)
Taxable CIAC	ARAM	(403,370)	(403,370)	-	
All Other	ARAM	268,862	354,199	(85,337)	
Powertax		18,371,852	18,418,506		
Federal NOL	Proportional to ARAM	(801,599)	(801,599)	-	
Plant Customer Advances	Proportional to ARAM	(460,203)	(460,203)	-	
Plant CWIP	Proportional to ARAM	11,763	11,763	-	
CIAC WIP	Proportional to ARAM	(5,619)	(5,619)	-	
Plant 481	Proportional to ARAM	110,156	110,156	-	
Total Subject to ARAM		17,226,349	17,273,004		
All Other Non Plant	Amortization	(383,178)	(429,833)	46,654	
Total Federal and State Excesses		16,843,171	16,843,171		

Tax Rate Analysis

	<u>New</u>	<u>Old</u>	<u>Old</u>
Federal	21.0000%	35.0000%	35.0000%
State	6.3231%	6.3231%	6.3231%
	0.3265%	0.3265%	0.3265%
FBOS	-1.3964%	-2.3274%	-2.3274%
Total	26.2532%	39.3223%	39.3223%
Gross Up	73.7468%	60.6777%	60.6777%

1026-Tennessee American Water Co
PowerTax Deferred Tax Summary Report - Beginning FAS109
2019 Year End Prov V2_41 Projected

Grouped By: Total Tax Classes

	Jurisdiction: Fed	Beginning Difference	Current Difference	Ending Difference	Beginning APB11 DFIT Balance
	Tax Year:	2018			
	Fed				
COR	1026 Fed - COR	4,221,267	592,780	4,814,047	1,477,443
M/L	1026 Fed - M/L	98,977,387	(993,766)	97,983,621	34,642,085
	Depreciation Difference	103,198,654	(400,985)	102,797,668	36,119,529
AFUDC Debt	1026 Fed - AFUDC Debt	1,352,074	(1,000)	1,351,075	473,226
AFUDC Equity	1026 Fed - AFUDC Equity	1,099,918	(49,163)	1,050,755	384,971
Asset Acq Adj	1026 Fed - Asset Acq Adj	4,858,015	(188,770)	4,669,245	1,700,305
CPI	1026 Fed - CPI	(219,189)	12,083	(207,106)	(76,716)
Historical Other	1026 Fed - Historical Other	(1,584,563)	(819,136)	(2,403,699)	(554,597)
Inter-Co Adj	1026 Fed - Inter-Co Adj	(3,468,890)	108,126	(3,360,764)	(1,214,111)
Repair M/L	1026 Fed - Repair M/L	1,621,270	(55,836)	1,565,434	567,445
Tax Repairs	1026 Fed - Tax Repairs	34,724,186	3,219,903	37,944,089	12,153,465
	Book Overhead	38,382,822	2,226,208	40,609,031	13,433,988
AFUDC Equity FT	1026 Fed - AFUDC Equity FT	-	50,216	50,216	-
	Book Overhead	-	50,216	50,216	-
Taxable CIAC	1026 Fed - Taxable CIAC	(3,084,574)	24,752	(3,059,821)	(1,079,601)
	Tax Overhead	(3,084,574)	24,752	(3,059,821)	(1,079,601)
	Total Tax Classes	138,496,902	1,900,191	140,397,093	48,473,916
	Jurisdiction Totals:	138,496,902	1,900,191	140,397,093	48,473,916

	Jurisdiction: TN	Beginning Difference	Current Difference	Ending Difference	Beginning APB11 DFIT Balance
	Tax Year:	2018			
	TN				
COR	1026 TN - COR	4,221,267	592,780	4,814,047	274,382

M/L	1026 TN - M/L	72,599,876	1,012,014	73,611,890	4,718,992
	Depreciation Difference	76,821,143	1,604,794	78,425,937	4,993,374
AFUDC Debt	1026 TN - AFUDC Debt	1,352,074	(1,000)	1,351,075	87,885
AFUDC Equity	1026 TN - AFUDC Equity	1,099,918	(49,163)	1,050,755	71,495
Asset Acq Adj	1026 TN - Asset Acq Adj	4,858,015	(188,770)	4,669,245	315,771
CPI	1026 TN - CPI	(219,189)	12,083	(207,106)	(14,247)
Historical Other	1026 TN - Historical Other	(1,584,563)	(819,136)	(2,403,699)	(102,997)
Inter-Co Adj	1026 TN - Inter-Co Adj	(3,468,890)	108,126	(3,360,764)	(225,478)
Repair M/L	1026 TN - Repair M/L	1,621,270	(55,836)	1,565,434	105,383
Tax Repairs	1026 TN - Tax Repairs	34,724,186	3,219,903	37,944,089	2,257,072
	Book Overhead	38,382,822	2,226,208	40,609,031	2,494,883
AFUDC Equity FT	1026 TN - AFUDC Equity FT	-	50,216	50,216	-
	Book Overhead	-	50,216	50,216	-
Taxable CIAC	1026 TN - Taxable CIAC	(3,128,610)	27,199	(3,101,411)	(203,360)
	Tax Overhead	(3,128,610)	27,199	(3,101,411)	(203,360)
	Total Tax Classes	112,075,355	3,908,418	115,983,773	7,284,898
	Jurisdiction Totals:	112,075,355	3,908,418	115,983,773	7,284,898

