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Attorneys at Law

A PROFESSIONAL LIMITED LIABILITY COMPANY

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OTHER OFFICES
KNOXVILLE
MEMPHIS

May 28, 2008

VIA HAND DELIVERY

filed electronically in docket office 5/28/2008

Chairman Eddie Roberson, PhD
c/o Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: *Petition of Tennessee American Water Company To Change And Increase Certain Rates And Charge 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. 08-00039

Dear Chairman Roberson:

Enclosed please find an original and seven (7) sets of copies of Tennessee American Water Company's Responses to the First Set of Data Requests filed by the City of Chattanooga, dated May 12, 2008. In addition, two compact disks have been provided. The first disk contains all of the Company's responses in Word or Excel to data requests filed May 12, 2008. The second disk contains all such responses in pdf format.

Please return three (3) copies of these Responses to me, which I would appreciate your stamping as "filed," 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

Enclosures

Chairman Eddie Roberson, PhD

May 28, 2008

Page 2

cc: Hon. Ron Jones (*w/o enclosure*)
Hon. Sara Kyle (*w/o enclosure*)
Hon. Tre Hargett (*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*)
Timothy C. Phillips, Esq. (*w/enclosure*)
David C. Higney, Esq. (*w/enclosure*)
Henry M. Walker, Esq. (*w/enclosure*)
Michael A. McMahan, Esq. (*w/enclosure*)
Frederick L. Hitchcock, Esq., (*w/enclosure*)
Mr. John Watson (*w/o enclosure*)
Mr. Michael A. Miller (*w/o enclosure*)

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

PETITION OF TENNESSEE AMERICAN	)	
WATER COMPANY TO CHANGE AND	)	
INCREASE CERTAIN RATES AND CHARGES	)	
SO AS PERMIT IT TO EARN A FAIR AND	)	
ADEQUATE RATE OF RETURN ON ITS	)	Docket No. 08-00039
PROPERTY USED AND USEFUL IN	)	
FURNISHING WATER SERVICE TO ITS	)	
CUSTOMERS	)	

**TENNESSEE AMERICAN WATER COMPANY'S RESPONSES TO THE CITY OF
CHATTANOOGA'S FIRST DISCOVERY REQUESTS TO
PETITIONER TENNESSEE AMERICAN WATER COMPANY**

The Tennessee American Water Company ("TAWC") hereby responds as follows to the City of Chattanooga's ("COC") First Discovery Requests to Petitioner TAWC:

GENERAL OBJECTIONS

(1) TAWC objects to all requests that seek information protected by the attorney-client privilege, the work product doctrine and/or any other applicable privilege or restriction on disclosure.

(2) TAWC objects to the definitions and instructions accompanying requests to the extent definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations or orders of the Tennessee Regulatory Authority.

(3) TAWC objects to the definitions of the words "document," "you," "person," "persons," "affiliate," "affiliated," "identify," "identifying," "identification," and "referring or relating to," that accompany the data requests because such definitions are overbroad and unduly burdensome.

(4) The specific responses set forth below are based upon information now available to TAWC, and TAWC reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information and/or documents produced.

(5) TAWC is providing its responses herein without waiver of, or prejudice to, its right at any later time to raise objections to: (a) the competence, relevance, materiality, privilege, or admissibility of the response, or the subject matter thereof; and (b) the use of any response, or subject matter thereof, in any subsequent proceedings.

(6) TAWC objects to each request to the extent that it is unreasonably cumulative or duplicative, or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

(7) TAWC objects to each request to the extent it is premature such that it seeks information concerning matters about which discovery is ongoing and/or seeks information to be provided by expert witnesses.

(8) TAWC objects to each request to the extent it seeks information outside TAWC's custody or control.

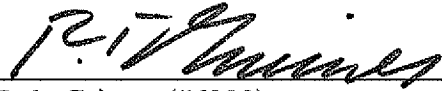
(9) TAWC objects to the COC's requests to the extent that they have exceeded the number of discovery requests authorized by the Tennessee Regulatory Authority in contested case proceedings pursuant to Rule 1220-1-2-.11(5)(a). As such, the TAWC has responded to the COC's first 40 requests (inclusive of subparts). The TAWC reserves all of its objections with respect to the discovery propounded by the COC that is in excess of the limit.

(10) TAWC objects to requests that call upon TAWC to create, categorize, manipulate, customize or otherwise organize data regarding time periods outside of TAWC's historical test

year. TAWC objects to all such requests because they are unduly burdensome, seek to have TAWC create work product and seek information that is not relevant to this rate case.

(11) TAWC's specific objections to each request are in addition to the General Objections set forth in this section. These General Objections form a part of each discovery response, and they are set forth here to avoid the duplication and repetition of restating them for each discovery response. The absence of a reference to a General Objection in response to a particular request does not constitute a waiver of any General Objection with respect to that discovery request. All responses are made subject to and without waiver of TAWC's general and specific objections.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read "R. Dale Grimes", is written over a horizontal line.

R. Dale Grimes (#6223)

Ross I. Booher (#019304)

BASS, BERRY & SIMS PLC

315 Deaderick Street, Suite 2700

Nashville, TN 37238-3001

(615) 742-6200

Counsel for Petitioner

Tennessee American Water Company

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller/Others

Question:

1. Provide all Documents produced or introduced on behalf of TAWC in TRA Docket No. 06-00290 that TAWC marked or otherwise designated as "Confidential" or "Highly Confidential."

Response:

The Company objects to this question on the grounds that the requested information is unduly burdensome and is not relevant to this proceeding now that its parent company's (AWK) initial public offering has closed. Furthermore, the Company objects to this request on the grounds that it seeks Highly Confidential Information. The Company objects to the production of this highly confidential data without the entry of a protective order that includes heightened protections sufficient to protect highly confidential information.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

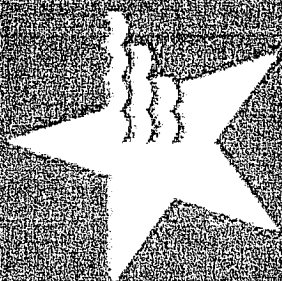
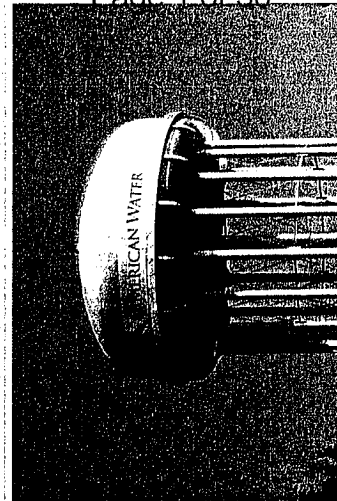
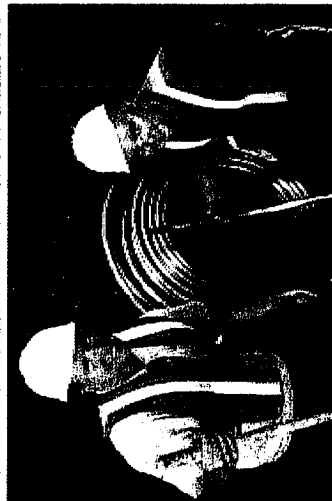
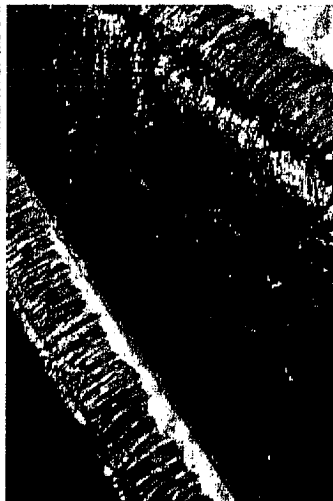
Responsible Witness: Michael Miller

Question:

2. Provide all **Documents** reflecting, constituting, recording, referring to, reporting, or relating to statements, "road show" presentations, or other presentations or projections provided or presented to any underwriter, broker, investor, institution, or other potential purchaser of stock of **AWK** since January 1, 2006.

Response:

The Company objects to this request on the grounds that it is unduly burdensome and it seeks information that is irrelevant to this proceeding now that the IPO has been issued. Furthermore, the Company objects to this request to the extent it seeks Highly Confidential Information. The Company objects to the production of highly confidential data without the entry of a protective order that includes heightened protections sufficient to protect highly confidential information. Without waiving and subject to these objections, please see the public information about AWK which can be found at the following web sites: www.sec.gov and amwater.com (investor relations). Also see the attached "Road Show" presentation that is a public document.



AMERICAN WATER

Initial Public Offering

April 2008



Disclaimer

American Water Works Company, Inc ("the Company") has filed a registration statement (including a prospectus) with the SEC for the offering to which this presentation relates. Before you invest, you should read the prospectus in that registration statement and other documents the Company has filed with the SEC for more complete information about the Company and this offering. You may get these documents free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, the Company, any of the underwriters or any dealer participating in the offering will arrange to send you the prospectus.

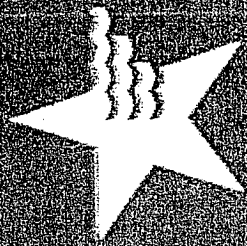
This presentation contains forward-looking statements. These forward-looking statements are based on the Company's current expectations and beliefs, as well as a number of assumptions concerning future events. These statements are subject to risks, uncertainties, assumptions and other important factors set forth in the prospectus for this offering (including those detailed under the headings "Risk Factors" and "Forward-Looking Statements"), many of which are outside the Company's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. You are cautioned not to place undue reliance on such forward-looking statements because actual results may vary materially from those expressed or implied. All forward-looking statements are based on information available to the Company on this date and the Company assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not permitted by law or in which the person making the offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

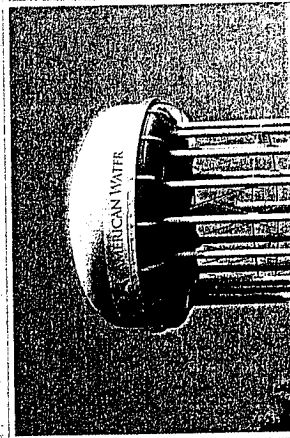
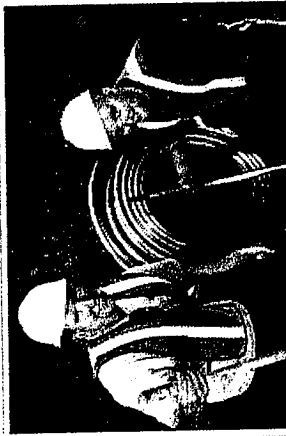


Transaction Summary – Common Stock

Issuer	American Water Works Company, Inc.
Ticker / Exchange	AWK / NYSE
Selling Shareholder	RWE Aqua Holdings GmbH
Offering Size	\$1,600 million at midpoint of range (excluding Greenshoe)
Shares Offered	64.0 million
Pricing Range	\$24.00 – \$26.00 per share
Shares Outstanding Post Offering	160 million
Use of Proceeds	100% Secondary
Dividend	Initial rate of \$0.80 per share per year / Implied yield of 3.1% - 3.3%
Expected Pricing	Week of April 21st
Joint Bookrunners	Goldman Sachs, Citi and Merrill Lynch

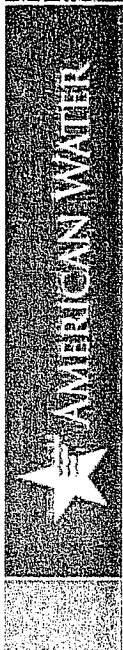


AMERICAN WATER



Don Correll

President and Chief Executive Officer



Management Team

Don Correll

President & Chief Executive Officer

Utility Industry Tenure: 30 years

Ellen Wolf

Senior Vice President & Chief Financial Officer

Utility Industry Tenure: 20 years

John Young

Senior Vice President & Chief Operating Officer

Utility Industry Tenure: 30 years

Ed Vallejo

Vice President of Investor Relations

Utility Industry Tenure: 13 years



Key Investment Highlights

Recognized Market Leader

*with geographic diversity,
national presence and local
relationships*

Strong Visible Growth

*driven by infrastructure
investment, earning
appropriate returns and
consolidation opportunities*

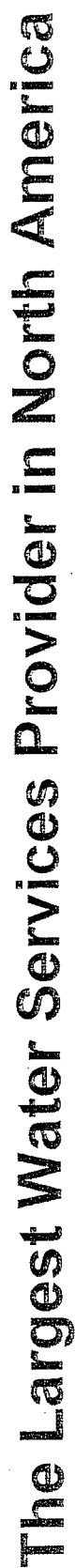
Favorable Risk Profile

*of water utility industry with
supportive regulatory
environment*

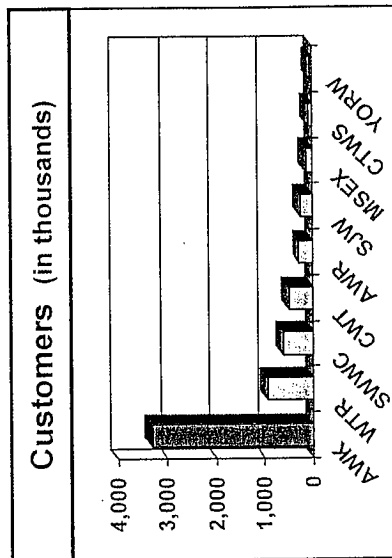
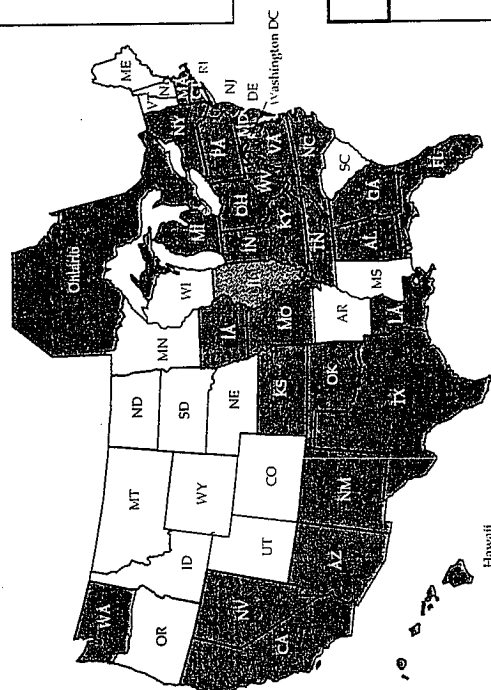
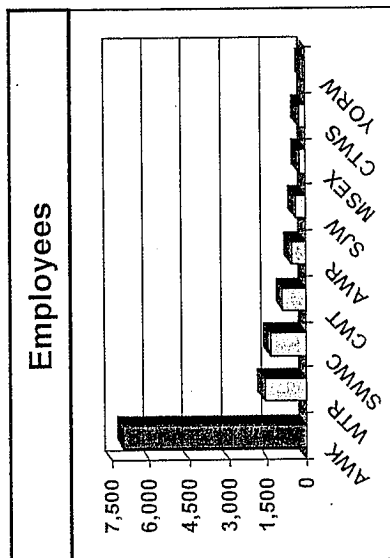
Proven Management

*with deep water utility
industry expertise*

**American Water is an Attractive Total Return Story
with a Compelling Dividend Yield and Growth Outlook**



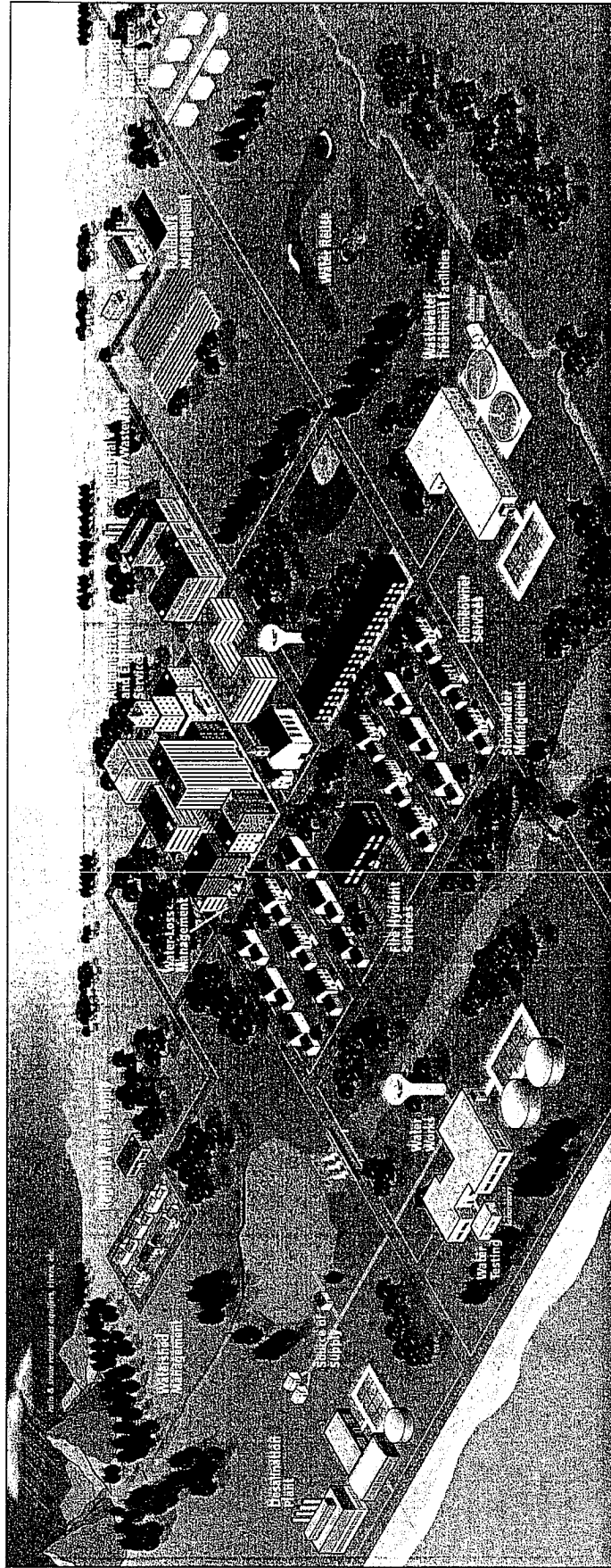
American Water's National Presence



Notes:
All data is from December 31, 2007.
Population served for WTR, CWT, AWR, and CTWS is estimated.



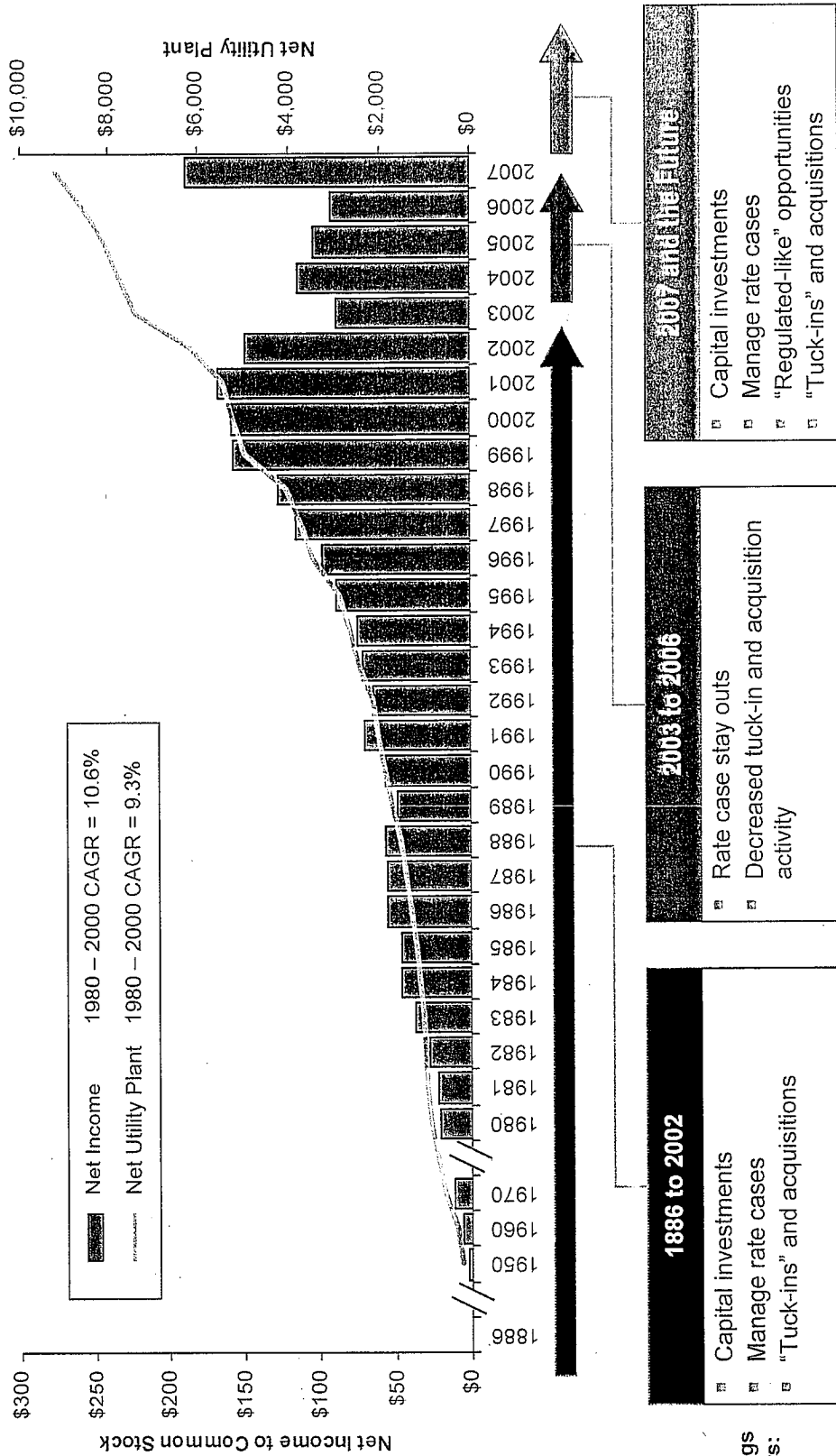
American Water's Business – The Integrated Water Cycle





The American Water Story

Historical Earnings and Net Utility Plant (\$mm)



Notes:
 Net income adjusted to remove impact of impairment charges (2003-2007) and one-time costs for SOX (2006, 2007) and Divestiture/Sale and other.
 Please refer to the Appendix for the Reg G Reconciliation of Adjusted Net Income.
 Net Utility Plant reflects Net Property, Plant & Equipment amounts per the S-1, which exclude immaterial amounts of non-utility Net PP&E.
 E-Town included from 2003 onward. NEI included from 1999 onward.



