

WHN CONSULTING

19 Morning Arbor Place
The Woodlands, TX 77381

February 20, 2006

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

RE: TRA Rulemaking Docket for Wastewater Utilities (05-00105)

Dear Ms. Standley:

This letter contains supplemental facts to Aqua Utilities Company's ("Aqua's" or the "Company's") original letter to you of February 15th regarding our initial response to your request for information on the estimated financial security cost and monthly rate adjustment applicable to the TRA's rulemaking docket (05-00105) for wastewater utilities. In order to timely file this response, we are providing one (1) electronic copy by email with another four (4) copies to be delivered by regular mail.

Aqua has now received an annual premium quote of \$2,000 for a surety bond that will satisfy the TRA's financial security requirements. It is now Aqua's intent to purchase this surety bond and to fund its cost via a pass-through mechanism as permitted by the TRA's Proposed Rule at 1220-4-13-.07(7). Aqua is currently in the process of drafting a corporate surety bond letter to the TRA that conforms to the TRA's Proposed Rule at 1220-4-13-.08 which we expect to file within the next week.

At present, Aqua has approximately 200 wastewater customers. Therefore the expected monthly surcharge per customer will be \$0.83. Aqua is also currently in the process of modifying its tariff for bonding cost, and we expect to submit a tariff filing for your consideration within the next week.

Thank you for your timely consideration of this response. Should you have any questions, or need anything further, please do not hesitate to contact me.

Ms. Darlene Standley
February 20th
Page 2

Sincerely,

A handwritten signature in blue ink, appearing to read "William H. Novak". The signature is fluid and cursive, with a long horizontal stroke at the end.

William H. Novak
Regulatory Agent for
Aqua Utilities Company, Inc.

C: James Clausel