Jurisdiction: Fed-Off-TN		Beginning Difference	Current Difference	Ending Difference	Beginning APB11 DFIT Balance
Tax Year:		2018			
Fed-Off-TN					
COR	1026 Fed-Off-TN - COR	4,221,267	592,780	4,814,047	(96,034)
M/L	1026 Fed-Off-TN - M/L	72,599,876	1,012,014	73,611,890	(1,651,647)
	Depreciation Difference	76,821,143	1,604,794	78,425,937	(1,747,681)
AFUDC Debt	1026 Fed-Off-TN - AFUDC Debt	1,352,074	(1,000)	1,351,075	(30,760)
AFUDC Equity	1026 Fed-Off-TN - AFUDC Equity	1,099,918	(49,163)	1,050,755	(25,023)
Asset Acq Adj	1026 Fed-Off-TN - Asset Acq Adj	4,858,015	(188,770)	4,669,245	(110,520)
CPI	1026 Fed-Off-TN - CPI	(219,189)	12,083	(207,106)	4,987
Historical Other	1026 Fed-Off-TN - Historical Other	(1,584,563)	(819,136)	(2,403,699)	36,049
Inter-Co Adj	1026 Fed-Off-TN - Inter-Co Adj	(3,468,890)	108,126	(3,360,764)	78,917
Repair M/L	1026 Fed-Off-TN - Repair M/L	1,621,270	(55,836)	1,565,434	(36,884)
Tax Repairs	1026 Fed-Off-TN - Tax Repairs	34,724,186	3,219,903	37,944,089	(789,975)
	Book Overhead	38,382,822	2,226,208	40,609,031	(873,209)
AFUDC Equity FT	1026 Fed-Off-TN - AFUDC Equity FT	-	50,216	50,216	-
	Book Overhead	-	50,216	50,216	-

Taxable CIAC	1026 Fed-Off-TN - Taxable CIAC	(3,128,610)	27,199	(3,101,411)	71,176
	Tax Overhead	(3,128,610)	27,199	(3,101,411)	71,176
	Total Tax Classes	112,075,355	3,908,418	115,983,773	(2,549,714)
	Jurisdiction Totals:	112,075,355	3,908,418	115,983,773	(2,549,714)
	Company Totals:	362,647,613	9,717,027	372,364,639	53,209,099
	Page 1 of 1	PwrTax - 259			

Current DFIT	Ending APB11 DFIT Balance	Beg FAS109 Liability @ Stat Rate	Regulatory Asset Before Gross-Up	Regulatory Liab Before Gross-Up	Regulatory Asset After Gross-Up	Regulatory Liab After Gross-Up
124,484	1,601,927	886,466	-	(590,977)	-	(800,078)
(595,265)	34,046,820	20,785,251	-	(13,856,834)	-	(18,759,675)
(470,781)	35,648,747	21,671,717	-	(14,447,811)	-	(19,559,753)
(8,111)	465,115	283,936	-	(189,291)	-	(256,265)
(17,207)	367,764	230,983	-	(153,989)	-	(208,473)
(66,069)	1,634,236	1,020,183	-	(680,122)	-	(920,764)
4,229	(72,487)	(46,030)	-	30,686	-	41,544
(201,931)	(756,528)	(332,758)	-	221,839	-	300,330
37,844	(1,176,267)	(728,467)	-	485,645	-	657,476
(19,543)	547,902	340,467	-	(226,978)	-	(307,287)
551,822	12,705,287	7,292,079	-	(4,861,386)	-	(6,581,447)
281,034	13,715,022	8,060,393	-	(5,373,595)	-	(7,274,887)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
29,218	(1,050,383)	(647,760)	-	431,840	-	584,635
29,218	(1,050,383)	(647,760)	-	431,840	-	584,635
(160,529)	48,313,387	29,084,349	-	(19,389,566)	-	(26,250,005)
(160,529)	48,313,387	29,084,349	-	(19,389,566)	-	(26,250,005)

Current DFIT	Ending APB11 DFIT Balance	Beg FAS109 Liability @ Stat Rate	Regulatory Asset Before Gross-Up	Regulatory Liab Before Gross-Up	Regulatory Asset After Gross-Up	Regulatory Liab After Gross-Up
38,531	312,913	274,382	-	-	-	(0)