U.S. Water Industry - Attractive Investment Opportunity

Key Sector Themes

Significant Capital Investment Needs Driven by:

- Aging Infrastructure
- Stringent Environmental Standards
- Supply Constraints in Some Regions

Industry Structure Favors Large Players due to:

- Fragmented Ownership
- Public Systems with Limited Budgets
- Evolving Technology

American Water Opportunities

Investments in *low-risk* and *core regulated* asset base that will provide appropriate returns

Market leadership facilitates:

- Industry consolidation opportunities
- Geographic expansion
- Efficiency improvements
- Complementary non-regulated services
- Research capabilities

The U.S. Water Industry is poised for significant growth and American Water is best positioned to lead the industry



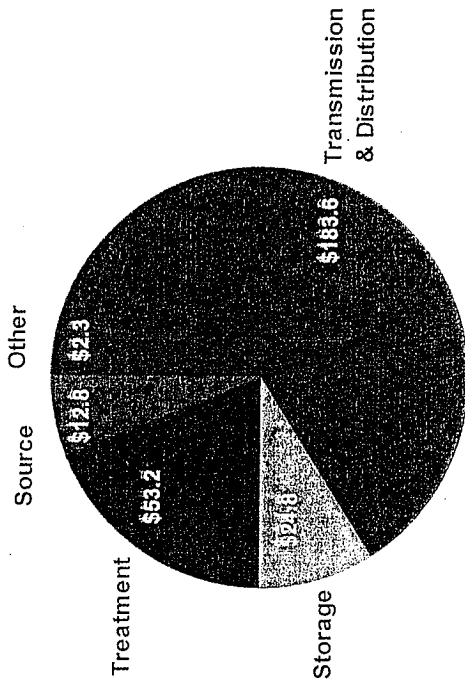
Organic Growth Driven By Large Capital Needs

Capital investment by water utility industry continues to be driven by aging infrastructure and stringent health & safety regulations

- EPA forecasts the total investment to be approximately \$485 – \$896 billion for water and wastewater through 2020 ⁽¹⁾
- Nation's infrastructure rated a "D" by The American Council of Engineering Companies
- Many municipalities and local owners of water systems are challenged to fund spending requirements

Water shortages and increasing quality standards are stimulating investments in technology

Water Related Capex Needs Through 2022



Total Water: \$ 276.8 Billion ⁽²⁾⁽³⁾

Public health and reliability standards are driving capital investment

(1) Source: September 2002 USEPA.

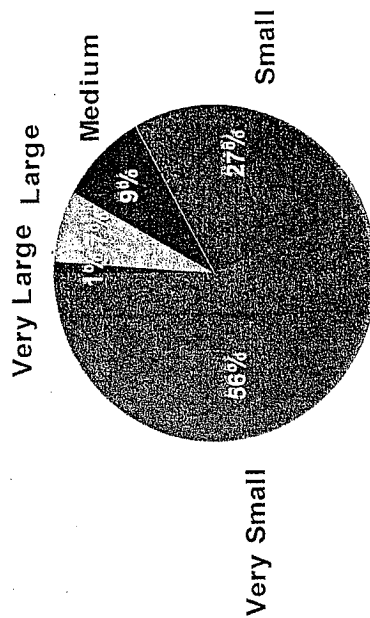
(2) Source: 2005 USEPA Drinking Water Infrastructure Needs Survey & Assessment (3rd Report – June 2005).

(3) Includes only Community Water Systems - defined as a public water system that supplies water to the same population year-round.

Consolidation is Essential to Address Industry Challenges

Industry Fragmented Across Small Systems

Number of U.S. Water Systems by Water System Size⁽¹⁾

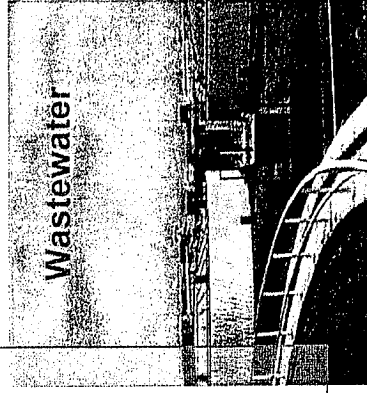
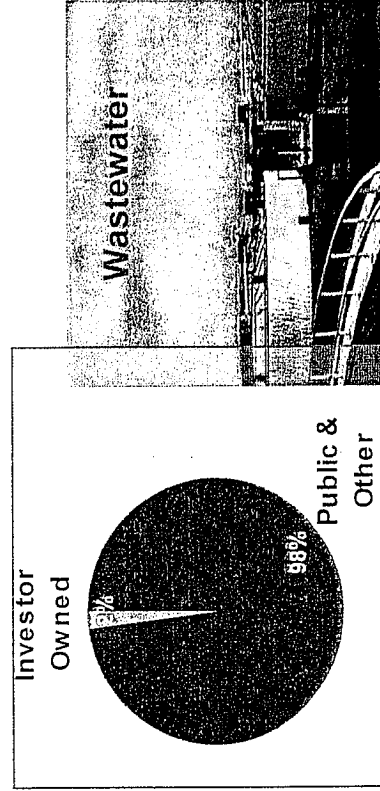
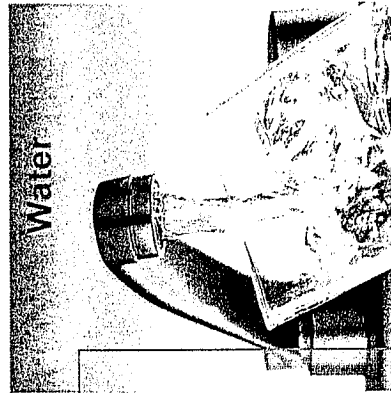
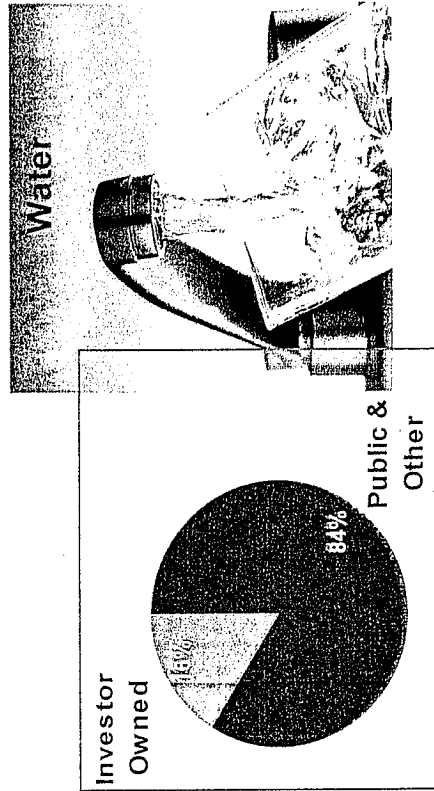


52,837 Water Systems

(1) Source: EPA, Drinking and Ground Water Statistics, 2005.

- Maintain quality and reliability
- Meet stringent EPA regulations
- Allocation priorities and limitations of capital for public / local systems

Limited Investor Ownership

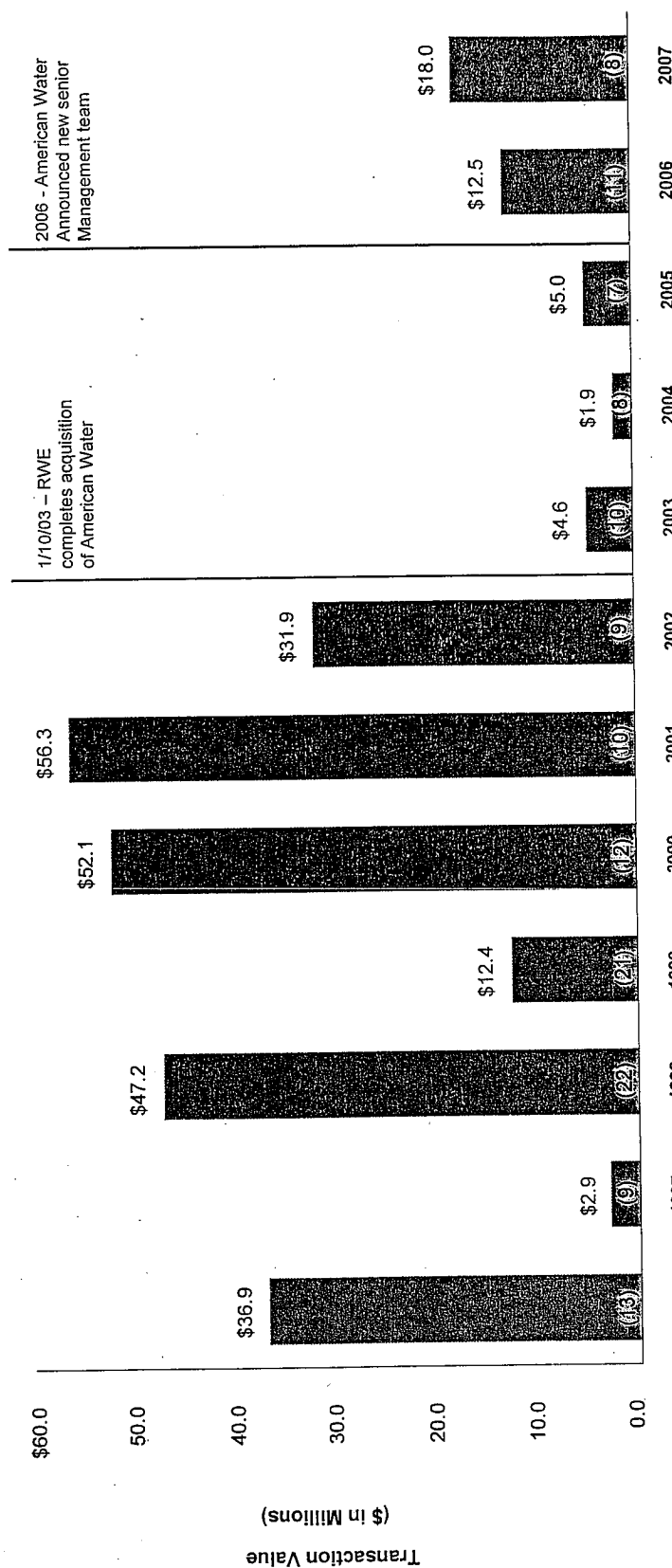


The majority of water systems are owned by capital-constrained entities



Industry Structure Provides Opportunity For "Tuck-in" Growth

Tuck-in Acquisitions by American Water



Notes:

Excludes agreement with the city of Trenton to purchase water systems from the surrounding areas, which serve 40,000 customers. The agreement was announced in late 2007 and is expected to close by year-end 2008. Transaction value of \$100mm.

Numbers in parentheses denote number of tuck-in acquisitions in a given year.

Excludes the large acquisitions of: National Enterprises in 1999, and water/wastewater assets of Pennsylvania Gas & Water in 1996, Azurix in 2001 and Citizens Communications Company in 2002.



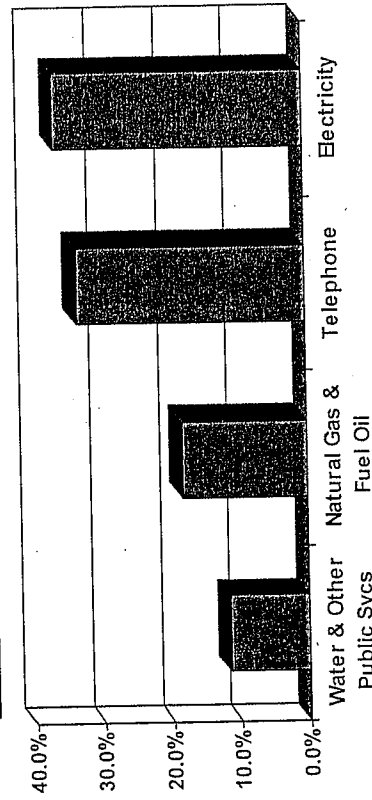
Water Industry Has Most Favorable Utility Profile

- Capital investments supported by regulatory bodies
 - Accelerated rate adjustment mechanisms for infrastructure replacement
 - Future test years available to set rates

■ Raw input costs (i.e. water, chemicals, etc.) are less volatile than energy commodity costs (i.e. coal and natural gas) for electric and gas utilities

- Water represents a small portion of the overall customer utility bill

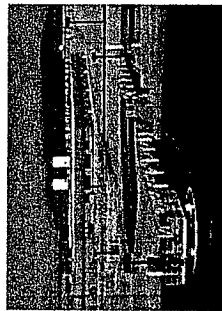
% of Annual Household Utilities Budget⁽¹⁾



(1) Source: United States Department of Labor – Consumer Expenditures Survey, 2004-2005 assumes four person household).

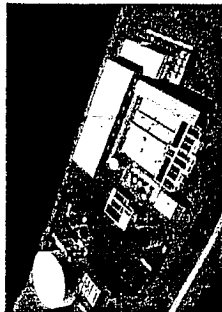


Industry Challenges Create Non-Regulated Opportunities



Design, Build and Operate

- Lake Pleasant Plant



Desalination

- Tampa Bay Seawater Desalination Plant



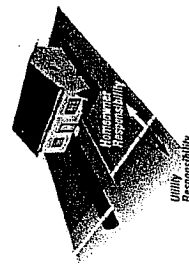
Military Bases Privatization

- Fort Leavenworth, KS
- Fort Bragg, N.C.



Water Reuse

- Gillette Stadium



Homeowner Services

- 600,000 customers
- 14 states



Contract Operations

- Buffalo, NY

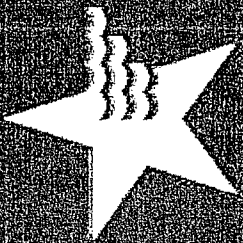
Our Strategic Direction

Realizing Today's Value

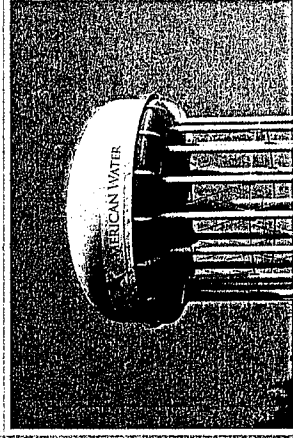
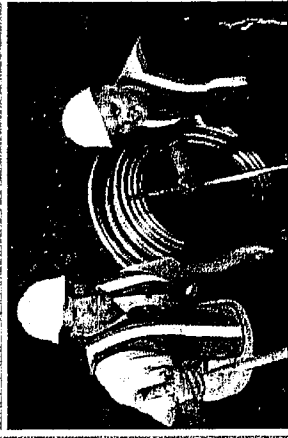
- Earn an appropriate rate of return on our investments
- Promote constructive regulatory frameworks
- Attain consistent and predictable financial performance through Regulatory, Weather and Economic Diversity
- Realize operating efficiencies through economies of scale and management of expenses

Investing for Long Term Growth

- Continue allocation of capital for investments in regulated water and wastewater projects
- Continue growth of Regulated Businesses through focused acquisitions
- Continue to pursue "regulated-like" opportunities and other complementary lines of business



AMERICAN WATER



Ellen Wolf

Senior Vice President and Chief Financial Officer



American Water Operations Overview

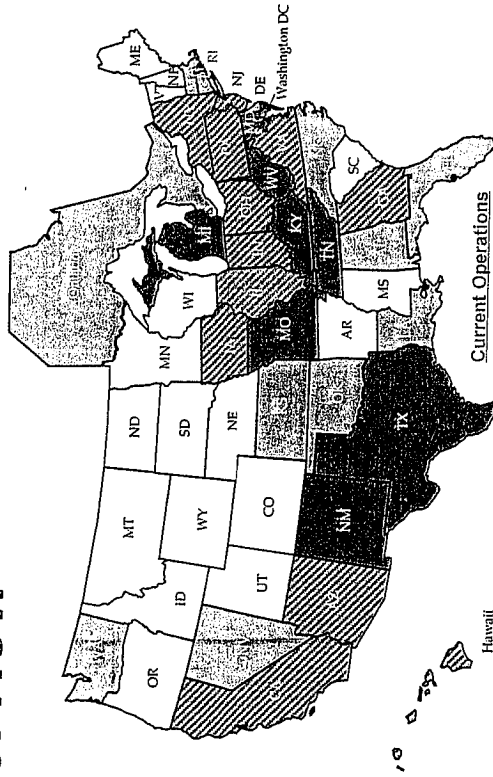
Regulated Businesses:

- \$1,988 mm in Revenues in 2007
- \$500 mm in Adjusted EBIT⁽¹⁾ in 2007
- Assets owned
 - 45,000 miles of mains and collection pipes
 - 655 groundwater and 84 surface water treatment plants
 - 41 wastewater treatment plants
 - 99 dams

Non Regulated Businesses:

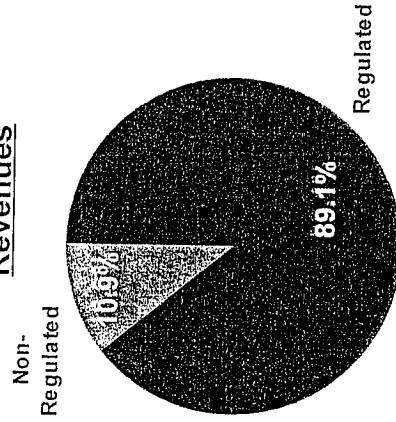
- \$243 mm in Revenues in 2007
- \$24 mm in Adjusted EBIT⁽¹⁾ in 2007

(1) Adjusted EBIT does not represent cash flow for periods presented and should not be considered as an alternative to Net Income as an indicator of the Company's performance. The reconciliation of Adjusted EBIT can be found on page F-37 of the S-1 (or Note 22 of the 2007 Financial Statements).



2007 Net Operating

Revenues



Net Operating Revenues: \$2.2 billion



Our Regulated Businesses

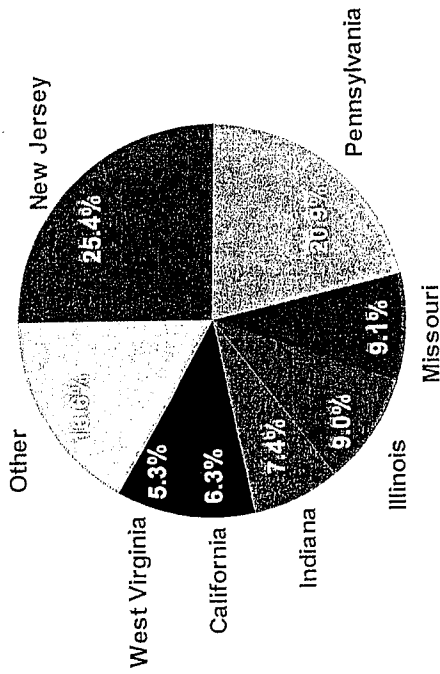
Sources of Income

- Earning an appropriate return on our capital investments
- "Tuck-in" acquisitions and bulk water sales
- Operating efficiencies

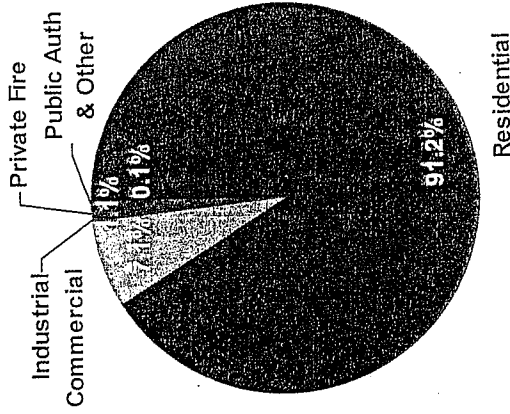
High Degree of Financial Stability

- Largely residential customer base promotes consistent operating results
- Geographic presence hedges both weather and regulatory risk
- Scale enables multiple growth opportunities across service areas

2007 Operating Revenue by State



2007 Customers by Class



Total Regulated Customer Connections: 3.3 million



Regulation & Rate Setting Process

- **Role of regulation**
 - Protect consumers
 - Ensure utilities receive appropriate rate of return
- **Rates set by Public Utility Commissions in each state**
 - Rates set according to traditional rate base / rate of return policies
 - Rates are based on historical or future costs
 - Operating costs are passed through
 - Carrying costs (AFUDC) can be capitalized
- **Regulators moving toward policies which encourage needed investment**
 - Timely rate adjustment mechanisms for infrastructure replacement in Pennsylvania, Illinois, Indiana, Missouri, Ohio and New York
 - Infrastructure surcharges adjust periodically based on qualified capital expenditures being completed or anticipated in a future period
 - Future test years to set rates in California, Hawaii, Kentucky, Illinois, New York and Ohio
 - Pre-approval of capital expenditures
 - Consolidation of troubled water and wastewater systems
- **Rate setting process allows consumer and intervenor involvement**



Significant Rate Case Progress

Year	Rate Cases Filed	Infrastructure Surcharge Filed
2005	\$51.2 mm	\$5.8 mm
2006	\$189.7 mm	\$17.5 mm
2007	\$171.2 mm	\$8.9 mm
2008 YTD	\$231.3 mm	\$5.0 mm

American Water's Regulated States

	2006	2007	2008 YTD - 2011
New Jersey	☒		☐
Pennsylvania		☒	☐
Missouri	☒		☐
Illinois		☐	☐
Indiana	☒		☐
California	☒	☒	☐
West Virginia		☒	☐
Other States	☐ 5	☐ 8	☐ 12

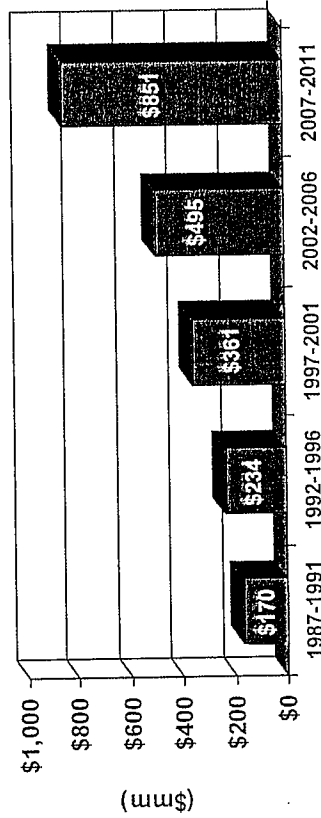
☒ Completed & Approved ☐ In Process ☐ Planned



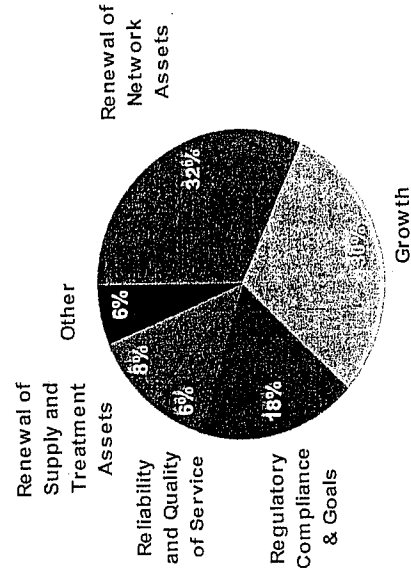
Overview of Capital Expenditures

- Capital investment of \$4.0 - \$4.5 bn between 2007 and 2011
- Increased capital due to
 - Infrastructure replacement
 - Capacity projects
 - Source of supply needs
 - Acquisitions
 - Major projects
 - Champaign, IL
 - Coatesville, PA
 - Lexington, KY
 - Monterey, CA

