

BASS, BERRY & SIMS PLC
Attorneys at Law

A PROFESSIONAL LIMITED LIABILITY COMPANY

George H. Masterson

PHONE: (615) 742-6263
FAX: (615) 742-2763
E-MAIL: gmasterson@bassberry.com

AmSouth Center
315 Deaderick Street, Suite 2700
Nashville, Tennessee 37238-3001
(615) 742-6200

January 17, 2007

HAND DELIVER

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

06-00305

Re: Petition of Tennessee-American Water Company for Approval of and Authority to Borrow up to \$44,900,000 to Refinance Outstanding Indebtedness and Finance Additions and Improvements to Facilities and Acquisitions and to Repay Short-Term Indebtedness Pursuant to T.C.A. § 65-4-109

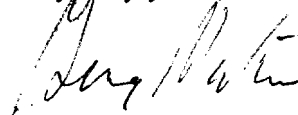
Dear Chairman Kyle:

Enclosed please find an original and sixteen (16) sets of copies of Tennessee American Water Company's response to the TRA's Data Request dated January 11, 2007.

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.

Very truly yours,



George H. Masterson

GHM:ch

Enclosures

cc: Hon. Pat Miller (w/o enclosures)
Hon. Ron Jones (w/o enclosures)
Hon. Eddie Roberson (w/o enclosure)
Jerry Kettles
Mike Miller
Dale Grimes

6313701.1

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00305
Tennessee Regulatory Authority Staff Data Request No. 1

Question:

1. Specify the amount of the requested financing transaction in the *Petition* that is included in the capital structure presented in the pending rate proceeding in Docket No. 06-00290.

Answer:

The Company has included \$36.5 million of the new Long-term debt in the rate case.

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00305
Tennessee Regulatory Authority Staff Data Request No. 1

Question:

2. Describe the relationship between the amounts requested in the Petition and the response to Question 82 of Staff Data Request No. 1 in Docket 06-00290.

Answer:

The original response to TRA Staff Data Request No. 1 – Question 82 was in error and the Company filed a revision to that response to the parties to the rate case on January 16, 2007. Attached is a copy of the revised response for your review. The reason for the error in the response to question 82 relates to timing. The Company had originally planned to complete a financing in December 2006, but the LT Debt portion of that debt financing will not occur before February, 2007, and only then if the TRA approves the request of the Company in this petition. Please see the response to question 3 for the proposed timing of any Long-term debt financing of TAWC.

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

REVISED RESPONSE

Responsible Witness: Michael Miller

COST OF CAPITAL

Question:

82. Provide copies of TAWC's projected new stock and debt issues for the next five (5) fiscal years.

Answer:	<u>Equity</u>	<u>Debt Issues</u>
2007	\$1,000,000	\$36,000,000
2008	\$2,000,000	\$8,400,000
2009	None	\$12,000,000
2010	None	None
2011	None	\$4,000,000

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00305
Tennessee Regulatory Authority Staff Data Request No. 1

Question:

3. On what date will Tennessee-American Water Company begin the financing transactions described in the *Petition*?

Answer:

The present plan is for the Company to participate in the issuance of Long-term debt issued by AWCC scheduled for February 15, 2007. Of course the Company will not participate in that financing unless authorized to do so by the TRA. The Company would hope to have the TRA authorization by January 31, 2007 if at all possible.