65,781	4,784,773	4,718,992	0	-	0	-
104,312	5,097,686	4,993,374	0	-	0	-
(65)	87,820	87,885	0	(0)	0	(0)
(3,196)	68,299	71,495	0	(0)	0	(0)
(12,270)	303,501	315,771	0	(0)	0	(0)
785	(13,462)	(14,247)	(0)	0	(0)	0
(53,244)	(156,240)	(102,997)	0	-	0	-
7,028	(218,450)	(225,478)	-	-	-	-
(3,629)	101,753	105,383	(0)	0	(0)	0
209,294	2,466,366	2,257,072	(0)	(0)	(0)	(0)
144,704	2,639,587	2,494,883	0	(0)	0	(0)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,768	(201,592)	(203,360)	-	0	-	0
1,768	(201,592)	(203,360)	-	0	-	0
250,783	7,535,681	7,284,898	0	(0)	1	(0)
250,783	7,535,681	7,284,898	0	(0)	1	(0)

Current DFIT	Ending APB11 DFIT Balance	Beg FAS109 Liability @ Stat Rate	Regulatory Asset Before Gross-Up	Regulatory Liab Before Gross-Up	Regulatory Asset After Gross-Up	Regulatory Liab After Gross-Up
(8,091)	(104,125)	(57,620)	38,414	-	52,005	-
9,242	(1,642,405)	(990,988)	660,659	-	894,414	-
1,151	(1,746,530)	(1,048,609)	699,072	-	946,419	-
527	(30,232)	(18,456)	12,304	-	16,657	-
1,118	(23,905)	(15,014)	10,009	-	13,551	-
4,294	(106,225)	(66,312)	44,208	-	59,850	-
(275)	4,712	2,992	(1,995)	-	(2,700)	-
13,126	49,174	21,629	(14,420)	-	(19,521)	-
(2,460)	76,457	47,350	(31,567)	-	(42,736)	-
1,270	(35,614)	(22,130)	14,754	-	19,974	-
(35,869)	(825,844)	(473,985)	315,990	-	427,794	-
(18,267)	(891,476)	(523,926)	349,284	-	472,868	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

(1,955)	69,221	42,706	(28,470)	-	(38,544)	-
(1,955)	69,221	42,706	(28,470)	-	(38,544)	-
(19,071)	(2,568,786)	(1,529,829)	1,019,886	-	1,380,743	-
(19,071)	(2,568,786)	(1,529,829)	1,019,886	-	1,380,743	-
71,183	53,280,282	34,839,419	1,019,886	(19,389,567)	1,380,744	(26,250,006)

Rpt 41	(18,369,680)
Rpt 47	(2,171)
TOTAL	(18,371,852)

1026-Tennessee American Water Co
PowerTax Deferred Tax Summary Report - Beginning FAS109
MasterGW/114/1019-2019 prov_proj_47

Grouped By: Total Tax Classes

Jurisdiction: Fed		BeginningDifference	CurrentDifference	EndingDifference	BeginningAPB11 DFITBalance
Tax Year:		2018			
M/L	1026 Fed - M/L	\$0.00	\$0.00	\$0.00	\$0.00
	Depreciation Difference	\$0.00	\$0.00	\$0.00	\$0.00
AFUDC Debt	1026 Fed - AFUDC Debt	\$16,586.12	(\$1,105.70)	\$15,480.42	\$5,805.14
	Book Overhead	\$16,586.12	(\$1,105.70)	\$15,480.42	\$5,805.14
	Total Tax Classes	\$16,586.12	(\$1,105.70)	\$15,480.42	\$5,805.14
	Jurisdiction Totals:	\$16,586.12	(\$1,105.70)	\$15,480.42	\$5,805.14

Jurisdiction: TN		BeginningDifference	CurrentDifference	EndingDifference	BeginningAPB11 DFITBalance
Tax Year:		2018			
M/L	1026 TN - M/L	\$0.00	\$0.00	\$0.00	\$0.00
	Depreciation Difference	\$0.00	\$0.00	\$0.00	\$0.00

AFUDC Debt	1026 TN - AFUDC Debt	\$16,586.12	(\$1,105.70)	\$15,480.42	\$1,078.09
	Book Overhead	\$16,586.12	(\$1,105.70)	\$15,480.42	\$1,078.09
	Total Tax Classes	\$16,586.12	(\$1,105.70)	\$15,480.42	\$1,078.09
	Jurisdiction Totals:	\$16,586.12	(\$1,105.70)	\$15,480.42	\$1,078.09