5 Year Average
Capital Expenditures, Net ⁽¹⁾



Projected Capital Expenditures



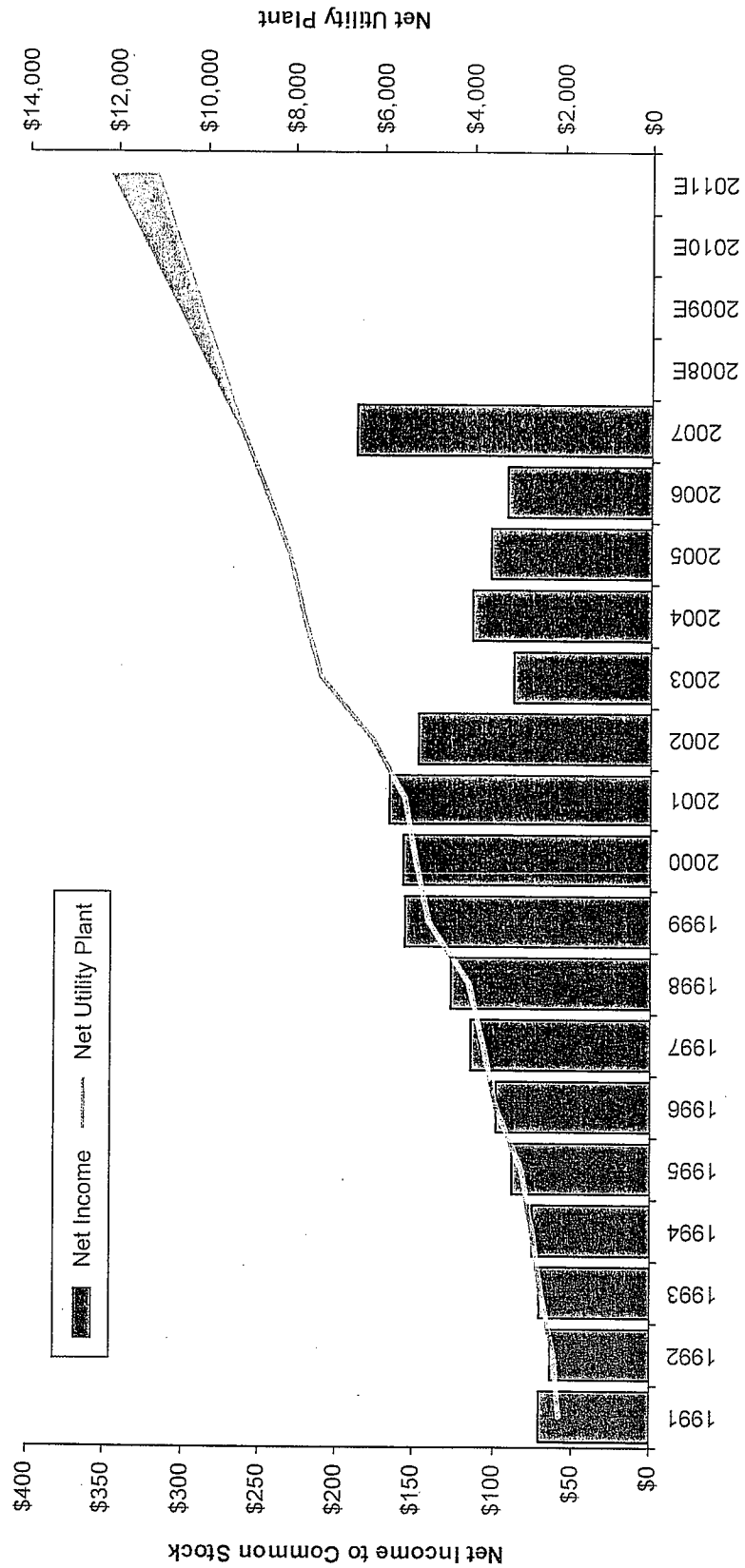
**Projected Net Capex of
\$4.0 - \$4.5 billion (2007-2011)**

(1) Net capex defined as gross capex less advances and contributions in aid of construction.



American Water – A Long Term Value

Historical Earnings and Net Utility Plant (\$mm)



Notes:
Net income adjusted to remove impact of impairment charges (2003-2007) and one-time costs for SOX (2006, 2007) and Divestiture/Sale and other.
Please refer to the Appendix for the Reg G Reconciliation of Adjusted Net Income.
Net Utility Plant reflects Net Property, Plant & Equipment amounts per the S-1, which exclude immaterial amounts of non-utility Net PP&E.
ETown included from 2003 onward. NEI included from 1999 onward.



Non-Regulated Businesses Complement Core Competencies

Contract Operations Group

- Public/private partnerships through O&M and military contracts for provision of services to water and wastewater facilities

Homeowner Services Group

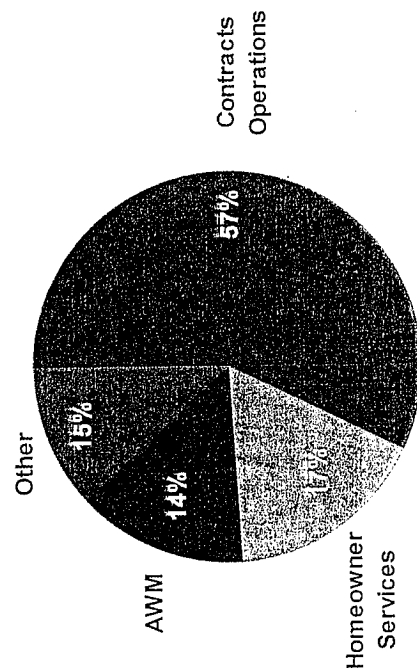
- Provides water, sewer line and in-home plumbing protection services for homeowners.

Applied Water Management Group

- Design, build and operate smaller scale water and wastewater treatment plants

Other non-regulated businesses include Carbon Services and Residuals

2007 Revenues by Business Line

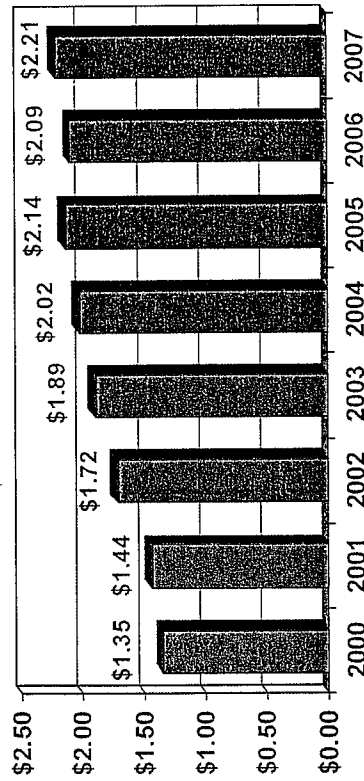


Total Operating Revenues: \$243 million

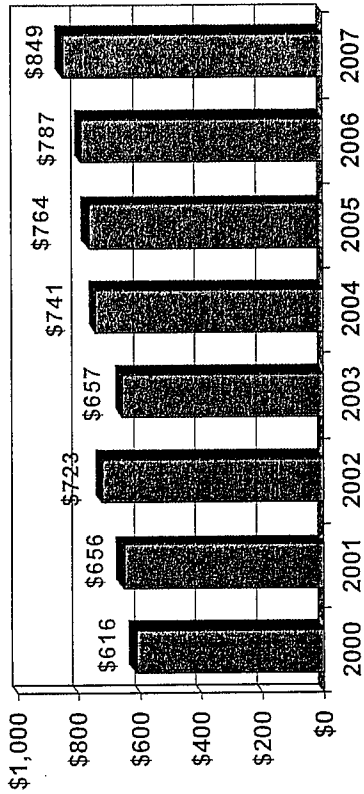
American Water leverages its expertise and geographic diversity in complementary non-regulated businesses

Historical Financial Performance

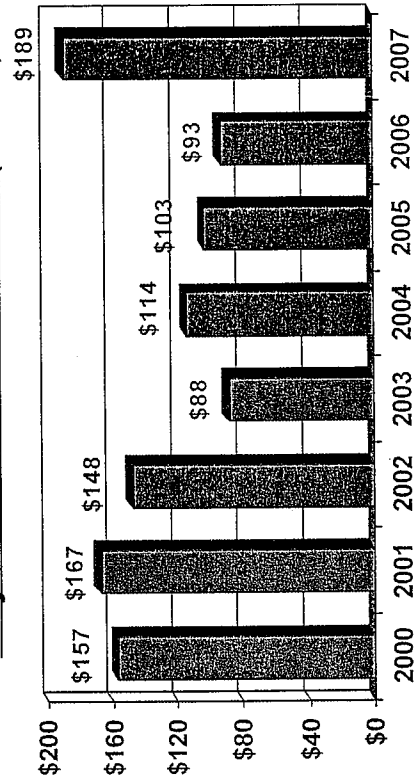
Revenue (\$bn)



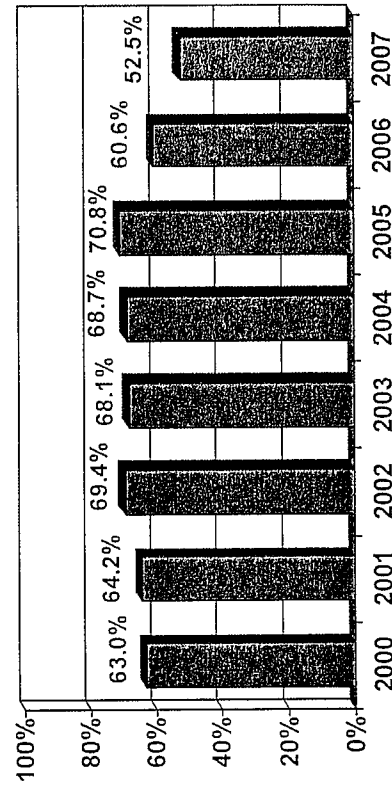
EBITDA ⁽¹⁾ (\$mm)



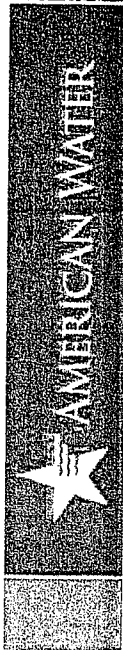
Adjusted Net Income ⁽¹⁾ (\$mm)



Total Debt/Capitalization



(1) Net income and EBITDA adjusted to remove impact of Impairment charges (2003-2007) and one-time costs for SOX (2006, 2007), Divestiture/Sale and other. Please refer to the Appendix for the Reg G Reconciliation of Adjusted Net Income and EBITDA.



Attractive Risk-Adjusted Total Return Story

- Long-term EPS growth:
 - Rate increases to earn allowed ROEs
 - Increased capital investment/higher rate base
 - “Regulated-like” opportunities provide additional upside potential
- Initial dividends of \$0.80 per share, implies a 3.1% – 3.3% yield given IPO price range
 - Stable earnings and operating cash flows support dividend
 - Expected to grow with higher earnings
 - Target dividend policy of 50% - 70% of net income annually
- American Water is committed to a solid investment grade rating and targeted capital structure with a long-term total debt of approximately 50% – 55%



Key Investment Highlights

Recognized Market Leader

*with geographic diversity,
national presence and local
relationships*

Strong Visible Growth

*driven by infrastructure
investment, earning
appropriate returns and
consolidation opportunities*

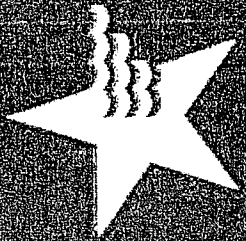
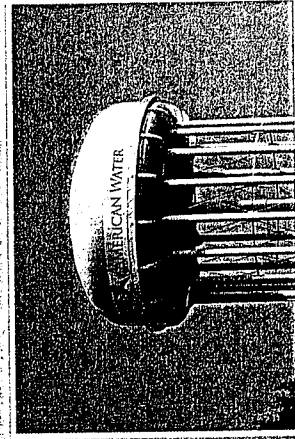
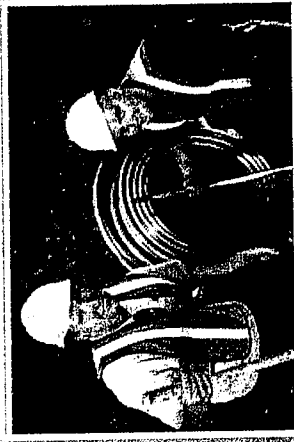
Favorable Risk Profile

*of water utility industry with
supportive regulatory
environment*

Proven Management

*with deep water utility
industry expertise*

**American Water is an Attractive Total Return Story
with a Compelling Dividend Yield and Growth Outlook**



AMERICAN WATER

Appendix

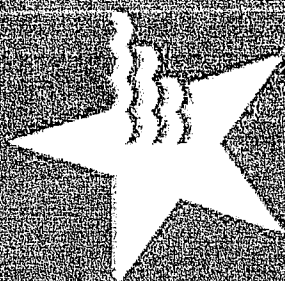
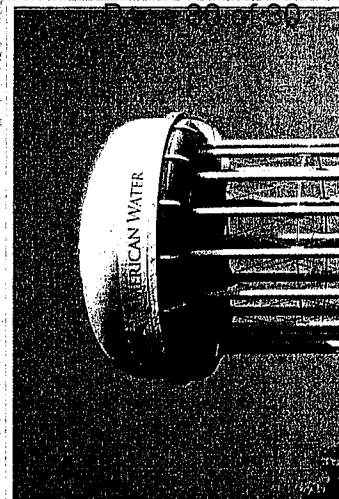
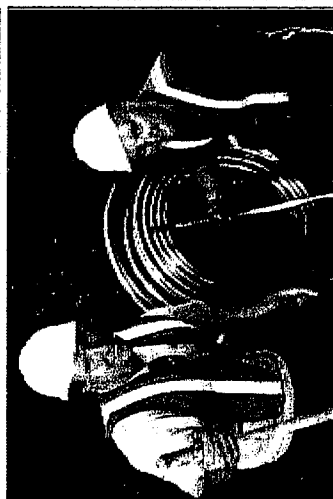
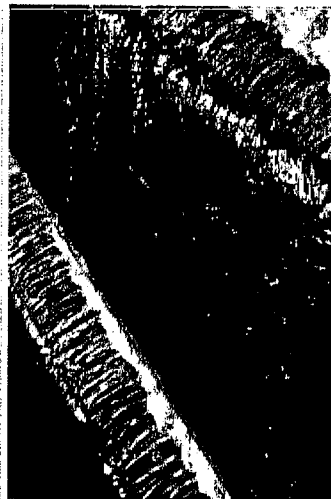


Adjusted EBITDA Reconciliation

	2003	2004	2005	2006	2007
<i>(\$ in Thousands)</i>					
Net Income (Loss) from Continuing Operations	\$42,140	\$59,100	(\$275,130)	(\$155,850)	(\$342,275)
Adjustments					
Impairment Charges	3,555	78,688	385,434	221,685	509,345
SOX Implementation Costs	0	0	0	15,400	32,002
Divestiture/Sale Expenses	69,185	0	0	7,359	8,113
Other (Condemnation/Regulatory Approvals)	0	0	0	29,826	10,465
Interest and "Interest-like" Items					
Interest	280,501	315,944	345,257	365,970	283,165
Allowance for Other Funds Used During Construction	(8,326)	(5,476)	(5,810)	(5,980)	(7,759)
Allowance for Borrowed Funds Used During Construction	(5,132)	(2,923)	(2,420)	(2,652)	(3,449)
Amortization of Debt Expense	3,872	3,377	4,367	5,062	4,867
Preferred Dividends	487	410	227	215	225
Income Taxes	60,271	66,328	50,979	46,912	86,756
Depreciation and Amortization	210,588	225,260	261,364	259,181	267,335
Adjusted EBITDA	\$657,141	\$740,708	\$763,268	\$787,128	\$848,790

Adjusted Net Income Reconciliation

	2003	2004	2005	2006	2007
<i>(\$ in Thousands)</i>					
Net Income (Loss) from Continuing Operations	\$42,140	\$59,100	(\$275,130)	(\$155,850)	(\$342,275)
Adjustments					
Impairment Charges	3,555	55,276	378,057	217,501	501,515
SOX Implementation Costs	0	0	0	9,394	19,179
Divestiture/Sale Expenses	42,203	0	0	4,489	4,860
Other (Condemnation/Regulatory Approvals)	0	0	0	17,334	6,269
Adjusted Net Income from Continuing Operations	\$87,898	\$114,376	\$102,927	\$92,868	\$189,547



AMERICAN WATER

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: John S. Watson

Question:

3. Provide copies of all Comprehensive Planning Studies completed since 2000 for or by **TAWC**.

Response:

The Company has not prepared a comprehensive planning study since 2000.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: John S. Watson/Michael Miller

Question:

4. ***Explain*** any addition, subtraction, acceleration, delay, deferral, or change in any recommended capital improvement projects identified in any Comprehensive Planning Study completed or dated since January 1, 1993.

Response:

The Company objects to this request on the grounds the requested information is over broad, unduly burdensome, not available in the format requested and can not be easily or cost effectively created, and is irrelevant to this proceeding in relation to the extremely long timeframe requested in the question above.

CPS studies are prepared to identify areas of the Company's distribution system and water production/water quality facilities that need to be addressed in both its long and short-term planning horizons. The studies also take into account known areas needing to be addressed and others that are expected to need improvements based on trends, growth, and potential changes in service levels, water quality regulations, and other factors. The study makes recommendations as to the priority of those capital projects in the scope of the facts, expectations, and assumptions on which those studies are prepared. Those projects identified in the CPS are subject to change in scope and priority based on various factors that may and often do occur as each year's capital plan is developed.

During each year's planning process, the Company consistently reviews the recommended capital improvement projects which were identified in the 2000 CPS, along with many other capital investment needs not identified in the CPS, in order to develop the capital spending plan that best addresses the Company's

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

needs. During this process, factors such as the impact on customer rates and service reliability are taken into consideration as to what level of capital investment is requested for approval by the Company's Board of Directors. Given the nature of these studies, which requires the continuous reassessment of capital needs from year to year, and the fact that the CPS is meant to be a guide as to timing, the massive effort required to comply with this request would be unduly burdensome and not relevant to this proceeding.

Without waiving these objections, the Company reports that since the rate case filing in TRA Case Number 06-00290, the Company has reviewed the CPS within the planning process, and the rate base requested through the attrition year in this case includes CPS projects related to upgrades to the Citico Water Treatment Plant Improvement Project, the Missionary Ridge 1.25 million gallon storage tank and pipeline facilities, and the Lookout Mountain Supply Main project.

No projects have been subtracted from the CPS.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

5. ***Identify*** for each year since January 1, 2001, the number of employees by position at the National Call Centers and for each position set forth the unburdened base hourly wage or salary rate (without overheads). In the event there is more than one base hourly rate for each position, provide the average and the median base hourly rates for each such position.

Response:

The Company objects to this question on the grounds that is overbroad, not readily available in the format requested and unduly burdensome given that it is not easily produced without incurring significant costs to conduct extensive records search for portions of the data. Further, the Company objects to the relevancy of the seven years of data requested. The Call Center costs have been fully reviewed and approved in a number of previous Company rate cases by the TRA.

Notwithstanding these objections, attached are the number of employees by position at the National Call Centers and their corresponding hourly rates at year end 2005, 2006 and 2007.

