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February 16, 2007

VIA HAND-DELIVERY

Chairman Sara Kyle
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Petition Of Tennessee American Water Company To Change And Increase Certain Rates And Charges So As To Permit It To Earn A Fair And Adequate Rate Of Return On Its Property Used And Useful In Furnishing Water Service To Its Customers; Docket No. 06-00290

Dear Chairman Kyle:

Enclosed please find an original and sixteen (16) sets of copies of Tennessee American Water Company's Supplemental Response to the TRA's Data Request dated November 28, 2006, Question 46. Also enclosed is a disk with the same material in electronic form in PDF format for the Docket and Word and Excel format for the Staff.

Please return two copies of the Responses, which I would appreciate your stamping as "filed," and returning to me by way of our courier.

Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

RDG/ms
Enclosures

Chairman Sara Kyle
December 28, 2006
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cc: Hon. Pat Miller (*w/o enclosure*)
Hon. Ron Jones (*w/o enclosure*)
Hon. Eddie Roberson (*w/o enclosure*)
Ms. Darlene Standley, Chief of Utilities Division (*w/o enclosure*)
Richard Collier, Esq. (*w/o enclosure*)
Mr. Jerry Kettles, Chief of Economic Analysis & Policy Division (*w/o enclosure*)
Ms. Pat Murphy (*w/o enclosure*)
Michael A. McMahon, Esq. (*w/enclosure*)
Frederick L. Hitchcock, Esq. (*w/enclosure*)
Vance Broemel, Esq. (*w/enclosure*)
Henry Walker, Esq. (*w/enclosure*)
David Higney, Esq. (*w/enclosure*)
Mr. John Watson (*w/o enclosure*)
Mr. Michael A. Miller (*w/o enclosure*)

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00290
Tennessee Regulatory Authority Staff Data Request No. 1

SUPPLEMENTAL RESPONSE

Responsible Witness: Sheila Miller

EXPENSES

Question:

46. Provide depreciation rates by each plant account of TAWC and each plant account of TAWC's Parent, Multi-State Utility, or Affiliated Utility Service Company which allocate plant and the associated depreciation expense to TAWC. Additionally, provide an Excel schedule showing the calculation of depreciation expense incurred by, and/or allocated to TAWC for each month of the test period through the end of the attrition period.

Answer:

The depreciation calculation is included as Exhibit 2, Schedule 4 page 2 of 2 which was in the original filing. Attached are the depreciation rates by plant account.

Supplemental response:

Attached is an excel spreadsheet listing the depreciation rates by account.

Tennessee American Water Company
Depreciation Rates

Utility Plant		Annual
Account	Description	Depreciation
		Rate (%)
304.22	Pumping Structures	3.86
304.31	Water Treatment Structures	4.57
304.32	Water Treatment Structures-Painting	10.00
304.4	& D Structures & Improvements	3.51
304.51	Office Structures	3.98
304.52	Stores, shop & Garage Structures	4.65
304.53	Miscellaneous Structures	5.64
306.2	Lake, River and Other Intakes	3.40
310.2	Power generation equipment	3.44
311.22	Electric Pumping Equipment	1.73
311.23	Diesel Pumping Equipment	1.97
311.27	Other Pumping Equipment	3.94
320.31	Water Treatment Equipment	4.27
320.33	Granular Activated Carbon	36.42
330.41	T&D Reservoirs & Standpipes	1.80
330.42	T&D Reservoirs & Standpipes-Painting	10.00
331.41	Trans & Dist Mains - 4" or less	1.62
331.42	Trans & Dist Mains - 6" to 10"	1.36
331.43	Trans & Dist Mains - 12" or more	1.42
331	Trans & Dist Mains - Total	1.41
333.4	Services	2.28
334.42	Meters - Metal Case/Old Style	2.45
334.43	Meters - Plastic Case	15.35
334.44	Meters - Metal Case/New Style	0.98
334.45	Meter Installations	1.64
335.4	Hydrants	2.21
339.2	Other Water Source Plant	5.92
340.51	Office Furniture	2.73
340.53	Computers and Peripheral Equipment	15.90
340.54	Other Office Equipment	4.07
340.55	Computer Software	31.75
341.52	Light Trucks	9.36
341.53	Heavy Trucks	9.99
341.54	Automobiles	10.54
341.55	Transportation Other	0.70
342.5	Stores Equipment	4.98
343.5	Tools, Shop, and Garage Equipment	3.85
344.5	Laboratory Equipment	11.12
345.5	Power Operated Equipment	9.21
346.51	Communication Equipment	4.43
346.53	Communication Equipment - Telephone	14.91
347.51	Miscellaneous Equipment	2.89