Jurisdiction: Fed-Off-TN		BeginningDifference	CurrentDifference	EndingDifference	BeginningAPB1 1 DFITBalance
	Tax Year: 2018				
M/L	1026 Fed-Off-TN - M/L	\$0.00	\$0.00	\$0.00	\$0.00
	Depreciation Difference	\$0.00	\$0.00	\$0.00	\$0.00
AFUDC Debt	1026 Fed-Off-TN - AFUDC Debt	\$16,586.12	(\$1,105.70)	\$15,480.42	(\$377.33)
	Book Overhead	\$16,586.12	(\$1,105.70)	\$15,480.42	(\$377.33)
	Total Tax Classes	\$16,586.12	(\$1,105.70)	\$15,480.42	(\$377.33)
	Jurisdiction Totals:	\$16,586.12	(\$1,105.70)	\$15,480.42	(\$377.33)
	CompanyTotals:	\$49,758.36	(\$3,317.10)	\$46,441.26	\$6,505.90

CurrentDFIT	EndingAPB11 DFITBalance	Beg FAS109Liability @Stat Rate	RegulatoryAsset BeforeGross-Up	RegulatoryLiab BeforeGross-Up	RegulatoryAsset AfterGross-Up	RegulatoryLiab AfterGross-Up
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(\$386.99)	\$5,418.15	\$3,483.09	\$0.00	(\$2,322.05)	\$0.00	(\$3,143.65)
(\$386.99)	\$5,418.15	\$3,483.09	\$0.00	(\$2,322.05)	\$0.00	(\$3,143.65)
(\$386.99)	\$5,418.15	\$3,483.09	\$0.00	(\$2,322.05)	\$0.00	(\$3,143.65)
(\$386.99)	\$5,418.15	\$3,483.09	\$0.00	(\$2,322.05)	\$0.00	(\$3,143.65)

CurrentDFIT	EndingAPB11 DFITBalance	Beg FAS109Liability @Stat Rate	RegulatoryAsset BeforeGross-Up	RegulatoryLiab BeforeGross-Up	RegulatoryAsset AfterGross-Up	RegulatoryLiab AfterGross-Up
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

(\$71.87)	\$1,006.22	\$1,078.10	\$0.01	\$0.00	\$0.01	\$0.00
(\$71.87)	\$1,006.22	\$1,078.10	\$0.01	\$0.00	\$0.01	\$0.00
(\$71.87)	\$1,006.22	\$1,078.10	\$0.01	\$0.00	\$0.01	\$0.00
(\$71.87)	\$1,006.22	\$1,078.10	\$0.01	\$0.00	\$0.01	\$0.00

CurrentDFIT	EndingAPB11 DFITBalance	Beg FAS109Liability @Stat Rate	RegulatoryAsset BeforeGross-Up	RegulatoryLiab BeforeGross-Up	RegulatoryAsset AfterGross-Up	RegulatoryLiab AfterGross-Up
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$25.15	(\$352.18)	(\$226.40)	\$150.93	\$0.00	\$204.33	\$0.00
\$25.15	(\$352.18)	(\$226.40)	\$150.93	\$0.00	\$204.33	\$0.00
\$25.15	(\$352.18)	(\$226.40)	\$150.93	\$0.00	\$204.33	\$0.00
\$25.15	(\$352.18)	(\$226.40)	\$150.93	\$0.00	\$204.33	\$0.00
(\$433.71)	\$6,072.19	\$4,334.78	\$150.94	(\$2,322.05)	\$204.34	(\$3,143.65)

TOTAL	(\$2,171.11)
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ARAM

1026 Fed - COR	592,780	21.00%	124,484	124,484	0
1026 Fed - M/L	(993,766)	21.00%	(208,691)	(595,265)	386,574
1026 Fed - AFUDC Debt	(2,105)	21.00%	(442)	(8,498)	8,056
1026 Fed - AFUDC Equity	(49,163)	21.00%	(10,324)	(17,207)	6,883
1026 Fed - Asset Acq Adj	(188,770)	21.00%	(39,642)	(66,069)	26,428
1026 Fed - CPI	12,083	21.00%	2,538	4,229	(1,692)
1026 Fed - Historical Other	(819,136)	21.00%	(172,019)	(201,931)	29,912
1026 Fed - Inter-Co Adj	108,126	21.00%	22,706	37,844	(15,138)
1026 Fed - Repair M/L	(55,836)	21.00%	(11,725)	(19,543)	7,817
1026 Fed - Tax Repairs	3,219,903	21.00%	676,180	551,822	124,358
1026 Fed - AFUDC Equity FT	50,216	21.00%	10,545	-	10,545
1026 Fed - Taxable CIAC	24,752	21.00%	5,198	29,218	(24,020)
	1,899,086		398,808	(160,916)	559,724
	1,899,086				
1026 TN - COR	592,780	6.50%	38,531	38,531	0