Tennessee American Water Company
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City of Chattanooga
Question 5 attachment a

Job Title	Hrly Rate	As of 12/31/2005
Administrative Assistant	15.326	1
	16.827	1
Administrative Assistant Total		2
Billing Group Manager	31.872	1
Billing Group Manager Total		1
Billing/Collections Supervisor	15.805	1
Billing/Collections Supervisor Total		1
Business Service Support Spec	22.079	1
	22.807	1
	30.173	1
Business Service Support Spec Total		3
Call Handling Manager	17.720	1
	35.920	1
Call Handling Manager Total		2
Call Handling Supervisor	14.847	2
	15.086	1
	17.960	1
Call Handling Supervisor Total		4
Communications Manager	26.054	1
Communications Manager Total		1
CS Associate 1	10.500	1
	10.600	28
	10.850	18
	11.100	30
	11.500	118
CS Associate 1 Total		195
CSR-1 Call Handling Rep	10.600	42
	11.177	73
	11.206	5
	11.217	2
	11.227	12
	11.247	1
	11.248	1
	11.258	1
	11.279	2
	11.393	2
	11.403	1
	11.437	1
	11.445	1
	11.977	3
	11.996	1
	12.348	1
	12.527	1
	12.867	1
	12.895	1

Tennessee American Water Company
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City of Chattanooga
Question 5 attachment a

Job Title	Hrly Rate	As of 12/31/2005
	13.174	2
	13.226	2
	13.266	3
	13.267	1
	13.308	1
	13.310	1
	13.318	3
	13.328	3
CSR-1 Call Handling Rep Total		168
CSR-1 Collections Rep.	11.977	1
	13.007	1
	13.266	1
CSR-1 Collections Rep. Total		3
CSR-2 Billing Rep	11.777	14
	11.977	9
	12.381	1
	13.266	6
	13.267	1
	13.328	3
	13.359	2
	13.457	1
	13.587	2
	13.657	1
	13.851	1
	13.979	1
	14.247	3
	14.523	1
	14.544	1
	14.575	1
	15.786	1
	15.896	1
	15.972	1
	16.010	1
	16.021	1
	16.065	1
CSR-2 Billing Rep Total		54
CSR-2 Call Handling Rep	11.777	7
	11.977	1
	13.370	1
	13.421	1
	13.431	1
	13.452	1
	13.513	1
	13.710	1
	14.247	1

Tennessee American Water Company
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City of Chattanooga
Question 5 attachment a

Job Title	Hrly Rate	As of 12/31/2005
	14.333	1
	14.997	2
	15.787	1
	15.817	1
CSR-2 Call Handling Rep Total		20
CSR-2 Time Critical	11.200	2
	11.258	1
	11.279	1
	11.427	1
	11.777	5
	11.977	1
	12.497	1
	13.827	1
	14.247	2
	15.577	1
	15.747	1
CSR-2 Time Critical Total		17
CSR-3 Billing Specialist	16.209	1
	16.663	1
	16.697	1
	17.057	1
	18.130	1
	18.680	2
	18.695	1
CSR-3 Billing Specialist Total		8
CSR-3 Call Handling Rep	14.247	5
	15.675	2
	15.737	1
	15.786	3
	15.920	2
	16.052	1
	16.065	1
	16.447	1
	16.495	1
	16.612	1
	19.183	1
CSR-3 Call Handling Rep Total		19
CSR-3 Collections Specialist	14.247	5
	15.347	1
	15.675	1
	15.677	1
	16.612	1
	18.680	2
CSR-3 Collections Specialist Total		11
CSR-3 Time Critical	16.209	1

Tennessee American Water Company
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City of Chattanooga
Question 5 attachment a

Job Title	Hrly Rate	As of 12/31/2005
CSR-3 Time Critical Total		1
CSR-4 Coach	14.420	1
	16.198	1
	17.182	1
	17.466	1
	17.797	2
CSR-4 Coach Total		6
CSR-4 Technical Coordinator	14.420	9
	14.430	6
	14.490	2
	14.770	4
	16.840	1
CSR-4 Technical Coordinator Total		22
Customer Service Supervisor	14.368	1
	17.720	1
	21.456	1
Customer Service Supervisor Total		3
Dialer Administrator	21.025	1
Dialer Administrator Total		1
Director Customer Service Ctr	52.682	1
Director Customer Service Ctr Total		1
Financial Analyst	20.977	1
	27.059	1
Financial Analyst Total		2
General Service Clerk	10.600	1
	11.926	1
General Service Clerk Total		2
Group Supervisor-Billing	22.198	1
	27.601	1
Group Supervisor-Billing Total		2
Group Supervisor-Call Handling	21.312	1
	21.630	1
	24.880	1
Group Supervisor-Call Handling Total		3
HR Assistant	15.380	1
HR Assistant Total		1
Human Resources Generalist	23.946	1
	25.623	1
	27.586	1
Human Resources Generalist Total		3
Human Resources Manager	38.594	1
	45.498	1
Human Resources Manager Total		2
Liaison (Alton)	19.181	1
	20.240	1

Tennessee American Water Company
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City of Chattanooga
Question 5 attachment a

Job Title		As of 12/31/2005
Hrly Rate		
Liaison (Alton) Total		2
Mailroom Clerk	10.800	1
Mailroom Clerk Total		1
Maintenance Technician	13.822	1
Maintenance Technician Total		1
Manager Admin & Facilities	28.113	1
Manager Admin & Facilities Total		1
Manager of Business Services	51.461	1
Manager of Business Services Total		1
Manager-Billing (Natl)	47.893	1
Manager-Billing (Natl) Total		1
Manager-Call Handling (Natl)	33.525	1
Manager-Call Handling (Natl) Total		1
Mgr, Education, Devel & Qualit	31.130	1
Mgr, Education, Devel & Qualit Total		1
ODI Education Training Spec	16.786	1
ODI Education Training Spec Total		1
Office Manager	26.341	1
Office Manager Total		1
Operations Coordinator	16.762	1
Operations Coordinator Total		1
Operations Manager	38.314	1
Operations Manager Total		1
Operatns&Performnce Spec-Reptg	17.681	1
Operatns&Performnce Spec-Reptg Total		1
Performance Specialist	19.660	1
	19.708	1
	19.756	2
	20.632	1
	21.073	1
	27.730	1
Performance Specialist Total		7
Project Manager-SAP Financial	19.157	1
Project Manager-SAP Financial Total		1
Quality Assurance Analyst	14.368	1
	14.420	1
	14.607	2
	15.565	1
Quality Assurance Analyst Total		5
Receptionist	9.850	1
	13.020	1
Receptionist Total		2
Secretary	13.680	1
	14.960	1
Secretary Total		2

Tennessee American Water Company
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Job Title	Hrly Rate	As of 12/31/2005
Specialist Education & Dev	21.552	2
Specialist Education & Dev Total		2
Sr Business Services Sup Spec	22.989	1
	30.436	1
Sr Business Services Sup Spec Total		2
Sr. Business Sys. Supp. Spec.	35.330	1
Sr. Business Sys. Supp. Spec. Total		1
Sr. Financial Analyst	31.130	1
	34.722	1
Sr. Financial Analyst Total		2
Sr. Mailroom Coordinator	11.920	1
Sr. Mailroom Coordinator Total		1
Sr. Specialist Educ & Develop	22.869	1
	23.190	1
	23.803	1
	24.665	1
Sr. Specialist Educ & Develop Total		4
Team Coach	13.975	1
	14.020	2
	14.030	2
Team Coach Total		5
Team Supervisor-Billing	16.787	1
	20.752	1
	21.762	1
Team Supervisor-Billing Total		3
Team Supervisor-Call Handling	14.368	1
	14.847	1
	15.805	1
	16.284	1
	16.787	6
	17.289	1
	18.513	1
	18.946	1
	19.617	2
	19.693	1
	19.803	2
	20.049	1
	20.666	2
	21.116	1
Team Supervisor-Call Handling Total		22
Team Supervisor-Collections	19.617	1
	20.675	1
Team Supervisor-Collections Total		2
Team Supervisor-Time Critical	16.762	1
Team Supervisor-Time Critical Total		1

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Job Title	Hrly Rate	As of 12/31/2005
Technical Coordinator	13.000	1
Technical Coordinator Total		1
Traffic & Scheduling Analyst	14.847	1
	19.602	1
	19.804	1
	21.648	1
Traffic & Scheduling Analyst Total		4
Trainer	22.510	1
Trainer Total		1
VP Business Services	64.655	1
VP Business Services Total		1
Water Quality Specialist	24.186	1
Water Quality Specialist Total		1
Grand Total		642

Tennessee American Water Company
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Question 5 attachment b

Job Title	Hrly Rate	As of 12/31/2006
Admin Asst (N)	13.943	1
	14.087	1
	14.227	1
	18.966	1
Admin Asst (N) Total		4
Analyst Business	29.447	1
Analyst Business Total		1
Analyst Financial	21.899	1
Analyst Financial Total		1
Analyst QA	15.625	1
	15.769	4
	18.990	1
Analyst QA Total		6
Analyst Traffic & Scheduling	17.548	2
	17.596	1
	17.813	1
	19.615	1
	20.567	1
	22.716	1
Analyst Traffic & Scheduling Total		7
Clerk General Service (N)	11.530	1
	12.140	1
Clerk General Service (N) Total		2
Collection Liaison	20.913	1
Collection Liaison Total		1
CSR-1 Call Handling Rep	10.600	60
	10.850	14
	11.100	38
	11.177	33
	11.500	31
	11.754	49
	11.794	1
	11.804	8
	11.835	1
	11.856	1
	11.900	111
	12.022	1
	12.150	1
CSR-1 Call Handling Rep Total		349
CSR-1 Collections Rep.	13.226	1
	13.507	1
	14.247	1
	14.420	1
CSR-1 Collections Rep. Total		4
CSR-2 Billing Rep	11.427	1

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Job Title	Hrly Rate	As of 12/31/2006
	12.004	1
	12.033	1
	12.354	1
	12.554	1
	12.604	7
	12.804	2
	13.104	1
	13.751	1
	13.843	3
	13.998	1
	14.094	1
	14.287	1
	14.414	1
	14.824	1
	14.928	1
	14.997	1
	15.350	1
	15.402	1
	15.737	1
	16.495	1
	16.502	1
	16.612	1
	16.613	1
	19.183	1
CSR-2 Billing Rep Total		34
CSR-2 Call Handling Rep	12.004	3
	12.054	3
	12.106	1
	12.160	4
	12.354	4
	12.410	3
	12.554	1
	13.444	1
	13.843	1
	13.895	1
	13.905	2
	14.420	1
CSR-2 Call Handling Rep Total		25
CSR-2 Collections Rep	14.093	1
CSR-2 Collections Rep Total		1
CSR-3 Billing Specialist	12.854	1
	13.077	2
	13.904	10
	14.093	1
	14.155	1

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City of Chattanooga
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Job Title	Hrly Rate	As of 12/31/2006
	14.186	2
	14.197	1
	14.284	1
	14.343	1
	14.414	1
	14.484	1
	14.806	1
	15.074	3
	15.997	1
	16.723	1
	16.799	1
	16.837	1
	16.892	1
	17.036	1
	17.490	1
	17.524	1
	17.884	1
	18.680	2
	18.957	1
CSR-3 Billing Specialist Total		38
CSR-3 Call Handling Rep	12.500	2
	12.940	3
	13.077	12
	13.327	2
	14.279	1
	14.590	1
	14.824	3
	14.910	1
	15.074	1
	16.252	1
	16.363	2
	16.497	2
	16.614	1
	16.642	1
	16.644	1
	17.024	1
CSR-3 Call Handling Rep Total		35
CSR-3 Collections Specialist	13.077	3
	14.155	1
	14.258	1
	14.395	2
	15.074	4
	15.347	1
	16.502	1
	16.754	1

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Question 5 attachment b

Job Title	Hrly Rate	As of
		12/31/2006
	18.680	1
CSR-3 Collections Specialist Total		15
CSR-3 Time Critical	12.500	2
	13.077	13
	14.057	1
	14.137	2
	14.657	1
	15.077	1
	15.621	1
CSR-3 Time Critical Total		21
CSR-4 Coach	14.920	3
	15.574	1
	16.775	1
	17.759	1
	18.043	1
CSR-4 Coach Total		7
CSR-4 Technical Coordinator	14.420	2
	14.997	10
	15.007	1
	15.247	6
	15.317	1
	15.347	1
	15.584	1
	15.924	3
	16.404	1
	16.863	1
	17.129	1
	17.287	1
	17.689	1
	17.994	1
	19.507	1
	19.522	1
CSR-4 Technical Coordinator Total		33
Dir Customer Service Ctr	54.471	1
Dir Customer Service Ctr Total		1
HR Generalist	26.755	1
HR Generalist Total		1
Intmnd Financial Analyst	28.245	1
Intmnd Financial Analyst Total		1
Mail Clerk (N)	11.923	1
Mail Clerk (N) Total		1
Maint Tech (N)	14.375	1
	15.000	1
Maint Tech (N) Total		2
Mgr Billing & Collections	34.087	1

Tennessee American Water Company
Docket No. 08-00039
City of Chattanooga
Question 5 attachment b

Job Title	Hrly Rate	As of 12/31/2006
Mgr Billing & Collections Total		1
Mgr Building Services	22.909	1
	29.207	1
Mgr Building Services Total		2
Mgr Business Services	53.101	1
Mgr Business Services Total		1
Mgr Call Handling	33.654	1
	36.058	2
Mgr Call Handling Total		3
Mgr Collections	33.039	1
Mgr Collections Total		1
Mgr CSC Communications	27.692	1
Mgr CSC Communications Total		1
Mgr CSC Opns & Performance	40.192	1
Mgr CSC Opns & Performance Total		1
Mgr Educ Dev & Quality	32.500	1
Mgr Educ Dev & Quality Total		1
Mgr Operations & Performance	34.856	1
Mgr Operations & Performance Total		1
Mgr Process	31.202	1
Mgr Process Total		1
Office Manager	26.995	1
Office Manager Total		1
Receptionist (N)	11.300	1
	12.717	1
Receptionist (N) Total		2
Spec Bill/Pymt Collection (N)	22.115	1
Spec Bill/Pymt Collection (N) Total		1
Specialist Business Svcs	20.433	1
	23.808	1
	23.894	1
	23.976	1
Specialist Business Svcs Total		4
Specialist Educ & Dev	22.284	2
	23.389	1
Specialist Educ & Dev Total		3
Specialist Human Resources	17.548	1
	17.788	1
Specialist Human Resources Total		2
Specialist Opns & Perf Rptg	21.851	1
Specialist Opns & Perf Rptg Total		1
Specialist Opns & Perf SchdIng	20.673	1
Specialist Opns & Perf SchdIng Total		1
Specialist Performance	17.548	2
	20.433	1

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Job Title	Hrly Rate	As of 12/31/2006
	20.529	1
	20.817	1
	20.865	1
	21.433	1
	27.837	1
Specialist Performance Total		8
Specialist Water Quality	25.240	1
Specialist Water Quality Total		1
Sr Analyst Financial	32.668	1
Sr Analyst Financial Total		1
Sr HR Generalist	27.909	1
	30.385	1
Sr HR Generalist Total		2
Sr Specialist Business Svcs	36.716	1
	36.947	1
Sr Specialist Business Svcs Total		2
Sr Specialist Education & Dev	23.077	1
	23.750	1
	24.856	1
	25.625	1
Sr Specialist Education & Dev Total		4
Supvr Billing Group	22.909	1
Supvr Billing Group Total		1
Supvr Call Handling Group	22.909	1
	23.341	1
	26.466	1
Supvr Call Handling Group Total		3
Team Supvr Billing	17.308	1
	17.548	1
	17.909	1
	17.981	1
	18.389	1
	18.750	1
	20.077	1
	20.577	1
Team Supvr Billing Total		8
Team Supvr Call Handling	17.308	3
	17.320	7
	17.524	2
	17.548	3
	17.716	1
	17.813	1
	17.885	2
	17.981	1
	18.125	1

Tennessee American Water Company
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Job Title	Hrly Rate	As of 12/31/2006
	18.149	1
	19.231	2
	20.126	1
	20.481	1
	21.154	1
	21.370	1
	21.466	1
	21.630	1
	22.404	1
Team Supvr Call Handling Total		31
Team Supvr Collections	17.308	1
	20.582	1
Team Supvr Collections Total		2
Training Asst (N)	17.308	1
	17.550	1
Training Asst (N) Total		2
VP Customer Svc	67.500	1
VP Customer Svc Total		1
Grand Total		684

Tennessee American Water Company
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Job Title	Hrly Rate	As of 12/31/2007
Admin Asst (N)	14.022	1
	14.450	1
	14.847	1
	15.223	1
	16.827	1
Admin Asst (N) Total		5
Analyst Business	30.337	1
Analyst Business Total		1
Analyst QA	16.058	1
	16.250	1
	16.274	4
	17.320	1
	18.836	1
	18.990	1
Analyst QA	19.663	1
Analyst QA Total		10
Analyst Traffic & Scheduling	18.173	2
	18.389	1
	18.774	1
	20.048	1
	21.298	1
	21.875	1
Analyst Traffic & Scheduling Total		7
Clerk General Service (N)	11.991	1
	12.504	1
Clerk General Service (N) Total		2
Collection Liaison	21.971	1
Collection Liaison Total		1
Coordinator FRCC	18.918	1
Coordinator FRCC Total		1
CSR-1 Call Handling Rep	10.600	9
	10.945	21
	11.100	40
	11.203	1
	11.500	13
	11.540	11
	11.750	8
	11.798	3
	11.900	36
	12.136	17
	12.177	1
	12.188	2
	12.320	53
	12.394	2
	12.413	1

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Job Title	Hrly Rate	As of 12/31/2007
	12.500	5
	12.570	2
CSR-1 Call Handling Rep Total		225
CSR-1 Collections Rep.	11.540	1
	11.798	1
	12.756	1
	13.324	1
	13.476	1
	13.757	1
	14.514	1
	15.497	1
CSR-1 Collections Rep. Total		8
CSR-2 Billing Rep	14.882	1
CSR-2 Billing Rep Total		1
CSR-2 Call Handling Rep	11.564	1
	11.798	6
	12.161	1
	12.394	7
	12.446	4
	12.499	1
	12.500	2
	12.570	1
	12.580	3
	12.756	2
	12.834	1
	12.962	1
	14.551	1
	14.615	1
CSR-2 Call Handling Rep Total		32
CSR-3 Billing Specialist	12.500	3
	12.644	1
	12.906	13
	13.014	1
	13.164	1
	13.165	1
	13.220	1
	13.272	5
	13.478	1
	13.502	2
	13.530	2
	13.760	1
	13.788	1
	14.139	1
	14.356	7
	14.456	1

Tennessee American Water Company
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Job Title	Hrly Rate	As of 12/31/2007
	14.551	1
	14.615	1
	14.647	2
	14.658	1
	14.711	1
	14.748	1
	14.809	1
	14.810	1
	14.873	1
	14.882	1
	15.001	1
	15.009	1
	15.064	1
	15.067	1
	15.133	1
	15.213	1
	15.545	1
	15.564	1
	15.653	1
	15.671	1
	15.743	1
	15.815	1
	16.001	4
	16.011	1
	16.107	1
	16.129	1
	16.507	1
	17.296	1
	17.345	1
	17.384	1
	17.410	1
	17.441	2
	17.525	1
	17.557	1
	17.590	1
	18.094	1
	18.465	1
	18.680	2
	18.957	1
	19.433	1
CSR-3 Billing Specialist Total		88
CSR-3 Call Handling Rep	12.500	43
	12.570	9
	12.820	2
	12.830	8

Tennessee American Water Company
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Job Title	Hrly Rate	As of 12/31/2007
	12.840	1
	12.906	6
	13.080	1
	13.090	3
	13.164	2
	13.350	3
	13.450	1
	13.502	3
	13.760	3
	13.900	3
	15.306	3
	15.564	1
	16.895	2
	17.033	2
	17.038	1
	17.154	1
	17.185	1
	17.577	1
CSR-3 Call Handling Rep Total		100
CSR-3 Collections Specialist	12.500	1
	12.644	1
	12.906	2
	13.164	1
	13.502	2
	13.760	2
	14.873	1
	14.980	1
	15.121	1
	15.226	1
	15.822	2
	16.001	1
	17.289	1
	17.411	1
CSR-3 Collections Specialist Total		18
CSR-3 Time Critical	12.500	3
	12.906	12
	13.164	1
	13.272	1
	13.502	1
	14.596	1
	15.567	1
	16.129	1
	17.296	1
CSR-3 Time Critical Total		22
CSR-4 Coach	15.440	1

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Job Title	Hrly Rate	As of 12/31/2007
	16.596	1
	18.852	1
	19.146	1
CSR-4 Coach Total		4
CSR-4 Customer Service Spec	14.889	12
	15.147	1
CSR-4 Customer Service Spec Total		13
CSR-4 Technical Coordinator	14.889	4
	15.147	2
	15.484	2
	15.743	3
	16.001	3
	16.072	1
	16.349	1
	16.362	2
	16.442	3
	16.937	1
	17.033	1
	17.411	1
	17.849	1
	18.264	1
	19.522	1
CSR-4 Technical Coordinator Total		27
HR Generalist	23.558	1
	27.837	1
HR Generalist Total		2
Intmd Financial Analyst	25.962	1
Intmd Financial Analyst Total		1
Mail Clerk (N)	12.579	1
Mail Clerk (N) Total		1
Maint Tech (N)	14.842	1
	15.525	1
Maint Tech (N) Total		2
Mgr Billing & Collections	36.635	1
Mgr Billing & Collections Total		1
Mgr Building Services	24.159	1
	30.072	1
Mgr Building Services Total		2
Mgr Business Services	54.567	1
Mgr Business Services Total		1
Mgr Call Handling	35.096	1
	37.139	1
	37.885	1
Mgr Call Handling Total		3
Mgr Collections	34.447	1

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Job Title	Hrly Rate	As of 12/31/2007
Mgr Collections Total		1
Mgr CSC Communications	28.582	1
Mgr CSC Communications Total		1
Mgr CSC Opns & Performance	41.611	1
Mgr CSC Opns & Performance Total		1
Mgr Educ Dev & Quality	30.769	1
Mgr Educ Dev & Quality Total		1
Mgr O&M	61.827	1
Mgr O&M Total		1
Mgr Operations & Performance	36.538	1
Mgr Operations & Performance Total		1
Mgr Process	32.909	1
Mgr Process Total		1
Office Manager	28.534	1
Office Manager Total		1
Receptionist (N)	11.300	1
	12.224	1
Receptionist (N) Total		2
Specialist Business Svcs	20.433	1
	20.577	1
	24.784	1
	24.928	1
Specialist Business Svcs Total		4
Specialist Educ & Dev	19.231	1
	23.462	2
	24.087	1
Specialist Educ & Dev Total		4
Specialist Human Resources	18.365	1
	18.534	1
Specialist Human Resources Total		2
Specialist Opns & Perf Rptg	22.572	1
Specialist Opns & Perf Rptg Total		1
Specialist Performance	17.319	1
	17.813	9
	18.438	1
	19.952	1
	20.192	1
	21.106	1
	21.250	1
	21.707	1
	22.067	1
	22.837	1
	28.125	1
Specialist Performance Total		19
Specialist Water Quality	26.130	1

Tennessee American Water Company
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City of Chattanooga
Question 5 attachment c

Job Title	Hrly Rate	As of 12/31/2007
Specialist Water Quality Total		1
Sr Analyst Financial	32.933	1
	33.966	1
Sr Analyst Financial Total		2
Sr HR Generalist	29.351	1
	32.067	1
Sr HR Generalist Total		2
Sr Specialist Business Svcs	37.692	1
	38.005	1
Sr Specialist Business Svcs Total		2
Sr Specialist Education & Dev	25.721	1
	26.514	1
Sr Specialist Education & Dev Total		2
Supvr Billing Group	25.000	1
	28.606	1
Supvr Billing Group Total		2
Supvr Call Handling Group	24.303	2
	27.933	1
Supvr Call Handling Group Total		3
Team Supvr Billing	17.812	1
	17.909	1
	18.870	2
	19.495	1
	20.505	1
	21.202	1
	21.707	1
Team Supvr Billing Total		8
Team Supvr Call Handling	17.813	10
	18.173	1
	18.438	2
	18.462	3
	18.486	1
	18.582	1
	18.702	1
	18.774	1
	18.822	3
	18.870	1
	18.966	1
	19.038	1
	19.231	3
	21.034	1
	21.995	1
	22.236	1
	22.332	1
	22.500	1

Tennessee American Water Company
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City of Chattanooga
Question 5 attachment c

Job Title	Hrly Rate	As of 12/31/2007
	23.750	1
Team Supvr Call Handling Total		35
Team Supvr Collections	19.877	1
	21.346	1
Team Supvr Collections Total		2
Training Asst (N)	17.308	1
Training Asst (N) Total		1
VP Customer Svc	70.192	1
VP Customer Svc Total		1
Grand Total		679

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: John Watson

Question:

6. For each capital expense listed in the Net Additions to UPIS shown in Exhibit 1, Schedule 2 ("Capital Expense"), **identify** the cost of the project utilizing the following tabular format:

Description of Capital Expense	Date Completed	Total Cost	Equipment Cost	Materials Cost	Labor Cost	Overhead Cost	Amount Paid to Contractor	Amount Paid to TAWC Parent or Affiliate

Response:

TAWC objects to this question on the grounds that it is overly broad and unduly burdensome and that the information is not available in the requested format. Notwithstanding its objections, TAWC provides the following response. Please see the responses to TRA Data Request No. 1, questions 52 and 53. In addition, the information referenced in Exhibit 1 above relates to plant additions for the attrition year and are only now being, or at some point in the future, will be constructed prior to September 2009. Other than normal monthly spending for recurring-type construction (meters, small equipment, etc.), none of the projects are complete. If the significant amount of data provided about TAWC's capital projects to be completed in the attrition year, included in the TRA Data Requests referenced above, are insufficient for the City to review the Company's attrition year additions included in rate base, the Company will make available at its office in Chattanooga the files supporting each project from which the requested information can be derived at a mutually agreeable time.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: John Watson/Michael Miller

Question:

7. **Identify** the location, by latitude and longitude or by census tract and block number, of each Capital Expense **identified** in the Request No. 6 in excess of Five Hundred Dollars (\$500.00).

