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May 12, 2006

The Honorable Ron Jones
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Filed Electronically in Docket Office on 05/12/06

Darlene Standley
Chief, Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

***Re: Joint Petition of Tennessee-American Water Company and Marion County,
Tennessee for Approval of Purchase Agreement, Docket No. 03-00388***

Dear Chairman Jones and Ms. Standley:

We are filing with the docket office today this response by Petitioner Tennessee-American Water Company to the Authority Staff's data requests sent by Ms. Darlene Standley on December 9, 2005.

As its response to the data request, Petitioner Tennessee-American Water Company answers as follows:

- Q1.** Explain the Company's accounting treatment of the customer application fees that were approved in this docket. Provide the accounting entry that is made to record the receipt of these fees, including the account numbers.
- A1.** The former Suck Creek system is operated as a separate business unit, and all expenses and revenues, including application fees, recorded separately from the remainder of the Company's operations. The Suck Creek application fees are credited to Other Revenues Account 206305.403105 "Other Revenue-Application/Initiate Service Fee" and debit Cash 260305.131100.

- Q2.** Are these fees treated as deposits? If so, outline the terms of the deposits, including but not limited to:
- a. Whether the deposits are refundable.
 - b. If refundable, the conditions applicable to the refund.
 - c. Whether interest is accrued on the refunds.
 - d. If interest is accrued, what interest rate is applied.
- A2.** As the Company explained in its response to Staff's August 20, 2003 data requests, the Company treats the Suck Creek application fees in the same manner as the Company's application fees. The fees are not treated as customer deposits, and are not refundable.
- Q3.** Provide the accounting entry made to record the purchase of Suck Creek, including account numbers.
- A3.** Due to the fact Marion County has yet to fulfill all of its obligations under the Purchase Agreement necessary to transfer good title to the Company, the transaction has not yet closed. Therefore, the Company has not yet made any accounting entry to record the transaction.
- Q4.** If an acquisition adjustment was recorded, explain the Company's proposed regulatory treatment of this acquisition adjustment.
- A4.** See Response to Question 3 above.

Please do not hesitate to contact me if you have any questions about this filing.

Sincerely,



Misty Smith Kelley

MSK:klc

cc: Mr. Butch Phillips (via electronic mail)