1026 TN - M/L	1,012,014	6.50%	65,781	65,781	0
1026 TN - AFUDC Debt	(2,105)	6.50%	(137)	(137)	0
1026 TN - AFUDC Equity	(49,163)	6.50%	(3,196)	(3,196)	0
1026 TN - Asset Acq Adj	(188,770)	6.50%	(12,270)	(12,270)	(0)
1026 TN - CPI	12,083	6.50%	785	785	(0)
1026 TN - Historical Other	(819,136)	6.50%	(53,244)	(53,244)	(0)
1026 TN - Inter-Co Adj	108,126	6.50%	7,028	7,028	0
1026 TN - Repair M/L	(55,836)	6.50%	(3,629)	(3,629)	(0)
1026 TN - Tax Repairs	3,219,903	6.50%	209,294	209,294	(0)
1026 TN - AFUDC Equity FT	50,216	6.50%	3,264	-	3,264
1026 TN - Taxable CIAC	27,199	6.50%	1,768	1,768	0
	3,907,312	1	253,975	250,711	3,264
	3,907,312				
1026 Fed-Off-TN - COR	592,780	-1.37%	(8,091)	(8,091)	0
1026 Fed-Off-TN - M/L	1,012,014	-1.37%	(13,814)	9,242	(23,056)
1026 Fed-Off-TN - AFUDC Debt	(2,105)	-1.37%	29	552	(524)
1026 Fed-Off-TN - AFUDC Equity	(49,163)	-1.37%	671	1,118	(447)
1026 Fed-Off-TN - Asset Acq Adj	(188,770)	-1.37%	2,577	4,294	(1,718)
1026 Fed-Off-TN - CPI	12,083	-1.37%	(165)	(275)	110
1026 Fed-Off-TN - Historical Other	(819,136)	-1.37%	11,181	13,126	(1,944)
1026 Fed-Off-TN - Inter-Co Adj	108,126	-1.37%	(1,476)	(2,460)	984
1026 Fed-Off-TN - Repair M/L	(55,836)	-1.37%	762	1,270	(508)
1026 Fed-Off-TN - Tax Repairs	3,219,903	-1.37%	(43,952)	(35,869)	(8,083)
1026 Fed-Off-TN - AFUDC Equity	50,216	-1.37%	(685)	-	(685)

1026 Fed-Off-TN - Taxable CIAC	27,199	-1.37%	(371)	(1,955)	1,584
	3,907,312	(0)	(53,335)	(19,046)	(34,289)
	3,907,312				
			TOTAL		528,700

1026-Tennessee American Water Co
PowerTax Deferred Tax Summary Report - Beginning FAS109
Roll Forward 2017 to 2023

Grouped By: Total Tax Classes

Jurisdiction: Fed		Beginning Difference	Current Difference	Ending Difference
Tax Year:		2018		
Fed				
COR	1026 Fed - COR	4,221,267	3,068,189	7,289,456
M/L	1026 Fed - M/L	96,479,426	(1,256,672)	95,222,754
	Depreciation Difference	100,700,692	1,811,518	102,512,210
AFUDC Debt	1026 Fed - AFUDC Debt	1,368,631	(54,405)	1,314,226
AFUDC Equity	1026 Fed - AFUDC Equity	1,099,897	(47,859)	1,052,038
Asset Acq Adj	1026 Fed - Asset Acq Adj	4,857,937	(169,273)	4,688,664
CPI	1026 Fed - CPI	(219,183)	11,699	(207,484)
Historical Other	1026 Fed - Historical Other	7,132,791	(368,253)	6,764,538
Inter-Co Adj	1026 Fed - Inter-Co Adj	(2,816,919)	89,548	(2,727,370)
Non-Tax CAC	1026 Fed - Non-Tax CAC	(8,717,278)	201,268	(8,516,011)
Repair 481a	1026 Fed - Repair 481a	(1,054,203)	(275,793)	(1,329,996)
Repair M/L	1026 Fed - Repair M/L	18,776,658	(133,168)	18,643,490
Tax Repairs	1026 Fed - Tax Repairs	20,825,452	(488,602)	20,336,850
	Book Overhead	41,253,783	(1,234,838)	40,018,945
Taxable CIAC	1026 Fed - Taxable CIAC	(3,084,574)	171,572	(2,913,002)
	Tax Overhead	(3,084,574)	171,572	(2,913,002)
	Total Tax Classes	138,869,902	748,251	139,618,153
	Jurisdiction Totals:	138,869,902	748,251	139,618,153

Jurisdiction: TN		Beginning Difference	Current Difference	Ending Difference
Tax Year:		2018		
TN				
COR	1026 TN - COR	4,221,267	3,068,189	7,289,456