Response:

The Company objects to this question on the grounds that it is unduly burdensome and over broad, and is not presently available in the format requested. Furthermore, the requested information is not relevant to this proceeding. Notwithstanding its objections, as stated in the Company's response to COC, Question 6, the requested information relates to attrition year additions of which the majority of those projects are currently under construction or will be constructed at some point in the future prior to September 2009. Due to the large volume of capital work orders involved in the Company's property records, at a mutually agreeable time, the Company will make available at its office in Chattanooga the files supporting each project from which the requested information can be derived.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

8. For each Capital Expense identified in response to Request No. 6, **identify** all amounts paid to any **TAWC Parent or Affiliate**, state the date of each such payment, and provide all Documents reflecting, recording, referring to, reporting, or relating to each such payment to a **TAWC Parent or Affiliate**.

Response:

The Company objects to this question on the grounds that it is over broad and unduly burdensome. Furthermore, the requested information is not readily available in the requested format and would be very time-consuming and costly to convert to the requested format. As provided in the Company's response to COC Question 6, the utility plant additions shown on Exhibit 1, Schedule 2 of the Company's filing relate to attrition year utility plant additions. Attrition Year plant additions will be added to utility plant between December 2007 and August 2009. Many of those projects are currently in construction or will be constructed through August 2009.

Notwithstanding these objections, the Company attaches a schedule of the capitalized portion of the charges from AWWSC through March 2008.

Belleville Lab	\$6,836	\$10,845	\$8,828	\$10,505	\$10,244	\$8,050	\$9,511	\$9,101	\$8,349	\$10,148	\$8,173	\$8,437	\$8,984	\$10,259	\$13,829	\$142,098
Call Center	\$61,956	\$63,221	\$51,827	\$61,014	\$59,631	\$60,071	\$56,966	\$62,163	\$54,203	\$56,252	\$55,842	\$53,381	\$65,877	\$61,000	\$63,246	\$886,651
ALTON	\$23,686	\$22,310	\$30,188	\$27,204	\$30,811	\$25,171	\$26,393	\$27,758	\$24,252	\$24,756	\$25,574	\$25,213	\$27,213	\$26,666	\$28,355	\$395,549
PENSACOLA	\$421	\$772	\$2,664	\$502	\$791	\$601	\$831	\$623	\$882	\$698	\$585	\$798	\$798	\$709	\$1,017	\$12,979
Central Region	\$126,477	\$144,050	\$88,189	\$116,062	\$159,531	\$128,677	\$154,694	\$130,487	\$158,413	\$137,679	\$148,492	\$137,050	\$155,171	\$131,156	\$143,458	\$2,059,585
ITS	\$43,482	\$57,695	\$47,594	\$52,370	\$55,881	\$47,619	\$45,533	\$45,177	\$44,004	\$51,344	\$48,330	\$68,196	\$57,702	\$61,802	\$62,390	\$789,117
Northeast Region	\$3,774	\$1,678	\$2,410	\$2,604	\$1,707	\$2,391	\$5,164	\$4,441	\$4,316	\$6,004	\$4,257	\$7,703	\$5,337	\$4,945	\$10,755	\$67,484
Shared Services	\$26,646	\$37,493	\$34,008	\$28,734	\$31,903	\$26,702	\$26,358	\$28,983	\$26,511	\$30,301	\$27,867	\$35,959	\$46,682	\$35,149	\$33,693	\$477,990
Southeast Region	\$100,179	\$118,462	\$117,307	\$110,043	\$104,685	\$85,918	\$99,227	\$88,435	\$53,755	\$96,829	\$89,071	\$67,430	\$106,051	\$102,022	\$116,546	\$1,455,959
Supply Chain	\$6,645	\$6,945	\$4,261	\$7,122	\$7,478	\$7,433	\$7,459	\$7,743	\$6,617	\$7,742	\$7,975	\$8,710	\$6,870	\$8,389	\$8,994	\$110,322
Western Region	\$134	\$166	\$154	\$936	\$641	(\$26)	\$96	\$124	\$14	\$369	\$265	\$570	\$226	(\$177)	\$302	\$3,792
Grand Total	\$400,237	\$463,636	\$387,429	\$417,095	\$463,302	\$392,606	\$432,232	\$406,034	\$381,315	\$422,120	\$416,430	\$413,734	\$480,911	\$441,919	\$482,525	\$6,401,526

TENNESSE AMERICAN
15 MONTHS ENDED MARCH 2008
CONSUMER ADVOCATE QUESTION 33 & 36
CAPITAL ONLY
NARUC Account 634 "Contractual Services - Management Fees" for O&M
NARUC Account 100 "Utility Plant" for CAPITAL

Call Center	\$56	\$12	\$4	\$13	\$8	\$0	\$15	\$13	\$15	\$0	\$1	\$2	\$0	\$28	\$6	\$29
Central Region	\$3,052	\$8,214	\$9,303	\$5,098	\$6,773	\$4,164	\$5,507	\$6,768	\$3,984	\$4,488	\$4,291	\$7,206	\$12,022	\$6,569	\$7,474	\$94,914
Corporate	\$1,306	\$3,888	\$967	\$3,159	\$2,644	\$693	\$14	\$1,113	\$607	\$602	\$439	\$806	\$2,703	\$2,703	\$1,247	\$20,187
ITS	\$3,001	\$1,214	\$1,798	\$1,842	\$1,283	\$1,612	\$1,848	\$1,654	\$1,115	\$1,666	\$1,256	\$3,268	\$4,445	\$4,468	\$9,763	\$40,233
Northeast Region	\$8,774	\$6,288	\$2,813	\$655	\$421	\$693	\$693	\$421	\$693	\$693	\$6318	\$6,318	\$17,381	\$3,946	\$2,508	\$49,796
Shared Services	\$11,685	\$6,851	\$7,961	\$8,047	\$9,204	\$9,204	\$8,376	\$9,187	\$6,708	\$7,485	\$7,169	\$406	\$920	\$801	\$937	\$96,038
Southeast Region	\$1,771	\$3,453	\$2,377	\$2,794	\$2,600	\$2,844	\$3,866	\$2,845	\$2,652	\$2,754	\$3,133	\$4,549	\$2,332	\$4,092	\$4,276	\$46,338
Supply Chain	\$20,870	\$32,406	\$28,698	\$23,766	\$23,610	\$18,518	\$20,266	\$21,579	\$15,501	\$17,699	\$16,289	\$22,554	\$37,101	\$22,621	\$26,211	\$347,689
Grand Total																

TENNESSE AMERICAN
15 MONTHS ENDED MARCH 2008
CONSUMER ADVOCATE QUESTION 33 & 36
Operations and Maintenance ONLY
NARUC Account 634 "Contractual Services - Management Fees" for O&M
NARUC Account 100 "Utility Plant" for CAPITAL

Belleville Lab	\$6,836	\$10,845	\$8,828	\$10,505	\$10,244	\$8,050	\$9,511	\$9,101	\$8,349	\$10,148	\$8,173	\$8,437	\$8,984	\$10,259	\$13,829	\$142,098
Call Center	\$85,642	\$85,531	\$82,015	\$88,217	\$90,442	\$85,242	\$83,360	\$89,921	\$78,455	\$81,008	\$81,416	\$78,594	\$93,090	\$87,637	\$91,601	\$1,282,171
Central Region	\$365	\$760	\$2,660	\$489	\$782	\$601	\$831	\$610	\$867	\$687	\$584	\$1,084	\$797	\$696	\$1,011	\$12,825
Corporate	\$123,425	\$135,836	\$78,886	\$110,963	\$152,758	\$124,513	\$149,187	\$123,719	\$154,429	\$133,191	\$144,201	\$129,844	\$143,149	\$124,587	\$135,984	\$1,964,671
ITS	\$42,176	\$53,807	\$46,627	\$49,211	\$53,237	\$46,927	\$45,520	\$44,064	\$43,397	\$50,741	\$47,890	\$67,390	\$57,702	\$59,099	\$61,143	\$768,930
Northeast Region	\$773	\$464	\$611	\$762	\$425	\$778	\$3,316	\$2,787	\$3,201	\$4,337	\$3,001	\$4,435	\$892	\$478	\$991	\$27,251
Shared Services	\$26,646	\$28,719	\$27,721	\$25,921	\$31,903	\$26,702	\$25,703	\$29,983	\$26,090	\$29,608	\$27,867	\$29,641	\$29,301	\$31,203	\$31,186	\$428,193
Southeast Region	\$88,495	\$111,611	\$109,345	\$101,996	\$94,382	\$76,714	\$90,851	\$79,248	\$47,047	\$89,344	\$81,902	\$67,024	\$105,131	\$101,222	\$115,609	\$1,359,921
Supply Chain	\$4,875	\$3,492	\$1,885	\$4,328	\$4,877	\$4,589	\$3,593	\$4,898	\$3,965	\$4,988	\$4,841	\$4,161	\$4,538	\$4,297	\$4,658	\$63,984
Western Region	\$134	\$166	\$154	\$936	\$641	(\$26)	\$96	\$124	\$14	\$369	\$265	\$570	\$226	(\$177)	\$302	\$3,792
Grand Total	\$379,366	\$431,231	\$358,731	\$393,329	\$439,692	\$374,089	\$411,966	\$384,455	\$365,815	\$404,421	\$400,140	\$391,181	\$443,810	\$419,298	\$456,314	\$6,053,838

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller/John Watson

Question:

9. **Identify** for each month beginning January 1, 2001, the total number of service call received by **TAWC** and a breakdown of calls by type and **identify** the reasons for changes in the volume of service calls from one annual period to another, including, without limitation, the changes in the volume of service calls from 2005 to 2006.

Response:

The Company objects to this question on the grounds that the requested information is over broad, unduly burdensome, not readily available in the requested format and not available for a portion of the period requested. Further, the Company objects to the relevancy of the request to the current proceeding in regards to the complete seven year period requested.

Subject to and without waiving its objections, the Company does not have and cannot produce the information requested for the periods prior to July 2003, but see the attached documents. Those attachments include service metric reports provided to the TRA and the CAPD beginning with 2005. The service orders on this report relate to the total of actual service orders worked in the field. Also attached is a report for service orders generated from July 2003 through December 2007. This report is based on service orders issued. There are differences between the service orders issued to the field and the number worked by the field due to cancelation of service orders, particularly related to non-pay orders where the customer pays the bill prior to working of the order.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

The following are the primary reasons for the change in the number of the service orders from year to year.

2005-2004

- Increase in number of meter re-read orders, primarily related to increased staffing and priority of work.
- Increase in number of periodic meter change orders – increased emphasis on this area
- Increase in number of shut-off for non-pay orders – increased emphasis on this area including hiring of employees to accomplish this work.
- Increase in the number or remove meter orders related to the increase in collection efforts.

2006-2005

- Increase in the number of periodic meter change orders – additional emphasis on this area including hiring additional employees to accomplish this work.
- Increase in number of shut-off for non-pay orders – continue increase in emphasis on this area.
- Increase in turn-on of service for non-pay orders – related to increased collection efforts.
- Increase in number of zero usage orders – emphasis on stopped meters.

2007-2006

- Increase in meter change orders – continue emphasis on changing or testing meters based on length of service.
- Increase in zero usage order – continued emphasis on replacing stopped meters.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

10. **Identify** all amount paid by **TAWC** since January 1, 2003, to any **TAWC Parent or Affiliate**, and provide the information as to each such amount in the following format:

Payment Date	Amount of Payment	Purpose of Payment	If Payment for Services, Amount of Time Reflected in Charge	Hourly Rate Charge	If for Equipment or Materials, Description of Each Piece of Equipment or Material	Unit Charge for Each Piece of Equipment or Material	Agreement Under Which Provided (89 Service Agreement or Other)

Response:

The Company objects to this question on the grounds that it is unduly burdensome, requests information neither readily available nor in the format requested, and in part is not relevant to the current proceeding.

The exact same request was served on the Company in case number 06-00290, COC, Question 18. In that case, the Company provided data from 2005-2006 because a change in software made prior data unavailable. That obstacle has not changed. In addition to seeking unavailable data, the COC's request is unduly burdensome because the COC's request involves a voluminous amount of data, which was already provided to the COC in the previous case, which would be extremely costly and unnecessary to reproduce especially if the COC still have those responses. If the COC did not retain copies of the information from 2005-2006, the Company would suggest the COC should bear the cost of obtaining and copying that information from the official TRA files.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Subject to and without waiving its objections, the Company is providing two files formatted in accordance with the Company's previous response. The summary of the 2007 AWWSC bills to TAWC are included on the CD provided with these responses, labeled as "TN-COC-01-Q010-attachment 1." The Company is also providing the 2007 monthly recap of AWWSC charges by department, employee number, billed hours, pay rate and total labor charges. The 2007 monthly AWWC recaps are included on the CD provided with these responses, labeled as "TN-COC-01-Q010-attachment 2."

Also see the response to TRA-DR1-Question 14, which provides additional information about payments to AWWSC and other affiliated AWW subsidiaries.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller/John Watson/Sheila Miller

Question:

11. Provide all ***Documents*** reflecting, recording, referring to, reporting, or relating to listings and comparisons of detailed monthly and year-to-date budgets to actual expenses incurred for the period January 1, 1998, through December 31, 2007.

Response:

The Company objects to this question on the grounds that the request is unduly burdensome and irrelevant to this proceeding to the extent that it seeks historical data from the past 10 years. The Company has already provided extensive data in this case for the historical test-year and attrition year set forth in the petition. Furthermore, the Company's data has been through extensive review before the TRA in numerous rate proceedings over the years.

Subject to and without waiving these objections, the Company's attaches monthly Income Statements for TAWC that compare actual to budget results for 2006, 2007 and through March 31, 2008

Tennessee-American Water Co.

Description	January Actual	January Plan	January Variance	Yr to Date January Actual	Yr to Date January Plan	Yr to Date January Variance	Yr to Date January Prior Year	Annual Forecast
1 OPERATING REVENUES								
2 Water	2,407,273	2,628,200	220,927-	2,407,273	2,628,200	220,927-	2,535,764	32,956,100
3 Sewer								
4 Other	64,656	103,590	38,934-	64,656	103,590	38,934-	97,856	1,243,080
5 Management								
6 Total Revenues	2,471,929	2,731,790	259,861-	2,471,929	2,731,790	259,861-	2,633,628	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE								
8 Labor	364,244	339,501	24,743	364,244	339,501	24,743	284,262	4,062,813
9 Purchased Water	2,524	5,524	3,000-	2,524	5,524	3,000-	5,148	49,590
10 Fuel & Power	124,763	131,507	6,744-	124,763	131,507	6,744-	39,437	1,576,142
11 Chemicals	80,508	61,750	18,738	80,508	61,770	18,738	51,367	817,449
12 Waste Disposal	11,284	11,754	470-	11,284	11,754	470-	11,176	146,363
13 Management Fees	213,769	351,603	139,643-	213,769	351,603	139,643-	411,011	4,045,814
14 Group Insurance	123,769	131,937	8,168-	123,769	131,937	8,168-	114,032	1,569,840
15 Pensions	32,593	116,365	83,772-	32,593	116,365	83,772-	10,553	1,396,380
16 Regulatory Expense	24,326	23,407	929	24,326	23,407	929	14,067	213,119
17 Insurance Other Than Group	38,829	43,000	6,071-	38,829	43,000	6,071-	48,280	516,000
18 Customer Accounting	48,329	74,092	25,095-	48,329	74,092	25,095-	63,488	881,579
19 Rents	3,329	3,187	142	3,329	3,187	142	4,562	37,175
20 General Office Expense	11,888	17,240	5,352-	11,888	17,240	5,352-	20,066	226,793
21 Miscellaneous	155,587	122,308	33,279	155,587	122,308	33,279	110,767	1,507,665
25 Other Maintenance	93,963	45,025	48,938	93,963	45,025	48,938	10,673	694,456
Total Maintenance & Operations Expense	1,332,604	1,478,520	145,916-	1,332,604	1,478,520	145,916-	1,198,889	17,741,178
27 Depreciation	342,369	375,296	32,927-	342,369	375,296	32,927-	271,848	4,581,408
28 Amortization	10,148	10,148		10,148	10,148		10,050	121,776
29 General Taxes	315,936	290,914	24,932	315,936	290,914	24,932	318,322	3,435,576
30 State Income Taxes	14,323	20,933	6,610-	14,323	20,933	6,610-	38,130	291,530
31 Federal Income Taxes	79,503	128,283	48,780-	79,503	128,283	48,780-	211,843	1,970,686
32 Tax Savings Acquisition Adjustment								
33 Total Operating Expenses	2,094,793	2,304,094	209,301-	2,094,793	2,304,094	209,301-	2,049,082	28,142,154
34 Utility Operating Income	377,136	427,696	50,560-	377,136	427,696	50,560-	584,546	6,057,026
35 OTHER INCOME & DEDUCTIONS								
36 Non-Operating Rental Income								
37 Dividend Income-Common								
38 Dividend Income-Preferred								
39 Interest Income								
40 AFUDC Equity	2,243		2,243	2,243		2,243	5,260	18,807
42 M & J Miscellaneous Income	1,074		1,074	1,074		1,074	748-	
43 Gain(Loss) on Disposition							16,127-	
45 Total Other Income	3,317		3,317	3,317		3,317	11,615-	18,807
46 Miscellaneous Amortization								
47 Tax Savings Acquisition Adjustment								
48 Misc. Other Deductions								
49 General Taxes								
50 State Income Taxes								
51 Federal Income Taxes								
52 Total Other Deductions								
53 Total Other Income								
54 Income Before Interest Charges								
55 INTEREST CHARGES								
56 Interest on Long-Term Debt	207,010	205,529	1,481	207,010	205,529	1,481	228,285	2,859,199
57 Amortization and Debt Expense	1,354	1,355	1-	1,354	1,355	1-	1,504	16,281
58 Interest-Short Term Bank Debt	49,067	33,564	15,503	49,067	33,564	15,503	9,575	175,174
59 Other Interest Expense								
60 AFUDC-Debt	828-		828-				3,141-	8,882-
61 Total Interest Charges	256,603	240,448	16,155	256,603	240,448	16,155	236,223	3,041,772
62 Net Income	123,558	106,943	63,385-	123,558	106,943	63,385-	336,821	3,009,911
64 Preferred Dividend Declared	5,759	5,759		5,759	5,759		5,890	69,108
65 Net Income to Common Stock	117,799	101,184	63,385-	117,799	101,184	63,385-	330,931	2,940,803

Tennessee-American Water Co.

American Water Work: any
Tennessee-American Wa -o 26
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 02/17/2006

Description		February Actual	February Plan	February Variance	February Prior Year	Yr to Date February Actual	Yr to Date February Plan	Yr to Date February Variance	Yr to Date February Prior Year	Annual Forecast
1 OPERATING REVENUES		2,320,506	2,463,400	142,894-	2,020,834	4,727,779	5,091,600	363,821-	4,556,598	32,956,100
2 Water					8				15	
3 Sewer		79,280	103,590	24,310-	93,669	143,936	207,180	63,244-	191,525	1,243,080
4 Other										
5 Management										
6 Total Revenues		2,399,786	2,566,990	167,204-	2,114,511	4,871,715	5,298,780	427,065-	4,748,138	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE										
8 Labor		297,864	307,400	9,536-	293,478	662,108	646,901	15,207	577,740	4,062,813
9 Purchased Water		10,042	12,958	2,916-	4,377	12,566	9,482	3,084	9,525	2,590
10 Fuel & Power		150,101	117,336	32,765	126,301	274,864	248,943	25,921	165,738	1,576,142
11 Chemicals		74,009	60,049	13,960	66,105	154,517	121,819	32,698	117,472	816,449
12 Waste Disposal		10,525	11,593	1,068-	10,740	21,810	23,347	1,537-	21,916	117,353
13 Management Fees		350,143	315,122	35,021	129,070	562,103	666,725	104,622-	540,081	4,046,852
14 Group Insurance		120,779	125,988	5,209-	140,053	250,487	257,825	7,338-	254,085	1,565,840
15 Pensions		164,061	116,365	47,696	11,539	196,654	232,730	36,076-	1,396,380	1,396,380
16 Regulatory Expense		24,336	23,407	929	14,067	48,673	46,814	1,859	22,092	1,119
17 Insurance Other Than Group		51,076	43,000	8,071	33,953	88,000	86,000	2,000	82,233	516,000
18 Customer Accounting		89,359	73,342	15,017	119,912	137,357	147,434	10,077-	183,399	884,579
19 Rents		3,605	2,847	758	3,643	6,924	6,334	590	8,206	37,125
20 General Office Expense		53,692	9,656	43,945	280,609	65,528	16,936	48,592	300,675	205,782
21 Miscellaneous		111,496	95,223	16,073	129,466	266,883	206,531	60,352	240,233	1,442,665
25 Other Maintenance		88,314	50,348	37,966	52,555	182,277	95,373	86,904	63,228	694,456
Total Maintenance & Operations Expense		1,598,146	1,355,674	242,472	1,415,868	2,930,751	2,813,194	117,557	2,614,757	17,655,178
27 Depreciation		346,449	377,898	31,449-	429,080	688,818	753,194	64,376-	700,928	4,581,408
28 Amortization		10,146	10,148	20,296	10,050	20,296	20,296		20,100	121,776
29 General Taxes		247,883	286,349	38,486-	291,598	563,729	577,283	13,554-	609,919	3,435,576
30 State Income Taxes		3,898	11,205	15,104-	16,954-	10,425	32,138	21,713-	21,175	291,530
31 Federal Income Taxes		21,650-	103,556	125,206-	88,368-	57,853	231,839	173,986-	123,475	1,970,686
32 Tax Savings Acquisition Adjustment										
33 Total Operating Expenses		2,177,077	2,144,850	32,227	2,041,274	4,271,872	4,427,944	156,072-	4,090,354	28,056,154
34 Utility Operating Income		222,709	422,140	199,431-	73,237	599,843	870,836	270,993-	657,784	6,143,026
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred										
39 Interest Income										
40 AFUDC Equity		4,305		4,305	7,385	6,548		6,548	12,644	18,807
42 M & J Miscellaneous Income		134-		134-	3,506	940		940	2,758	
43 Gain(Loss) on Disposition									16,127-	
45 Total Other Income		4,171		4,171	10,891	7,488		7,488	725-	18,807
46 Miscellaneous Amortization										
47 Tax Savings Acquisition Adjustment										
48 Misc. Other Deductions		10,253	500	9,753	6,188	10,753	1,000	9,753	6,259	38,000
49 General Taxes		33-	30-	3-	66-	66-	60-	6-	6-	2,136-
50 State Income Taxes		175-	163-	10-	350-	350-	330-	20-	20-	11,714-
51 Federal Income Taxes										
52 Total Other Deductions		10,045	305	9,740	442	10,337	610	9,727	328	24,150
53 Total Other Income		5,874	303-	5,569-	10,449	2,849-	610-	2,239-	1,053-	5,343-
54 Income Before Interest Charges		216,835	421,835	205,000-	83,686	596,994	870,226	273,232-	656,731	6,137,683
55 INTEREST CHARGES										
56 Interest on Long-Term Debt		203,979	205,460	1,481-	228,285	410,989	410,989		456,570	2,859,199
57 Amortization and Debt Expense		1,354	1,355	1-	1,504	2,707	2,710	3-	3,009	16,281
58 Interest-Short Term Bank Debt		47,523	36,054	11,469	8,074	96,590	69,618	26,972	17,649	175,174
59 Other Interest Expense										
60 AFUDC-Debt		2,027-		2,027-	4,409-	2,855-		2,855-	7,550-	8,882-
61 Total Interest Charges		250,829	242,869	7,960	233,454	507,431	483,317	24,114	469,678	3,041,772
62 Net Income		33,994	178,966	212,960-	149,768	89,563	366,909	297,346-	187,053	3,085,911
64 Preferred Dividend Declared		5,759	5,759		5,759	11,518	11,518		11,780	69,108
65 Net Income to Common Stock		39,753-	173,207	212,960-	155,656-	78,045	375,391	297,346-	175,273	3,026,803

Tennessee-American Water Co.