M/L	1026 TN - M/L	70,101,915	708,790	70,810,705
	Depreciation Difference	74,323,182	3,776,979	78,100,161
AFUDC Debt	1026 TN - AFUDC Debt	1,368,631	(54,405)	1,314,226
AFUDC Equity	1026 TN - AFUDC Equity	1,099,897	(47,859)	1,052,038
Asset Acq Adj	1026 TN - Asset Acq Adj	4,857,937	(169,273)	4,688,664
CPI	1026 TN - CPI	(219,183)	11,699	(207,484)
Historical Other	1026 TN - Historical Other	7,132,791	(368,253)	6,764,538
Inter-Co Adj	1026 TN - Inter-Co Adj	(2,816,919)	89,548	(2,727,370)
Non-Tax CAC	1026 TN - Non-Tax CAC	(8,717,278)	201,268	(8,516,011)
Repair 481a	1026 TN - Repair 481a	(1,054,203)	(275,793)	(1,329,996)
Repair M/L	1026 TN - Repair M/L	18,776,658	(133,168)	18,643,490
Tax Repairs	1026 TN - Tax Repairs	20,825,452	(488,602)	20,336,850
	Book Overhead	41,253,783	(1,234,838)	40,018,945
Taxable CIAC	1026 TN - Taxable CIAC	(3,128,610)	174,019	(2,954,591)
	Tax Overhead	(3,128,610)	174,019	(2,954,591)
	Total Tax Classes	112,448,355	2,716,160	115,164,514
	Jurisdiction Totals:	112,448,355	2,716,160	115,164,514

Jurisdiction: Fed-Off-TN		Beginning Difference	Current Difference	Ending Difference
	Tax Year:	2018		
	Fed-Off-TN			
COR	1026 Fed-Off-TN - COR	4,221,267	3,068,189	7,289,456
M/L	1026 Fed-Off-TN - M/L	70,101,915	708,790	70,810,705
	Depreciation Difference	74,323,182	3,776,979	78,100,161
AFUDC Debt	1026 Fed-Off-TN - AFUDC Debt	1,368,631	(54,405)	1,314,226
AFUDC Equity	1026 Fed-Off-TN - AFUDC Equity	1,099,897	(47,859)	1,052,038
Asset Acq Adj	1026 Fed-Off-TN - Asset Acq Adj	4,857,937	(169,273)	4,688,664
CPI	1026 Fed-Off-TN - CPI	(219,183)	11,699	(207,484)
Historical Other	1026 Fed-Off-TN - Historical Other	7,132,791	(368,253)	6,764,538
Inter-Co Adj	1026 Fed-Off-TN - Inter-Co Adj	(2,816,919)	89,548	(2,727,370)
Non-Tax CAC	1026 Fed-Off-TN - Non-Tax CAC	(8,717,278)	201,268	(8,516,011)
Repair 481a	1026 Fed-Off-TN - Repair 481a	(1,054,203)	(275,793)	(1,329,996)
Repair M/L	1026 Fed-Off-TN - Repair M/L	18,776,658	(133,168)	18,643,490
Tax Repairs	1026 Fed-Off-TN - Tax Repairs	20,825,452	(488,602)	20,336,850
	Book Overhead	41,253,783	(1,234,838)	40,018,945

Taxable CIAC	1026 Fed-Off-TN - Taxable CIAC	(3,128,610)	174,019	(2,954,591)
	Tax Overhead	(3,128,610)	174,019	(2,954,591)
	Total Tax Classes	112,448,355	2,716,160	115,164,514
	Jurisdiction Totals:	112,448,355	2,716,160	115,164,514
	CompanyTotals:	363,766,611	6,180,570	369,947,181
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Beginning APB11 DFIT Balance	Current DFIT	Ending APB11 DFIT Balance	Beg FAS109 Liability @ Stat Rate	Regulatory Asset Before Gross-Up	Regulatory Liab Before Gross-Up	Regulatory Asset After Gross-Up
1,477,443	644,320	2,121,763	886,466	-	(590,977)	-
33,767,799	(646,782)	33,121,017	20,260,679	-	(13,507,119)	-
35,245,242	(2,462)	35,242,780	21,147,145	-	(14,098,097)	-
479,021	(19,042)	459,979	287,412	-	(191,608)	-
384,964	(16,751)	368,213	230,978	-	(153,986)	-
1,700,278	(59,246)	1,641,032	1,020,167	-	(680,111)	-
(76,714)	4,095	(72,619)	(46,028)	-	30,686	-
2,496,477	(128,888)	2,367,588	1,497,886	-	(998,591)	-
(985,922)	31,342	(954,580)	(591,553)	-	394,369	-
(3,051,047)	70,444	(2,980,604)	(1,830,628)	-	1,220,419	-
(368,971)	(96,528)	(465,499)	(221,383)	-	147,588	-
6,571,830	(46,609)	6,525,221	3,943,098	-	(2,628,732)	-
7,288,908	(171,011)	7,117,898	4,373,345	-	(2,915,563)	-
14,438,824	(432,194)	14,006,631	8,663,294	-	(5,775,530)	-
(1,079,601)	60,050	(1,019,551)	(647,760)	-	431,840	-
(1,079,601)	60,050	(1,019,551)	(647,760)	-	431,840	-
48,604,466	(374,605)	48,229,860	29,162,679	-	(19,441,786)	-
48,604,466	(374,605)	48,229,860	29,162,679	-	(19,441,786)	-