	Description	March Actual	March Plan	March Variance	Yr to Date March Actual	Yr to Date March Plan	Yr to Date March Variance	Yr to Date March Prior Year	Annual Forecast
1	OPERATING REVENUES								
2	Water	2,287,702	2,506,000	218,298-	7,015,481	7,597,600	582,119-	7,059,134	32,956,100
3	Sewer				10			25	
4	Other	156,834	103,590	53,244	300,770	310,770	10,000-	294,214	1,243,080
5	Management								
6	Total Revenues	2,444,536	2,609,590	165,054-	7,316,251	7,908,370	592,119-	7,353,373	34,199,180
7	OPERATIONS & MAINTENANCE EXPENSE								
8	Labor	337,722	350,290	12,568-	999,830	997,191	2,639	892,589	4,062,813
9	Purchased Water	4,676	4,062	614	17,242	13,544	3,698	14,003	49,590
10	Fuel & Power	179,685	128,410	51,275	454,549	377,353	77,196	279,348	1,576,142
11	Chemicals	64,075	64,075	21,799-	215,793	185,894	29,899	176,879	817,449
12	Waste Disposal	12,120	12,092	28	33,930	35,439	1,509-	45,531	146,363
13	Management Fees	329,651	350,401	20,750-	891,754	1,017,126	125,372-	818,432	4,045,814
14	Group Insurance	128,960	132,690	3,730-	379,447	390,515	11,068-	381,223	1,569,840
15	Pensions	76,344	116,365	40,021-	272,998	349,095	76,097-	81,768	1,396,380
16	Regulatory Expense	24,336	23,407	929	73,009	70,221	2,788	42,200	213,119
17	Insurance Other Than Group	40,294	43,000	2,706-	128,294	129,000	706-	124,234	516,000
18	Customer Accounting	89,814	73,192	16,622	227,171	220,626	6,545	260,847	881,579
19	Rents	3,472	3,687	215-	10,396	10,021	375	11,698	37,175
20	General Office Expense	43,403	22,644	20,759	108,931	59,580	49,351	320,665	226,793
21	Miscellaneous	120,349	128,724	8,375-	387,232	357,255	29,977	413,417	1,507,665
25	Other Maintenance	81,177	53,857	27,320	263,454	149,230	114,224	193,961	694,456
	Total Maintenance & Operations Expense	1,533,279	1,506,896	26,383	4,464,030	4,362,090	101,940	4,056,795	17,741,178
27	Depreciation	341,603	378,654	37,051-	1,030,421	1,131,848	101,427-	923,796	4,581,408
28	Amortization	10,148	10,148		30,444	30,444		30,444	121,776
29	General Taxes	279,149	289,198	10,049-	842,878	866,481	23,603-	447,781	3,435,576
30	State Income Taxes	1,200	5,575	4,375-	11,625	37,713	26,088-	78,566	291,530
31	Federal Income Taxes	6,659	61,720	55,061-	64,512	293,559	229,047-	435,908	1,970,686
32	Tax Savings Acquisition Adjustment								
33	Total Operating Expenses	2,172,038	2,252,191	80,153-	1,882,937	6,722,135	278,225-	5,973,290	28,142,154
34	Utility Operating Income	272,498	357,399	84,901-	872,341	1,186,235	313,894-	1,380,083	6,057,026
35	OTHER INCOME & DEDUCTIONS								
36	Non-Operating Rental Income								
37	Dividend Income-Common								
38	Dividend Income-Preferred								
39	Interest Income								
40	AFUDC Equity	4,831	76	4,755	11,379	76	11,303	19,537	18,807
42	M & J Miscellaneous Income	608		608	1,548		1,548	7,721	
43	Gain(Loss) on Disposition							16,127-	
45	Total Other Income	5,439	76	5,363	12,927	76	12,851	11,131	18,807
46	Miscellaneous Amortization								
47	Tax Savings Acquisition Adjustment								
48	Misc. Other Deductions	9,188	7,000	2,188	19,941	8,000	11,941	11,559	38,000
49	General Taxes	32-	384-	352	98-	444-	346	1,276-	2,136-
50	State Income Taxes	175-	2,106-	1,931	525-	2,436-	1,911	6,870-	11,714-
51	Federal Income Taxes								
52	Total Other Deductions	8,981	4,510	4,471	19,318	5,120	14,198	3,413	24,150
53	Total Other Income	3,542-	4,434-	892	6,391-	5,044-	1,347-	7,718	5,343-
54	Income Before Interest Charges	268,956	352,965	84,009-	865,950	1,181,191	315,241-	1,387,801	6,051,683
55	INTEREST CHARGES								
56	Interest on Long-Term Debt	205,391	245,141	39,750-	616,380	656,130	39,750-	684,683	2,859,199
57	Amortization and Debt Expense	1,354	1,355	1-	4,061	4,065	4-	4,513	16,281
58	Interest-Short Term Bank Debt	54,280	23,420	30,860	150,870	93,038	57,832	29,051	175,174
59	Other Interest Expense								
60	AFUDC-Debt	2,168-	36-	2,132-	5,645-	36-	4,986-	13,194-	8,082-
61	Total Interest Charges	258,857	269,880	11,023-	766,289	753,197	13,092	705,053	3,041,772
62	Net Income	10,099	83,085	72,986-	99,661	427,994	328,333-	682,748	3,009,911
64	Preferred Dividend Declared	5,759	5,759		17,276	17,277	1-	17,670	69,108
65	Net Income to Common Stock	4,340	77,326	72,986-	82,385	410,717	328,333-	665,078	2,940,803

Tennessee-American Water Co.

Description		April Actual	April Plan	April Variance	April Prior Year	Yr to Date April Actual	Yr to Date April Plan	Yr to Date April Variance	Yr to Date April Prior Year	Annual Forecast
1 OPERATING REVENUES		2,657,155	2,720,300	71,145-	2,356,708	9,672,637	10,325,900	653,263-	9,415,842	32,956,100
2 Water		109,108	103,590	5,518	94,882	409,878	414,360	4,482-	389,095	1,243,080
3 Sewer										
4 Other										
5 Management										
6 Total Revenues		2,766,263	2,831,890	65,627-	2,451,590	10,082,515	10,740,260	657,745-	9,804,962	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE										
8 Labor		304,400	313,310	8,910-	310,278	1,304,231	1,310,501	6,270-	1,202,867	4,062,813
9 Purchased Water		2,492	3,958	1,466-	3,474	19,734	17,502	2,232	17,477	49,590
10 Fuel & Power		147,525	122,414	25,111	121,310	602,074	499,767	102,307	400,658	1,576,142
11 General Disposal		78,317	65,957	12,360	65,124	294,110	42,259	242,003	817,449	1,463,363
12 Waste Disposal		8,857	12,450	3,593-	11,807	42,787	47,889	5,102-	57,339	146,363
13 Waste Disposal Fees		317,281	344,003	26,722-	307,726	1,361,129	1,361,129	152,094-	1,126,159	4,045,814
14 Group Insurance		125,161	126,029	868-	134,634	504,608	516,534	11,936-	515,857	1,569,840
15 Pensions		90,097	116,365	26,268-	26,976	363,095	465,460	102,365-	108,744	1,396,380
16 Regulatory Expense		24,336	23,407	929	32,667	97,345	93,628	3,717	74,868	213,119
17 Insurance Other Than Group		97,976	43,000	54,976	40,194	226,270	172,000	164,429	164,429	516,000
18 Customer Accounting		112,492	73,667	38,825	95,194	339,662	294,293	45,369	356,041	881,579
19 Rents		3,117	2,847	270	3,168	13,513	12,868	645	14,866	37,175
20 General Office Expense		15,004-	17,510	32,514-	253,387	93,927	77,090	16,837	574,053	226,793
21 Miscellaneous		153,844	134,784	19,060	541,076	492,039	49,037	548,086	1,507,665	1,507,665
22 Other Maintenance		101,501	53,517	47,984	83,672	364,956	202,747	162,209	277,633	694,456
Total Maintenance & Operations Expense		1,552,392	1,453,218	99,174	1,624,282	6,016,423	5,815,308	201,115	5,681,080	17,741,178
23 Depreciation		341,829	379,409	37,580-	313,453	1,372,250	1,511,257	139,007-	1,237,250	4,581,408
24 Amortization		10,148	10,148		40,592	40,592	40,592		40,592	121,776
25 General Taxes		311,476	283,466	28,010	293,500	1,154,354	1,149,947	4,407	741,281	3,435,576
26 State Income Taxes		20,117	27,755	7,638-	1,122-	31,742	65,468	33,726-	77,444	291,530
27 Federal Income Taxes		111,480	168,163	56,683-	6,231-	175,992	461,722	285,730-	429,677	1,970,686
32 Tax Savings Acquisition Adjustment										
33 Total Operating Expenses		2,347,442	2,322,159	25,283	2,234,030	8,791,353	9,044,294	252,941-	8,207,324	28,142,154
34 Utility Operating Income		418,821	509,731	90,910-	217,560	1,291,162	1,695,966	404,804-	1,597,638	6,057,026
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred										
39 Interest Income		4,041	288	3,753	9,504	15,421	364	15,057	29,041	18,807
40 APUDC Equity		1,818-		1,818-	3,115-	269-		269-	4,605	
42 M & J Miscellaneous Income										
43 Gain/Loss on Disposition										
45 Total Other Income		2,223	288	1,935	6,389	15,152	364	14,788	17,519	18,807
46 Miscellaneous Amortization										
47 Tax Savings Acquisition Adjustment										
48 Misc Other Deductions		2,300	2,000	300	1,438	22,241	10,000	12,241	12,997	38,000
49 General Taxes		1,195-	120-	1,075-	22-	1,293-	564-	729-	1,298-	2,136-
50 State Income Taxes		6,438-	658-	5,780-	118-	6,963-	3,094-	3,869-	6,988-	11,714-
51 Federal Income Taxes										
52 Total Other Deductions		5,333-	1,222	6,555-	1,298	13,985	6,342	7,643	4,711	24,150
53 Total Other Income		7,556	934-	8,490	5,091	1,167	5,978-	7,145	12,808	5,343-
54 Income Before Interest Charges		426,377	508,797	82,420-	222,651	1,292,329	1,689,988	397,659-	1,610,446	6,051,683
55 INTEREST CHARGES										
56 Interest on Long-Term Debt		205,321	245,071	39,750-	228,112	821,701	901,201	79,500-	912,795	2,859,199
57 Amortization and Debt Expense		1,354	1,355	1-	1,514	5,414	5,420	6-	6,018	16,281
58 Interest-Short Term Bank Debt		57,222	8,617	48,605	10,794	208,092	101,655	106,437	39,844	175,174
59 Other Interest Expense										
60 AFUDC-Debt		1,126-	136-	990-	7,658-	6,149-	172-	5,977-	20,852-	8,882-
61 Total Interest Charges		262,771	254,907	7,864	232,752	1,029,058	1,008,104	20,954	937,805	3,041,772
62 Net Income		163,606	253,890	90,284-	10,101-	261,271	681,884	418,613-	672,641	3,009,911
64 Preferred Dividend Declared		5,759	5,759		5,890	23,035	23,036	1-	23,560	69,108
65 Net Income to Common Stock		157,847	248,131	90,284-	15,991-	240,236	658,848	418,612-	649,081	2,940,803

83500 American Water Works Company
GL026ISNGP Tennessee-American Water-Co 26
0001R Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 05/26/2006

Tennessee-American Water Co.

Description	May Actual	May Plan	May Variance	Prior Year	Yr to Date Actual	Yr to Date May Plan	Yr to Date Variance	Yr to Date Prior Year	Annual Forecast
1 OPERATING REVENUES	2,246,924	2,613,900	366,976-	2,785,684	11,919,561	12,939,800	1,020,239-	12,201,527	32,956,100
2 Water								25	
3 Sewer	117,656	103,590	14,066	92,054	537,535	517,950	9,585	481,150	1,243,080
4 Other									
5 Management									
6 Total Revenues	2,364,580	2,717,490	352,910-	2,877,738	12,447,096	13,457,750	1,010,654-	12,682,702	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	326,175	348,325	22,150-	314,414	1,630,406	1,658,826	28,420-	1,517,281	4,062,813
9 Purchased Water	2,779	2,732	47	3,605	22,513	20,234	2,279	21,082	49,590
10 Fuel & Power	120,361	125,212	4,851-	143,628	722,434	624,979	97,455	544,287	1,576,142
11 Chemicals	91,063	75,952	15,111	68,116	305,173	327,803	22,630-	310,119	817,449
12 Waste Disposal	13,250	14,236	986-	12,204	56,037	62,135	6,098-	69,543	146,363
13 Management Fees	368,013	343,390	24,623	298,346	1,577,048	1,704,519	127,471-	1,424,505	4,045,814
14 Group Insurance	113,058	132,446	19,388-	132,767	617,666	648,990	31,324-	648,624	1,569,840
15 Pensions	83,387	116,365	32,978-	27,039	446,482	581,825	135,343-	135,783	1,396,380
16 Regulatory Expense	24,391	23,407	984	24,214	121,736	117,035	4,701	99,081	213,119
17 Insurance Other Than Group	42,309	43,000	691-	38,034	268,580	215,000	53,580	202,462	516,000
18 Customer Accounting	113,462	73,692	39,770	80,138	453,125	367,985	85,140	436,179	881,579
19 Rents	2,847	2,847		3,168	16,360	15,715	645	18,034	37,175
20 General Office Expense	13,746	18,854	5,108-	14,418	107,673	95,944	11,729	588,471	226,793
21 Miscellaneous	98,483	127,670	29,187-	153,741	639,559	619,709	19,850	701,827	1,507,665
25 Other Maintenance	82,020	82,306	286-	89,024	446,975	285,053	161,922	366,657	694,456
Total Maintenance & Operations Expense	1,495,344	1,530,434	35,090-	1,402,856	7,511,767	7,345,742	166,025	7,083,935	17,741,178
27 Depreciation	342,744	380,218	37,474-	314,320	1,714,594	1,891,475	176,881-	1,551,569	4,581,408
28 Amortization	70,148	10,148	60,000	10,148	50,741	50,741		50,741	121,776
29 Capital Taxes	292,871	286,105	6,766	167,560	1,447,225	1,436,052	11,173	908,841	3,435,576
30 State Income Taxes	1,758-	11,810	13,568-	49,045	29,284	77,278	47,294-	126,490	291,530
31 Federal Income Taxes	9,788-	98,311	108,099-	272,202	166,203	560,033	393,830-	701,879	1,970,686
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,129,561	2,317,026	187,465-	2,216,131	10,920,914	11,361,320	440,406-	10,423,455	28,142,154
34 Utility Operating Income	235,019	400,464	165,445-	661,607	1,526,182	2,096,430	570,248-	2,259,247	6,057,026
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income									
40 AFUDC Equity	4,239	152	4,087	11,459	19,660	516	19,144	40,500	18,807
42 M & J Miscellaneous Income	5,849		5,849	5,262-	5,580		5,580	657-	
43 Gain(loss)on Disposition								16,127-	
45 Total Other Income	10,088	152	9,936	6,197	25,240	516	24,724	23,716	18,807
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	1,000	1,000		250	23,241	11,000	12,241	13,247	38,000
49 General Taxes	201-	60-	141-	296-	1,494-	624-	870-	1,594-	2,136-
50 State Income Taxes	1,084	329-	755-	1,593-	8,047-	3,423-	4,624-	8,581-	11,714-
51 Federal Income Taxes									
52 Total Other Deductions	285-	611	896-	1,639-	13,700	6,953	6,747	3,072	24,150
53 Total Other Income	10,373	459-	10,832	7,836	11,540	6,437-	17,977	20,644	5,343-
54 Income Before Interest Charges	245,392	400,005	154,613-	669,443	1,537,722	2,089,993	552,271-	2,279,891	6,051,683
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	205,251	245,001	39,750-	228,499	1,026,953	1,146,202	119,249-	1,141,294	2,859,199
57 Amortization and Expense	1,354	1,355	1-	1,504	6,768	6,775	7-	7,522	16,281
58 Interest-Short Term Bank Debt	57,603	7,574	50,029	16,331	265,695	109,229	156,466	56,175	175,174
59 Other Interest Expense									
60 AFUDC-Debt	1,881-	72-	1,809-	7,525-	8,030-	244-	7,786-	28,377-	8,882-
61 Total Interest Charges	262,327	253,858	8,469	238,809	1,291,386	1,261,962	29,424	1,176,614	3,041,772
62 Net Income	16,935-	146,147	163,082-	430,634	246,336	828,031	581,695-	1,103,277	3,009,911
64 Preferred Dividend Declared	5,759	5,759		5,234	28,794	28,795	1-	28,794	69,108
65 Net Income to Common Stock	22,694-	140,388	163,082-	425,400	217,542	799,236	581,694-	1,074,483	2,940,803

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0001R Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 06/30/2006

Tennessee-American Water Co.

Description	June Actual	June Plan	June Variance	June Prior Year	Yr to Date Actual	Yr to Date June Plan	Yr to Date Variance	Yr to Date June Prior Year	Annual Forecast
1 OPERATING REVENUES	3,671,557	3,034,800	636,757	2,908,826	15,591,118	15,974,600	383,482-	15,110,353	32,956,100
2 Water	116,213	103,590	12,623	101,974	643,747	621,540	22,207	583,123	1,243,080
3 Sewer									
4 Other									
5 Management									
6 Total Revenues	3,787,770	3,138,390	649,380	3,010,800	16,234,865	16,596,140	361,275-	15,693,501	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	399,226	345,332	53,894	275,958	2,029,632	2,004,158	25,474	1,793,139	4,062,813
9 Purchased Water	4,062	3,675	387	3,797	26,575	23,909	2,666	24,879	89,590
10 Fuel & Power	168,306	144,046	24,260	115,718	890,740	769,025	121,715	660,005	1,576,142
11 Chemicals	106,638	73,016	33,622	83,177	491,810	400,839	90,971	393,296	917,449
12 Waste Disposal	16,194	12,438	3,756	19,090	72,231	74,563	2,332-	89,433	316,363
13 Management Fees	434,013	344,648	89,365	332,894	2,011,061	2,049,167	38,106-	1,757,399	4,045,834
14 Group Insurance	133,513	131,838	1,675	123,461	751,139	780,828	29,689-	772,085	1,569,840
15 Pensions	92,517	116,365	23,848-	22,352	539,000	698,190	159,190-	156,135	1,396,380
16 Regulatory Expense	24,341	23,407	934	24,333	146,077	140,442	5,635	123,414	313,119
17 Insurance Other Than Group	18,367	43,000	24,613-	39,126	286,967	258,000	28,967	241,589	516,000
18 Customer Accounting	115,672	73,267	46,405	82,757	572,797	441,252	131,545	518,936	861,579
19 Rents	3,462	3,756	294-	3,734	19,822	19,471	351	21,768	861,178
20 General Office Expense	127,150	22,894	4,296	16,968	134,863	118,838	16,025	605,439	326,793
21 Miscellaneous	163,701	127,674	36,027	155,949	803,259	747,383	55,876	857,776	1,507,685
25 Other Maintenance	111,072	61,185	49,887	77,219	558,047	346,238	211,809	443,875	694,456
Total Maintenance & Operations Expense	1,822,254	1,526,541	295,713	1,377,233	9,334,020	8,872,283	461,737	8,461,168	17,741,178
27 Depreciation	347,922	381,039	33,117-	313,406	2,062,916	2,272,514	209,598-	1,864,975	4,581,408
28 Amortization	20,146	10,148	60,889	10,148	60,889	60,888	1	1,864,975	4,581,408
29 General Taxes	291,358	285,876	6,053	286,161	1,739,153	1,721,928	17,225	1,195,002	3,435,576
30 State Income Taxes	66,808	37,309	29,499	51,691	96,792	114,587	17,795-	178,180	321,530
31 Federal Income Taxes	370,934	250,273	120,651	286,878	537,127	810,306	273,179-	988,757	1,970,686
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,909,985	2,491,186	418,799	2,325,517	13,830,897	13,852,506	21,609-	12,748,971	28,142,154
34 Utility Operating Income	877,785	647,204	230,581	685,283	2,403,968	2,743,634	339,666-	2,944,530	6,057,026
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	717	759	42-	12,328	20,377	1,275	19,102	52,828	18,807
40 AFUDC Equity	955		955-	3,376	4,625	4,625	2,719	2,719	
42 M & J Miscellaneous Income	2,000		2,000		2,000		2,000	16,127-	
43 Gain(Loss) on Disposition									
45 Total Other Income	1,782	759	1,003	15,704	27,002	1,275	25,727	39,420	18,807
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	3,938	7,000	3,062-		27,178	18,000	9,178	13,247	38,000
49 General Taxes	346	384-	38	358-	1,148-	1,008-	140-	1,952-	2,136-
50 State Income Taxes	1,866	2,106-	3,972	1,930-	6,181-	5,529-	652-	10,511-	11,714-
51 Federal Income Taxes									
52 Total Other Deductions	6,150	4,510	1,640	2,288-	19,849	11,463	8,386	784	24,150
53 Total Other Income	4,388-	3,751-	637-	17,992	7,153	10,188-	17,341	38,636	5,343-
54 Income Before Interest Charges	873,397	643,453	229,944	703,275	2,411,121	2,733,446	322,325-	2,983,166	6,051,683
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	205,181	244,930	39,749-	228,083	1,232,133	1,391,132	158,999-	1,369,377	2,859,199
57 Amortization and Debt Expense	1,354	1,355	1-	1,706	8,121	8,130	9-	9,228	16,281
58 Interest-Short Term Bank Debt	85,428	7,545	77,883	28,264	351,123	116,774	234,349	84,439	175,174
59 Other Interest Expense									
60 AFUDC-Debt	800	358-	1,158	8,227-	7,229-	602-	6,627-	36,604-	8,882-
61 Total Interest Charges	292,763	253,472	39,291	249,826	1,584,148	1,515,434	68,714	1,426,440	3,041,772
62 Net Income	580,634	389,981	190,653	453,449	826,973	1,218,012	391,039-	1,556,726	3,009,911
64 Preferred Dividend Declared	5,759	5,759		5,759	34,553	34,554	1-	34,553	69,108
65 Net Income to Common Stock	574,875	384,222	190,653	447,690	792,420	1,183,458	391,038-	1,522,173	2,940,803

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Tennessee-American Water Co.

	Description	July Actual	July Plan	July Variance	July Prior Year	Yr to Date Actual	Yr to Date July Plan	Yr to Date July Variance	Yr to Date July Prior Year	Annual Forecast
1	OPERATING REVENUES									
2	Water	2,602,261	2,765,900	163,639-	2,780,620	18,193,379	18,740,500	547,121-	17,890,973	32,956,100
3	Sewer	107,390	103,590	3,800	92,831	751,137	725,130	26,007	675,954	1,243,080
4	Other									
5	Management									
6	Total Revenues	2,709,651	2,869,490	159,839-	2,873,451	18,944,516	19,465,630	521,114-	18,566,952	34,199,180
7	OPERATIONS & MAINTENANCE EXPENSE									
8	Labor	335,248	328,715	6,533	314,200	2,364,880	2,332,873	32,007	2,107,339	4,062,813
9	Purchased Water	3,692	4,513	821-	5,001	30,266	28,422	1,844	29,880	431,590
10	Fuel & Power	355,132	138,929	216,203	160,602	1,245,872	907,954	337,918	820,607	1,576,142
11	Chemicals	95,094	75,960	19,134	81,504	586,904	476,779	110,125	474,800	817,449
12	Waste Disposal	17,640	11,704	5,936	28,591	89,872	86,267	3,605	117,772	146,363
13	Management Fees	323,985	326,572	2,587-	278,591	2,335,046	2,375,739	40,693-	2,035,990	4,045,814
14	Group Insurance	134,609	129,156	5,453	134,822	885,748	909,984	24,236-	906,907	1,562,840
15	Pensions	91,943	116,365	24,422-	28,769	630,943	814,555	183,612-	186,903	1,396,180
16	Regulatory Expense	24,341	23,407	934	24,336	170,418	163,849	6,569	147,750	213,119
17	Insurance Other Than Group	41,583	43,000	1,417-	41,637	328,550	301,000	27,550	283,226	516,000
18	Customer Accounting	121,087	73,217	47,870	82,506	693,883	514,469	179,414	601,442	861,579
19	Rents	3,017	2,847	170	3,168	22,839	22,318	521	24,936	37,175
20	General Office Expense	11,956	14,494	2,538-	12,182	146,820	133,332	13,488	617,621	226,793
21	Miscellaneous	133,803	115,383	18,420	133,233	937,062	862,766	74,296	991,010	1,507,665
22	Other Maintenance	86,632	57,084	29,548	83,405	644,678	403,322	241,356	527,281	694,456
	Total Maintenance & Operations Expense	1,779,762	1,461,346	318,416	1,412,295	11,113,781	10,333,629	780,152	9,873,464	17,741,178
27	Depreciation	534,197	381,860	152,337	314,569	2,597,113	2,654,374	57,261-	2,179,544	4,581,408
28	Amortization	10,148	10,148		10,148	71,037	71,037		71,037	121,776
29	General Taxes	280,723	284,645	3,922-	274,778	2,019,876	2,006,573	13,303	1,469,780	3,435,576
30	State Income Taxes	21,667-	24,783	46,450-	43,608	75,126	64,244-	10,882	221,788	291,530
31	Federal Income Taxes	67,264	177,119	109,855-	242,100	604,391	987,425	383,034-	1,230,856	1,970,686
32	Tax Savings Acquisition Adjustment									
33	Total Operating Expenses	2,650,427	2,339,901	310,526	2,227,498	16,481,324	16,192,407	288,917	15,046,471	28,142,154
34	Utility Operating Income	59,224	529,589	470,365-	575,953	2,463,192	3,273,223	810,031-	3,520,481	6,057,026
35	OTHER INCOME & DEDUCTIONS									
36	Non-Operating Rental Income									
37	Dividend Income-Common									
38	Dividend Income-Preferred									
39	Interest Income									
40	AFUDC Equity	5,432	348	5,084	14,112	25,808	1,623	24,185	66,940	18,807
41	M & J Miscellaneous Income	146-		146-	1,765-	2,000		2,000	4,479	954
42	M & J Miscellaneous Income									
43	Gain/Loss on Disposition									
44	Total Other Income	5,286	348	4,938	12,347	32,287	1,623	30,664	51,767	18,807
45	Miscellaneous Amortization									
46	Tax Savings Acquisition Adjustment									
47	Misc. Other Deductions	5,410	1,000	4,410	5,000	32,588	19,000	13,588	18,247	38,000
48	General Taxes	188-	60-	128-	219	1,336-	1,068-	268-	1,733-	2,136-
49	State Income Taxes	1,013-	329-	684-	1,182	7,194	5,858-	1,336-	9,329-	11,714-
50	Federal Income Taxes									
51	Total Other Deductions	4,209	611	3,598	6,401	24,058	12,074	11,984	7,185	24,150
52	Total Other Income	1,077	263-	1,340	5,946	8,229	10,451-	18,680	44,582	5,343-
53	Income Before Interest Charges	60,301	529,326	469,025-	581,899	2,471,421	3,262,772	791,351-	3,565,063	6,051,683
54	INTEREST CHARGES									
55	Interest on Long-Term Debt	196,125	244,859	48,734-	174,083	1,428,258	1,635,991	207,733-	1,543,460	2,859,199
56	Amortization and Debt Expense	1,354	1,356	2-	1,354	9,475	9,486	11-	10,581	16,281
57	Interest-Short Term Bank Debt	66,945	8,655	58,290	26,898	418,069	125,429	292,640	111,337	175,174
58	Other Interest Expense				1,858				1,858	
59	AFUDC-Debt	2,559-	164-	2,395-	9,441-	9,788-	766-	9,022-	46,045-	8,882-
60	Total Interest Charges	261,865	254,706	7,159	194,752	1,846,014	1,770,140	75,874	1,621,191	3,041,772
61	Net Income	201,564-	274,620	476,184-	387,147	625,407	1,492,632	867,225-	1,943,872	3,009,911
62	Preferred Dividend Declared	5,759	5,759		5,759	40,311	40,311		40,311	69,108
63	Net Income to Common Stock	207,323-	268,861	476,184-	381,388	585,096	1,452,319	867,223-	1,903,561	2,940,803

83500 American Water Works .ly 09/12/17
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TN08 Total Company (USGAAP)
Income Statement Month & YTD
For the period Ending 08/25/2006

Tennessee-American Water Co.

Description		August Actual	August Plan	August Variance	August Prior Year	Yr to Date Actual	Yr to Date August Plan	Yr to Date August Variance	Yr to Date August Prior Year	Annual Forecast
1 OPERATING REVENUES		2,936,063	2,953,300	17,237-	2,779,677	21,129,442	21,693,800	564,358-	20,670,650	32,956,100
2 Water										
3 Sewer										
4 Other		111,754	103,590	8,164	89,194	862,892	828,720	34,172	765,148	1,243,080
5 Management										
6 Total Revenues		3,047,817	3,056,890	9,073-	2,868,871	21,992,334	22,522,520	530,186-	21,435,823	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE										
8 Labor		318,357	356,617	38,260-	345,540	2,683,237	2,689,490	6,253-	2,452,879	4,062,813
9 Fuel		4,414	4,325	89	3,939	34,680	32,747	1,933	93,820	49,590
10 Fuel & Power		256,502	143,868	112,634	149,129	1,502,374	1,051,822	450,552	983,756	1,576,142
11 Chemicals		69,762	74,628	4,866-	95,394	656,666	551,407	105,259	170,134	817,449
12 Waste Disposal		10,768	11,835	1,067-	13,771	100,640	98,102	2,538	181,521	146,363
13 Management Fees		308,501	344,647	36,146-	315,806	2,643,547	2,720,386	76,839-	2,851,786	4,045,814
14 Group Insurance		129,278	133,437	4,159-	132,583	1,015,026	1,043,421	28,395-	1,039,490	1,569,840
15 Pensions		90,297	116,365	26,068-	27,225	721,240	930,920	209,680-	1,172,087	1,396,380
16 Regulatory Expense		10,788	9,854	934	24,336	181,206	173,703	7,503	213,119	37,175
17 Insurance Other Than Group		40,942	43,000	2,058-	40,533	369,492	344,000	25,492	323,759	881,579
18 Customer Accounting		71,269	73,242	1,973-	83,081	765,152	587,711	177,441	684,524	816,000
19 Rents		2,869	2,847	22	3,168	25,708	25,165	543	28,105	37,175
20 General Office Expense		73,390	20,434	52,956	14,433	220,209	153,766	66,443	632,053	226,793
21 Miscellaneous		156,462	164,616	8,154-	152,674	1,093,525	1,027,382	66,143	1,143,683	1,507,665
25 Other Maintenance		99,895	89,731	10,164	137,430	744,573	493,053	251,520	664,711	694,456
Total Maintenance & Operations Expense		1,643,494	1,589,446	54,048	1,539,042	12,757,275	11,923,075	834,200	11,412,508	17,741,178
27 Depreciation		346,418	382,681	36,263-	314,223	2,943,532	3,037,055	93,523-	2,493,767	4,581,408
28 Amortization		10,148	10,148		10,148	81,185	81,184	1	121,776	121,776
29 General Taxes		279,687	286,700	7,013-	275,687	2,299,563	2,293,273	6,290	1,745,489	3,435,576
30 State Income Taxes		32,495	31,881	614	33,208	107,621	171,251	63,630-	354,986	291,530
31 Federal Income Taxes		180,387	198,143	17,756-	184,272	784,778	1,185,568	400,790-	1,415,129	1,970,686
32 Tax Savings Acquisition										
33 Total Operating Expenses		2,492,629	2,498,999	6,370-	2,356,602	18,973,954	18,691,406	282,548	17,403,074	28,142,154
34 Utility Operating Income		555,188	557,891	2,703-	512,269	3,018,380	3,831,114	812,734-	4,032,749	6,057,026
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred										
39 Interest Income										
40 AFUDC Equity		7,513	1,862	5,651	13,960	33,322	3,485	29,837	80,900	18,807
42 M & J Miscellaneous Income		1,878-		1,878-	23	2,000		2,002	16,127-	
43 Gain/(Loss)on Disposition										
45 Total Other Income		5,635	1,862	3,773	13,983	37,924	3,485	34,439	65,750	18,807
46 Miscellaneous Amortization										
47 Tax Savings Acquisition										
48 Misc. Other Deductions			2,000-	2,000-	1,688	32,588	21,000	11,588	19,934	38,000
49 General Taxes			120-	120	439-	1,336-	1,188-	148	2,172-	2,136-
50 State Income Taxes			658-	658	2,368-	7,194-	6,516-	678-	11,697-	11,714-
51 Federal Income Taxes										
52 Total Other Deductions			1,222	1,222-	1,119-	24,058	13,296	10,762	6,065	24,150
53 Total Other Income		5,635	640	4,995	15,102	13,866	9,811-	23,677	59,685	5,343-
54 Income Before Interest Charges		560,823	558,531	2,292	527,371	3,032,246	3,821,303	789,057-	4,092,434	6,051,683
55 INTEREST CHARGES										
56 Interest on Long-Term Debt		214,022	244,788	30,766-	216,614	1,642,280	1,880,779	238,499-	1,760,072	2,859,189
57 Amortization and Debt Expense		1,354	1,357	3-	1,354	10,829	10,843	14-	11,935	16,281
58 Interest-Short Term Bank Debt		68,117	7,719	60,398	29,522	486,186	133,148	353,038	140,839	175,174
59 Other Interest Expense										
60 AFUDC-Debt		3,631-	879-	2,752-	9,591-	13,419-	1,645-	11,774-	55,636-	8,882-
61 Total Interest Charges		279,862	252,985	26,877	237,899	2,125,876	2,023,125	102,751	1,859,089	3,041,772
62 Net Income		280,961	305,546	24,585-	289,472	906,370	1,798,178	891,808-	2,233,345	3,009,911
64 Preferred Dividend Declared			5,759		5,759	46,070	46,072	2-	46,070	69,108
65 Net Income to Common Stock		275,202	299,787	24,585-	283,713	860,300	1,752,106	891,806-	2,187,275	2,940,803

83500 American Water Works Company
G0266ISAGP Tennessee-American Water-Co 26
000LR Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 09/29/2006

Tennessee-American Water Co.

	September Actual	September Plan	September Variance	September Prior Year	Yr to Date September Actual	Yr to Date September Plan	Yr to Date September Variance	Yr to Date September Prior Year	Annual Forecast
1 OPERATING REVENUES	3,645,735	2,939,800	705,935	2,459,136	24,775,177	24,633,600	141,577	23,129,786	32,956,100
2 Water	126,073	103,590	22,483	110,402	988,965	932,310	56,655	875,551	1,243,080
3 Sewer									
4 Other									
5 Management									
6 Total Revenues	3,771,808	3,043,390	728,418	2,569,538	25,764,142	25,565,910	198,232	24,005,362	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	422,484	328,870	93,614	331,928	3,105,721	3,018,360	87,361	2,784,807	4,062,813
9 Purchased Water	217,080	149,036	68,044	129,098	1,719,454	1,201,250	518,204	1,098,834	49,590
10 Fuel & Power	111,359	72,713	38,646	94,317	768,025	624,120	143,905	664,511	1,576,142
11 Chemicals	10,921	33,345	2,424	2,347	111,561	111,447	114	133,891	817,449
12 Waste Disposal	467,936	336,156	131,780	336,757	3,111,483	3,056,542	54,941	2,688,554	146,363
13 Management fees	114,139	128,496	14,357	136,366	1,171,917	1,171,917		1,175,840	4,045,814
14 Group Insurance	82,947	116,365	33,418	20,395	804,187	1,047,285	243,098	1,175,840	1,569,840
15 Pensions	5,625	9,854	4,229	24,336	186,831	183,557	3,274	196,423	1,396,380
16 Regulatory Expense	47,283	43,000	4,283	40,840	322,209	387,000	64,791	364,599	213,119
17 Insurance Other than Group	111,212	73,392	37,820	86,635	876,364	661,103	215,261	771,159	881,579
18 Customer Accounting	3,910	3,158	752	3,135	29,617	28,323	1,294	31,240	37,175
19 Rents	20,734	18,064	2,670	12,828	240,944	171,830	69,114	644,881	226,793
20 General Office Expense	147,499	124,826	22,671	184,249	1,241,024	1,152,210	88,814	1,327,932	1,507,665
21 Miscellaneous	147,703	55,949	91,754	47,771	892,277	549,002	343,275	712,481	694,456
25 Other Maintenance									
Total Maintenance & Operations Expense	1,820,100	1,478,654	341,446	1,463,713	14,577,375	13,401,729	1,175,646	12,876,221	17,741,178
27 Depreciation	350,634	383,572	32,938	322,266	3,294,166	3,420,637	126,461	2,816,033	4,581,408
28 Amortization	10,148	10,148		91,333	91,333			91,333	121,776
29 General Taxes	454,098	284,617	169,481	276,047	2,753,662	2,577,890	175,772	2,021,536	3,435,576
30 State Income Taxes	83,283	35,620	47,663	17,818	206,871	206,871		142,533	291,530
31 Federal Income Taxes	81,810	231,609	149,799	98,690	866,588	1,417,177	550,589	1,514,020	1,970,686
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,673,507	2,424,220	249,287	2,188,882	21,647,462	21,115,626	531,836	19,591,957	28,142,154
34 Utility Operating Income	1,098,301	619,170	479,131	380,656	4,116,680	4,450,284	333,604	4,413,405	6,057,026
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	10,475	1,692	8,783	12,209	43,797	5,177	38,620	93,109	18,807
40 AFUDC Equity	3,844		3,844	245	6,446		6,446	1,221	
42 M & J Miscellaneous Income					2,000		2,000	16,127	
43 Gain/Loss on Disposition									
45 Total Other Income	14,319	1,692	12,627	12,454	52,243	5,177	47,066	78,203	18,807
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment	181	7,500	7,319	8,394	32,769	28,500	4,269	28,329	38,000
48 Misc. Other Deductions									
49 General Taxes	483	414	69	108	1,819	1,602	217	1,278	2,136
50 State Income Taxes	2,601	2,270	331	582	9,795	8,786	1,009	12,279	11,714
51 Federal Income Taxes									
52 Total Other Deductions	2,903	4,816	7,719	7,704	21,155	18,112	3,043	13,770	24,150
53 Total Other Income	17,222	3,124	20,346	4,750	31,088	12,935	44,023	64,433	5,343
54 Income Before Interest Charges	1,115,523	616,046	499,477	385,406	4,147,768	4,437,349	289,581	4,477,838	6,051,683
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	204,965	244,715	39,750	206,513	1,847,245	2,125,494	278,249	1,966,586	2,859,199
57 Amortization and Debt	1,354	1,358	4	1,354	12,182	12,201	19	13,288	16,281
58 Interest-Short Term Bank Debt	79,905	10,085	69,820	29,407	566,091	143,233	422,858	170,266	175,174
59 Other Interest Expense								1,858	
60 AFUDC-Debt	4,932	799	4,133	8,310	18,351	2,444	15,907	63,947	8,882
61 Total Interest Charges	281,292	255,159	25,933	228,964	2,407,167	2,278,484	128,683	2,088,051	3,041,772
62 Net Income	834,231	360,887	473,344	156,442	1,740,601	2,158,865	418,264	2,389,787	3,009,911
64 Preferred Dividend Declared	5,759	5,759		51,829	51,829	51,831	2	51,829	69,108
65 Net Income to Common Stock	828,472	354,928	473,544	150,603	1,688,772	2,107,034	418,262	2,337,958	2,940,803

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Tennessee-American Water Co.

Description		October Actual	October Plan	October Variance	October Prior Year	Yr to Date October Actual	Yr to Date October Plan	Yr to Date October Variance	Yr to Date October Prior Year	Annual Forecast
1 OPERATING REVENUES		2,353,293	2,860,300	507,007-	2,716,287	27,128,470	27,493,900	365,430-	25,846,073	32,956,100
2 Water		110,378	103,590	6,788	91,363	1,099,343	1,035,900	63,443	966,913	1,243,080
3 Sewer										
4 Other										
5 Management										
6 TOTAL REVENUES		2,463,671	2,963,890	500,219-	2,807,650	28,227,813	28,529,800	301,987-	26,813,011	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE										
8 Labor		338,757	338,949	192-	302,533	3,444,478	3,357,309	87,169	3,087,339	4,062,813
9 Fuel		1,797	3,742	1,945-	4,838	40,311	41,525	1,214	43,359	49,590
10 Electric Power		167,249	132,056	35,193	153,595	1,886,703	1,333,306	552,397	1,252,429	1,576,142
11 Chemicals		78,847	65,933	12,914	62,284	846,872	690,953	155,919	726,795	817,449
12 Waste Disposal		10,914	12,309	1,395-	2,654	122,475	123,756	1,281	136,544	146,363
13 Management Fees		370,250	327,432	42,818	262,604	3,481,734	3,363,154	118,580	2,951,158	4,045,814
14 Group Insurance		136,868	131,234	5,634	133,182	1,266,033	1,303,151	37,118-	1,309,037	1,569,840
15 Pensions		93,541	116,365	22,824-	27,975	897,729	1,163,851	265,921-	270,498	1,396,380
16 Regulatory Expense		42,035	43,000	965-	24,336	197,347	193,411	3,936	220,759	213,119
17 Insurance Other Than Group		125,277	73,517	51,760	153,245	1,001,640	738,620	263,020	924,404	516,000
18 Customer Accounting		2,868	2,847	21	3,011	32,486	31,170	1,316	34,251	37,175
19 Rents		25,347	20,644	4,703	17,839	266,291	192,474	73,817	400,720	226,793
20 General Office Expense		166,440	123,049	43,391	180,279	1,407,465	1,275,459	132,006	1,508,211	1,507,665
21 Miscellaneous		58,156	49,855	8,301	121,534	950,432	598,857	351,575	694,456	694,456
25 Other Maintenance										
Total Maintenance & Operations Expense		1,628,863	1,450,786	178,077	1,490,641	16,206,239	14,852,515	1,353,724	14,104,860	17,743,178
26 Depreciation		341,789	384,616	42,827-	324,366	3,635,955	3,805,243	169,288-	3,140,399	4,581,408
28 Amortization		10,148	10,148		10,148	101,481	101,480	1	121,776	121,776
29 General Taxes		326,544	285,428	41,116	276,085	2,881,205	2,863,318	17,887	2,890,621	3,435,576
30 State Income Taxes		4,298	31,623	27,325-	32,238	68,635	238,494	169,859	305,052	291,530
31 Federal Income Taxes		289,093-	214,199	503,292-	178,865	899,495	1,631,376	731,881-	1,552,885	1,970,686
32 Tax Savings Acquisition Adjustment										
33 Total Operating Expenses		2,022,549	2,376,800	354,251-	2,312,143	23,793,010	23,492,426	300,584	22,095,298	28,142,154
34 Utility Operating Income		441,122	587,090	145,968-	495,307	4,434,803	5,037,374	602,571-	4,717,713	6,057,026
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred										
39 Interest Income										
40 AFUDC Equity		12,970	3,980	8,990	13,437	56,767	9,157	47,610	106,547	18,807
42 M & J Miscellaneous Income		3,470-		3,470-	1,752	2,976		2,976	3,473	
43 Gain/(Loss) on Disposition						2,000		2,000	16,127-	
45 Total Other Income		9,500	3,980	5,520	15,189	61,743	9,157	52,586	93,693	18,807
46 Miscellaneous Amortization										
47 Tax Savings Acquisition Adjustment										
48 Misc. Other Deductions		6,478	1,000	5,478	1,913	39,247	29,500	9,747	30,242	38,000
49 General Taxes										
50 State Income Taxes		1,088-	60-	1,148-	530-	2,021-	1,662-	359-	2,810-	2,136-
51 Federal Income Taxes			329-	759-	2,853-	10,883-	9,115-	1,768	15,132-	11,714-
52 Total Other Deductions		5,188	611	4,577	1,470	26,343	18,723	7,620	12,300	24,150
53 Total Other Income		4,312	3,369	943	16,659	35,400	9,566-	44,966	81,593	5,343-
54 Income Before Interest Charges		445,434	590,459	145,025-	511,966	4,470,203	5,027,808	557,605	4,799,306	6,051,683
55 INTEREST CHARGES										
56 Interest on Long-Term Debt		204,892	244,642	39,750-	206,441	2,052,137	2,370,136	317,999	2,173,027	2,859,199
57 Amortization and Debt Expense		1,354	1,354		1,354	13,536	13,560	24	14,642	16,281
58 Interest-Short Term Bank Debt		74,834	12,062	62,772	29,723	640,925	155,295	485,630	199,989	175,174
59 Other Interest Expense		131	1,880-	4,227-	3,266	131	131	5,124	5,124	
60 AFUDC-Debt		6,107-			8,914-	24,458-		20,134	72,860-	8,882-
61 Total Interest Charges		275,104	256,183	18,921	231,870	2,682,271	2,534,667	147,604	2,319,922	3,041,772
62 Net Income		170,330	334,276	163,946-	280,096	1,787,932	2,493,141	705,209	2,479,384	3,009,911
64 Preferred Dividend Declared		5,759	5,759		5,759	57,588	57,590	2	57,588	69,108
65 Net Income to Common Stock		164,571	328,517	163,946-	274,337	1,730,344	2,435,551	705,207	2,421,796	2,940,803

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American Water Work. Company
Tennessee-American Water-Co 26
Total Company (USGAAP)
Income Statement North & YTD
For the Period Ending 12/01/2006

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Tennessee-American Water Co.