Beginning APB11 DFIT Balance	Current DFIT	Ending APB11 DFIT Balance	Beg FAS109 Liability @ Stat Rate	Regulatory Asset Before Gross-Up	Regulatory Liab Before Gross-Up	Regulatory Asset After Gross-Up
274,382	199,432	473,815	274,382	-	-	-

4,556,624	46,071	4,602,696	4,556,624	0	(0)	0
4,831,007	245,504	5,076,510	4,831,007	0	(0)	0
88,961	(3,536)	85,425	88,961	0	(0)	0
71,493	(3,111)	68,382	71,493	0	(0)	0
315,766	(11,003)	304,763	315,766	0	-	0
(14,247)	760	(13,486)	(14,247)	(0)	0	(0)
463,631	(23,936)	439,695	463,631	0	(0)	0
(183,100)	5,821	(177,279)	(183,100)	-	-	-
(566,623)	13,082	(553,541)	(566,623)	(0)	0	(0)
(68,523)	(17,927)	(86,450)	(68,523)	-	-	-
1,220,483	(8,656)	1,211,827	1,220,483	0	(0)	0
1,353,654	(31,759)	1,321,895	1,353,654	0	(0)	0
2,681,496	(80,265)	2,601,231	2,681,496	0	(0)	0
(203,360)	11,311	(192,048)	(203,360)	-	0	-
(203,360)	11,311	(192,048)	(203,360)	-	0	-
7,309,143	176,550	7,485,693	7,309,143	1	(0)	1
7,309,143	176,550	7,485,693	7,309,143	1	(0)	1

Beginning APB11 DFIT Balance	Current DFIT	Ending APB11 DFIT Balance	Beg FAS109 Liability @ Stat Rate	Regulatory Asset Before Gross-Up	Regulatory Liab Before Gross-Up	Regulatory Asset After Gross-Up
(96,034)	(41,881)	(137,915)	(57,620)	38,414	-	52,005
(1,594,819)	13,277	(1,581,542)	(956,891)	637,927	-	863,640
(1,690,852)	(28,604)	(1,719,456)	(1,014,511)	676,341	-	915,645
(31,136)	1,238	(29,899)	(18,682)	12,455	-	16,861
(25,023)	1,089	(23,934)	(15,014)	10,009	-	13,550
(110,518)	3,851	(106,667)	(66,311)	44,207	-	59,849
4,986	(266)	4,720	2,992	(1,995)	-	(2,700)
(162,271)	8,378	(153,893)	(97,363)	64,908	-	87,874
64,085	(2,037)	62,048	38,451	(25,634)	-	(34,704)
198,318	(4,579)	193,739	118,991	(79,327)	-	(107,395)
23,983	6,274	30,257	14,390	(9,593)	-	(12,987)
(427,169)	3,030	(424,140)	(256,301)	170,868	-	231,324
(473,779)	11,116	(462,663)	(284,267)	189,512	-	256,565
(938,524)	28,093	(910,431)	(563,114)	375,409	-	508,237

71,176	(3,959)	67,217	42,706	(28,470)	-	(38,544)
71,176	(3,959)	67,217	42,706	(28,470)	-	(38,544)
(2,558,200)	(4,470)	(2,562,670)	(1,534,920)	1,023,280	-	1,385,338
(2,558,200)	(4,470)	(2,562,670)	(1,534,920)	1,023,280	-	1,385,338
53,355,408	(202,525)	53,152,883	34,936,902	1,023,281	(19,441,787)	1,385,339

**Regulatory Liab
After Gross-Up**

ARAM

(800,078)	21.00%	0.01
(18,286,224)	21.00%	382,880.67
(19,086,302)		
(259,403)	21.00%	7,616.74
(208,469)	21.00%	6,700.23
(920,749)	21.00%	23,698.23
41,543	21.00%	(1,637.81)
(1,351,913)	21.00%	51,555.40
533,905	21.00%	(12,536.76)
1,652,229	21.00%	(28,177.46)
199,808	21.00%	38,611.14
(3,558,833)	21.00%	18,643.56
(3,947,151)	21.00%	68,404.27
(7,819,034)		
584,635	21.00%	(24,020.06)
584,635		
(26,320,702)		
(26,320,702)		531,738.16

**Regulatory Liab
After Gross-Up**

(0)	6.32%	(5,426.36)
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(0)	6.32%	(1,253.59)
(0)		
(0)	6.32%	96.22
(0)	6.32%	84.69
-	6.32%	299.40
0	6.32%	(20.73)
(0)	6.32%	651.32
-	6.32%	(158.37)
0	6.32%	(355.94)
-	6.32%	487.75
(0)	6.32%	235.47
(0)	6.32%	864.12
(0)		
0	6.32%	(307.75)
0		
(0)		
(0)		(4,803.78)

**Regulatory Liab
After Gross-Up**

-	-1.33%	1,139.53
-	-1.33%	(22,688.75)
-		
-	-1.33%	(515.34)
-	-1.33%	(453.25)
-	-1.33%	(1,603.25)
-	-1.33%	110.77
-	-1.33%	(3,487.91)
-	-1.33%	848.14
-	-1.33%	1,906.27
-	-1.33%	(2,612.16)
(0)	-1.33%	(1,261.23)
-	-1.33%	(4,627.78)
-		

-	-1.33%	1,648.21
-		
(0)		
(0)		
(26,320,702)		(31,596.77)

Tennessee American Water
Excess ADIT
Years 2018, 2019 & 2020

				Non Plant / Non Power Tax Amortization Period	Per Company		
		Total Net Excess	Protected / Unprotected		2018	2019	2020
					Excess	Excess	Excess
Net Excess Amortization from Powertax (Rpt 259)							
Method / Life	ARAM	13,196,175	Protected		363,518	372,267	400,935
Cost of Removal	ARAM	552,564	Uncertain		0	0	0
Repairs - M/L	ARAM	212,224	Unprotected		7,309	5,615	5,432
Repairs Other	ARAM	4,545,396	Unprotected		116,275	135,684	105,075
Taxable CIAC	ARAM	(403,370)	Protected		(22,436)	(22,436)	(22,437)
All Other	ARAM	268,862	Unprotected		64,034	85,657	46,173
Powertax		18,371,852			528,700	576,786	535,179
Federal NOL	Proportional to ARAM	(801,599)	Uncertain		23,969	28,685	25,412
Plant Customer Advances	Proportional to ARAM	(460,203)	Unprotected		(13,244)	(14,876)	(14,264)
Plant CWIP	Proportional to ARAM	11,763	Unprotected		339	380	365
CIAC WIP	Proportional to ARAM	(5,619)	Unprotected		(162)	(182)	(174)
Plant 481	Proportional to ARAM	110,156	Unprotected		3,170	3,561	3,414
Total Subject to ARAM		17,226,349			542,771	594,354	549,932
All Other Non Plant	Amortization	(383,178)	Unprotected	20	(19,159)	(19,159)	(19,159)
Total Federal and State Excesses		16,843,171			523,613	575,196	530,773

Tax Rate Analysis

	<u>New</u>	<u>Old</u>	<u>Change</u>	<u>Fed + FBOS</u>
Federal	21.0000%	35.0000%	-14.0000%	-13.06905%
State	6.3231%	6.3231%	0.0000%	
	0.3265%	0.3265%	0.0000%	
FBOS	-1.3964%	-2.3274%	0.9310%	
Total	26.2532%	39.3223%	-13.0690%	
Gross Up	73.7468%	60.6777%		

**Tennessee American Water
Excess ADIT
Years 2018 and 2019**

				Non Plant / Non Power Tax Amortization Period	Per Company	
		Total Net Excess	Protected / Unprotected		2018 Excess	2019 Excess
Net Excess Amortization from Powertax (Rpt 259)						
Method / Life	ARAM	12,869,192	Protected		358,938	380,710
Cost of Removal	ARAM	552,564	Uncertain		(4,287)	(4,287)
Repairs - M/L	ARAM	2,457,864	Unprotected		17,618	17,618
Repairs Other	ARAM	2,588,057	Unprotected		101,127	101,124
Taxable CIAC	ARAM	(403,370)	Protected		(22,680)	(22,680)
All Other	ARAM	354,199	Uncertain		44,621	44,663
Powertax		18,418,506			495,338	517,148
Federal NOL	Proportional to ARAM	(801,599)	Uncertain		22,284	24,343
Plant Customer Advances	Proportional to ARAM	(460,203)	Unprotected		(12,376.46)	(13,281)
Plant CWIP	Proportional to ARAM	11,763	Unprotected		316.35	339
CIAC WIP	Proportional to ARAM	(5,619)	Unprotected		(151.11)	(162)
Plant 481	Proportional to ARAM	110,156	Unprotected		2,962.48	3,179
Total Subject to ARAM		17,273,004			508,372	531,565
All Other Non Plant	Amortization	(429,833)	Unprotected	20	(21,492)	(21,492)
Total Federal and State Excesses		16,843,171			486,881	510,074

Tax Rate Analysis

	<u>New</u>	<u>Old</u>	<u>Change</u>	<u>Fed + FBOS</u>
Federal	21.0000%	35.0000%	-14.0000%	-13.06905%
State	6.3231%	6.3231%	0.0000%	
	0.3265%	0.3265%	0.0000%	
FBOS	-1.3964%	-2.3274%	0.9310%	
Total	26.2532%	39.3223%	-13.0690%	
Gross Up	73.7468%	60.6777%		

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:

Daniel P. Whitaker III
Karen H. Stachowski
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Office of the Tennessee Attorney General
Consumer Advocate Unit, Financial Division
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This the 15th day of April, 2020.



Melvin J. Malone