Description	December Actual	December Plan	December Variance	December Prior Year	Yr to Date Actual	Yr to Date December Plan	Yr to Date December Variance	Yr to Date Prior Year	Annual Forecast
1 OPERATING REVENUES	3,006,432	2,709,300	297,132	2,611,236	30,134,902	30,203,200	68,298-	28,457,309	32,956,100
2 Water	189,393	103,590	85,803	84,276	1,288,736	1,139,490	149,246	1,051,130	1,243,080
3 Sewer									
4 Other									
5 Management									
6 Total Revenues	3,195,825	2,812,890	382,935	2,695,512	31,423,638	31,342,690	80,948	29,508,524	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	428,926	353,307	75,619	370,514	3,873,404	3,710,616	162,788	3,457,853	4,062,813
9 Purchased Water	9,717	3,312	6,405	3,499	50,028	44,837	5,191	46,868	49,590
10 Fuel & Power	176,319	127,950	48,369	165,510	2,063,023	1,461,256	601,767	1,417,939	1,575,142
11 Chemicals	97,469	64,151	33,318	94,348	754,342	474,138	280,204	780,219	817,449
12 Waste Disposal	12,816	11,399	1,417	311	135,291	135,155	135	136,855	146,363
13 Management Fees	375,740	329,594	46,146	309,879	3,857,474	3,713,568	143,906	3,261,037	4,045,814
14 Group Insurance	134,080	133,457	623	124,589	1,400,112	1,436,608	36,496-	1,433,626	1,569,840
15 Pensions	91,182	116,365	25,183-	22,264	988,911	1,280,015	291,104	392,761	1,396,300
16 Regulatory Expense	10,517	9,854	663	24,336	207,864	203,265	4,599	245,096	213,119
17 Insurance Other Than Group	44,856	43,000	1,856	39,219	409,100	473,000	63,900-	444,550	516,000
18 Customer Accounting	195,935	73,342	122,593	102,820	1,197,575	807,962	389,613	1,027,224	861,579
19 Rental Office Expense	2,868	2,847	21	2,890	35,354	34,017	1,337	37,175	37,175
20 Miscellaneous	19,622	16,714	2,908	33,049	285,913	209,108	76,805	433,770	226,793
21 Maintenance	187,297	123,243	64,054	141,433	1,594,762	1,398,502	196,260	1,649,644	1,507,665
22 Other Maintenance	74,165	37,395	36,770	84,984	1,024,598	636,252	388,346	918,999	694,456
Total Maintenance & Operations Expense	1,861,509	1,445,930	415,579	1,478,721	18,067,751	16,290,445	1,769,306	15,583,582	17,741,178
23 Depreciation	340,341	385,908	45,567-	328,876	3,976,296	4,191,151	214,855-	3,469,275	4,581,408
24 Amortization	10,148	10,148		10,148	111,629	111,628	1	121,776	121,776
25 General Taxes	299,365	286,246	13,119	272,626	3,180,570	3,149,564	31,006	3,163,247	3,435,576
30 State Income Taxes	19,990-	26,821	46,811-	25,122	48,645	265,315	216,670-	330,174	291,530
31 Federal Income Taxes	107,152	162,716	55,564-	139,448	1,006,647	1,794,092	787,445-	1,652,333	1,970,686
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,598,525	2,317,769	280,756	2,254,941	26,391,538	25,810,195	581,343	24,350,240	28,142,154
34 Utility Operating Income	597,300	495,121	102,179	440,571	5,032,100	5,532,495	500,395-	5,158,284	6,057,026
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	17,311	3,324	13,987	19,002	74,079	12,481	61,598	125,549	18,807
40 AFUDC Equity	1,237		1,237	7,608-	4,213	4,213	2,000	4,135-	4,135-
42 M & Miscellaneous Income					2,000			16,127-	
43 Gain/Loss on Disposition									
45 Total Other Income	18,548	3,324	15,224	11,394	80,292	12,481	67,811	105,287	18,807
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Miscellaneous Other Deductions	810	1,000	190-	2,875	40,057	30,500	9,557	33,117	38,000
49 General Taxes	202-	60-	142-	11-	2,223-	1,722-	501-	2,821-	2,136-
50 State Income Taxes	1,089-	329-	760-	57-	11,972-	9,444-	2,528-	15,189-	11,714-
51 Federal Income Taxes									
52 Total Other Deductions	481-	611	1,092-	2,807	25,862	19,334	6,528	15,107	24,150
53 Total Other Income	19,029	2,713	16,316	8,587	54,430	6,853-	61,283	90,180	5,343-
54 Income Before Interest Charges	616,329	497,834	118,495	449,158	5,086,530	5,525,642	439,112-	5,248,464	6,051,683
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	204,819	244,569	39,750-	206,832	2,256,956	2,614,705	357,749-	2,379,859	2,859,199
57 Amortization and Debt Expense	1,354	1,360	6-	1,354	14,889	14,920	31-	15,996	16,201
58 Interest-Short Term Bank Debt	85,425	9,874	75,551	31,612	726,349	165,169	561,180	231,601	175,174
59 Other Interest Expense	6,692-	1,570-	5,122-	11,966-	31,151-	5,894-	25,257-	84,826-	8,082-
60 AFUDC-Debt									
61 Total Interest Charges	286,026	254,233	31,793	227,841	2,960,294	2,788,900	179,394	2,547,763	3,041,772
62 Net Income	330,303	241,601	86,702	221,317	2,118,236	2,736,742	618,506-	2,700,701	3,009,911
64 Preferred Dividend Declared	3,759	5,759	63,346	5,759	63,346	63,346	3-	63,346	69,108
65 Net Income to Common Stock	324,544	237,842	86,702	215,558	2,054,890	2,673,393	618,503-	2,637,355	2,940,803

American Water Works
Tennessee-American Water Co. 26
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 12/31/2006

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Tennessee-American Water Co.

Description	December Actual	December Plan	December Variance	December Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date December Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	2,474,818	2,752,900	278,082-	2,880,554	32,609,719	32,956,100	346,381-	31,337,863	32,956,100
3 Sewer				1				25	
4 Other	100,579	103,590	3,011-	93,070	1,389,315	1,243,080	146,235	1,144,260	1,243,080
5 Management									
6 Total Revenues	2,575,397	2,856,490	281,093-	2,973,625	33,999,034	34,199,180	200,146-	32,482,148	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	383,124	352,197	30,927	307,530	4,256,528	4,062,813	193,715	3,765,383	4,062,813
9 Purchased Water	181,092	170,757	10,335	170,757	2,231,924	2,231,924		2,231,924	2,231,924
10 Fuel & Power	168,202	114,886	53,316	114,886	989,613	989,613		989,613	989,613
11 Chemicals	25,271	63,245	37,974-	55,180	17,974-	17,974-		17,974-	17,974-
12 Waste Disposal	45,026	11,208	33,818	24,295	156,389	146,363	10,026	146,363	146,363
13 Management Fees	15,934	33,246	17,312	49,159	4,312,528	4,045,814	266,714	3,752,617	4,045,814
14 Group Insurance	18,178	13,232	5,000	13,341	1,494,161	1,569,840	75,679-	1,569,840	1,569,840
15 Pensions	16,143	116,365	100,222-	25,528	1,048,064	1,396,380	348,316-	1,396,380	1,396,380
16 Regulatory Expense	10,517	9,854	663	24,336	218,381	213,119	5,262	213,119	213,119
17 Insurance Other Than Group	90,320	43,000	47,320	40,084	496,722	516,000	19,278-	484,633	516,000
18 Customer Accounting	108,783	73,617	35,166	120,375	1,304,538	881,579	422,959	1,147,599	881,579
19 Rents	4,120	3,158	962	2,847	37,474	37,474		37,474	37,474
20 General Office Expense	48,000	17,505	30,495	349,985	329,312	226,793	102,519	783,754	226,793
21 Miscellaneous	28,340	109,163	80,823-	203,516	1,893,871	1,507,665	386,206	1,853,160	1,507,665
25 Other Maintenance	128,208	58,204	70,002	77,292	1,152,804	694,456	458,348	996,291	694,456
Total Maintenance & Operations Expense	1,947,058	1,442,733	504,325	2,027,412	19,981,428	17,741,178	2,240,250	17,610,993	17,741,178
27 Depreciation	355,988	390,257	34,269-	348,708	4,332,284	4,581,408	249,124-	3,817,984	4,581,408
28 Amortization	10,148	10,148		10,148	121,777	121,777		121,777	121,777
29 General Taxes	286,185	286,012	173	479,337	3,466,755	3,435,576	31,179	3,642,584	3,435,576
30 State Income Taxes	104,139	26,215	77,924	245,812	152,784	291,530	138,746-	575,986	291,530
31 Federal Income Taxes	66,170	336,617	270,447-	286,610-	1,168,703	1,185,419	16,716-	1,405,723	1,185,419
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,769,688	2,491,982	277,706	2,824,807	29,223,731	27,356,887	1,866,844	27,175,047	27,356,887
34 Utility Operating Income	194,291-	364,508	558,799-	148,818	4,775,303	6,842,293	2,066,990-	5,307,101	6,842,293
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	4,943	6,326	1,383	31,220	4,943	18,807	13,864	156,769	18,807
40 AFUDC Equity	12,214		5,888	1,391-	86,293	2,593-	2,593-	5,526-	
42 M & J Miscellaneous Income	6,808-		6,808-		2,000		2,000	16,127-	
43 Gain(Loss)on Disposition									
45 Total Other Income	10,351	6,326	4,025	29,829	90,643	18,807	71,836	135,116	18,807
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	6,188	7,500	1,312-	6,500	46,244	38,000	8,244	39,617	38,000
49 General Taxes	501-	414-	87-	1,162-	2,724-	2,136-	588-	3,983-	2,136-
50 State Income Taxes	2,691-	2,270-	421-	6,256-	14,663-	11,714-	2,949-	21,445-	11,714-
51 Federal Income Taxes	2,996	4,816	1,820-	948-	28,857	24,150	4,707	14,189	24,150
52 Total Other Deductions	7,355	1,510	5,845	30,747	61,786	5,343-	67,129	120,927	5,343-
53 Total Other Income	186,936-	366,018	552,954-	179,565	4,837,089	6,836,950	1,999,861-	5,428,028	6,836,950
54 Income Before Interest Charges									
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	200,154	244,494	44,340-	205,597	2,457,110	2,859,199	402,089-	2,585,456	2,859,199
57 Amortization and Debt Expense	1,354	1,361	7-	1,354	16,243	16,281	38-	17,349	16,281
58 Interest-Short Term Bank Debt	95,089	10,005	85,084	54,499	821,438	175,174	646,264	286,100	175,174
59 Other Interest Expense	24,854	2,988-	21,866	26,105	26,105	5,133	21,000	5,133	5,133
60 AFUDC-Debt	5,817-		2,829-	13,862-	36,968-	8,882-	28,086-	98,688-	8,882-
61 Total Interest Charges	315,634	252,872	62,762	247,588	3,283,928	3,041,772	242,156	2,795,350	3,041,772
62 Net Income	502,570-	113,146	615,716-	68,023-	1,553,161	3,795,178	2,242,017-	2,632,678	3,795,178
64 Preferred Dividend Declared	5,584	5,759	175-	5,759	68,930	69,108	178-	69,108	69,108
65 Net Income to Common Stock	508,154-	107,387	615,541-	73,782-	1,484,231	3,726,070	2,241,839-	2,563,573	3,726,070

Tennessee-American Water Co.								
Description	January Actual	January Plan	January Variance	January Prior Year	Yr to Date January Actual	Yr to Date January Plan	Yr to Date January Variance	Yr to Date January Prior Year
1 OPERATING REVENUES								
2 Water	2,332,707-	2,503,180	170,473-	2,407,273	2,332,707	2,503,180	170,473-	2,407,273
3 Sewer				64,656	117,535	114,756	2,779	64,656
4 Other	117,535	114,756	2,779					
5 Management								
6 Total Revenues	2,450,242	2,617,936	167,694-	2,471,929	2,450,242	2,617,936	167,694-	2,471,929
7 OPERATIONS & MAINTENANCE EXPENSE								
8 Labor	413,504	411,058	2,446	364,244	413,504	411,058	2,446	364,244
9 Purchased Water	3,361	3,550	189-	2,524	3,361	3,550	189-	2,524
10 Fuel & Power	138,907	152,325	13,418-	124,763	138,907	152,325	13,418-	124,763
11 Chemicals	110,230	77,761	32,469	80,508	110,230	77,761	32,469	80,508
12 Waste Disposal	22,797	11,350	11,447	22,797	11,350	11,447	11,447	11,284
13 Management Fees	372,364	393,614	21,250-	372,364	372,364	393,614	21,250-	4,483,328
14 Group Insurance	130,297	125,448	4,849	130,297	125,448	125,448	4,849	1,505,376
15 Pensions	61,439	54,390	7,049	61,439	54,390	54,390	7,049	652,680
16 Regulatory Expense	24,107	10,788	13,319	24,107	10,788	10,788	13,319	241,460
17 Insurance Other Than Group	46,569	43,662	2,907	46,569	43,662	43,662	2,907	523,944
18 Customer Accounting	58,743	102,099	43,356-	48,397	58,743	102,099	43,356-	1,217,188
19 Rents	3,563	3,563	-	3,563	3,563	3,563	-	41,925
20 General Office Expense	10,309	20,453	10,144-	11,888	10,309	20,453	10,144-	243,264
21 Miscellaneous	155,174	151,205	3,969	155,174	151,205	151,205	3,969	1,803,660
22 Other Maintenance	114,838	108,742	6,096	93,583	114,838	108,742	6,096	1,282,167
Total Maintenance & Operations Expense	1,648,302	1,670,008	21,706-	1,332,604	1,648,302	1,670,008	21,706-	19,855,418
27 Depreciation	352,255	376,895	24,640-	342,369	352,255	376,895	24,640-	4,592,115
28 Amortization	10,148	10,148	-	10,148	10,148	10,148	-	121,776
29 General Taxes	305,371	300,170	5,201	315,846	305,371	300,170	5,201	3,521,143
30 State Income Taxes	3,384-	3,734-	3,350-	14,323	7,384-	3,734-	3,650-	352,222
31 Federal Income Taxes	65,054-	18,793-	46,261-	79,503	65,054-	18,793-	46,261-	1,773,087
32 Tax Savings Acquisition Adjustment								
33 Total Operating Expenses	2,243,638	2,334,694	91,056-	2,094,793	2,243,638	2,334,694	91,056-	30,215,761
34 Utility Operating Income	206,604	283,242	76,638-	377,136	206,604	283,242	76,638-	7,039,294
35 OTHER INCOME & DEDUCTIONS								
36 Non-Operating Rental Income								
37 Dividend Income-Common								
38 Dividend Income-Preferred								
39 Interest Income	4,378	23	4,378	2,243	4,378	23	4,378	2,243
40 AFUDC Equity	7,813		7,813	2,612	7,813		7,813	2,243
42 M & J Miscellaneous Income	2,612		2,612	1,074	2,612		2,612	1,074
43 Gain(loss)on Disposition								
44 Total Other Income	14,803	23	14,780	3,317	14,803	23	14,780	3,317
45 Total Other Income	1,026		1,026		1,026		1,026	
46 Miscellaneous Amortization								
47 Tax Savings Acquisition Adjustment								
48 Misc.. Other Deductions	810	500	310	500	810	500	310	500
49 General Taxes	261	33-	294	33-	261	33-	294	33-
50 State Income Taxes	1,315	164-	1,479	175-	1,315	164-	1,479	175-
51 Federal Income Taxes								
52 Total Other Deductions	3,412	303	3,109	292	3,412	303	3,109	292
53 Total Other Income	11,391	280-	11,671	3,025	11,391	280-	11,671	3,025
54 Income Before Interest Charges	217,995	282,962	64,967-	380,161	217,995	282,962	64,967-	380,161
55 INTEREST CHARGES								
56 Interest on Long-Term Debt	204,670	310,587	105,917-	207,010	204,670	310,587	105,917-	207,010
57 Amortization and Debt Expense	1,406	5,667	4,261-	1,354	1,406	5,667	4,261-	1,354
58 Interest-Short Term Bank Debt	98,965	1,824	97,141	49,067	98,965	1,824	97,141	49,067
59 Other Interest Expense								
60 AFUDC-Debt	3,698-	11-	3,687-	828-	3,698-	11-	3,687-	828-
61 Total Interest Charges	301,343	318,067	16,724-	256,603	301,343	318,067	16,724-	256,603
62 Net Income	83,348-	35,105-	48,243-	123,558	83,348-	35,105-	48,243-	123,558
64 Preferred Dividend Declared	5,757	5,759	2-	5,759	5,757	5,759	2-	5,759
65 Net Income to Common stock	89,105-	40,864-	48,241-	117,799	89,105-	40,864-	48,241-	117,799
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Tennessee-American Water Co.

American Water Works Company
Tennessee-American Water-Co 26
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 02/28/20071
03/08/07
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Description		February Actual	February Plan	February Variance	February Prior Year	Yr to Date Actual	Yr to Date February Plan	Yr to Date Variance	Yr to Date February Prior Year	Annual Forecast
1 OPERATING REVENUES		2,322,586	2,345,073	22,487-	2,320,506	4,655,293	4,848,253	192,960-	4,727,779	35,877,983
2 Water		107,553	114,756	7,203-	79,280	225,087	229,512	4,425-	143,936	1,377,072
3 Sewer										
4 Other										
5 Management										
6 Total Revenues		2,430,139	2,459,829	29,690-	2,399,786	4,880,380	5,077,765	197,385-	4,871,715	37,255,055
7 OPERATIONS & MAINTENANCE EXPENSE										
8 Labor		384,031	358,659	25,372	297,864	797,535	769,717	27,818	662,108	4,695,801
9 Purchased Water		139,874	3,800	377-	10,042	6,784	7,350	12,566	12,566	51,050
10 Fuel & Power		62,620	137,857	75,237	150,101	278,781	290,182	11,401	274,864	1,936,389
11 Chemicals		15,892	72,478	9,586-	74,009	172,849	150,239	22,610	154,517	1,002,921
12 Waste Disposal		430,951	80,850	5,042	10,525	38,689	22,200	16,489	21,810	174,265
13 Management Fees		140,928	362,047	68,904	350,143	803,315	755,661	47,654	562,103	4,483,328
14 Group Insurance		60,900	125,448	15,480	120,779	271,234	250,896	20,328	250,487	1,505,376
15 Pensions		10,517	54,390	6,510	164,061	122,339	108,780	13,559	196,654	652,680
16 Regulatory Expense		46,056	21,038	271-	24,336	21,576	21,576	5,301	88,000	523,944
17 Insurance Other Than Group		77,275	43,662	2,394	51,071	92,625	87,326	5,301	137,357	1,217,188
18 Customer Accounting		3,468	100,959	23,724	88,359	136,018	203,098	4,720-	6,924	41,925
19 Rents		13,999	19,361	410-	3,605	2,721	3,411	15,508-	65,528	243,264
20 General Office Expense		174,471	154,222	5,362-	53,641	24,308	39,811	15,508-	266,883	1,811,660
21 Miscellaneous		118,539	89,888	28,651	88,314	233,377	198,630	34,747	182,277	1,282,167
Total Maintenance & Operations Expense		1,682,944	1,548,327	134,617	1,598,146	3,331,243	3,218,335	112,908	2,930,751	19,863,418
27 Depreciation		350,535	376,933	26,398-	346,449	702,789	753,828	51,039-	688,818	4,592,115
28 Amortization		256,069	296,267	198-	247,883	601,440	596,437	5,003	20,296	121,776
29 General Taxes		8,834	5,172	3,662-	3,899-	16,218	7,312	10,425	563,729	3,521,143
30 State Income Taxes		80,258	26,035-	54,233-	21,650-	145,312-	44,828-	100,484-	57,853	352,222
31 Federal Income Taxes										1,773,087
32 Tax Savings Acquisition Adjustment										
33 Total Operating Expenses		2,250,604	2,200,468	50,136	2,177,077	4,494,238	4,535,162	40,924-	4,271,872	30,223,761
34 Utility Operating Income		179,535	259,361	79,826-	222,709	386,142	542,603	156,461-	599,843	7,031,294
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred										
39 Interest Income		1,047	139	1,047	4,305	5,425	162	5,425	6,548	49,626
40 AFUDC Equity		10,470	580-	10,331	134-	18,283	2,032	18,421	940	
42 M & J Miscellaneous Income										
43 Gain(Loss)on Disposition										
44 Total Other Income		10,937	139	10,798	4,171	25,740	162	25,578	7,488	49,626
45 Miscellaneous Amortization		1,026		1,026		2,053		2,053		
46 Tax Savings Acquisition Adjustment										
47 Misc. Other Deductions		50	500	450-	10,253	860	1,000	140-	10,753	74,000
48 General Taxes		31-	33-	2	230	230	66-	296	66-	4,657-
49 State Income Taxes		156-	164-	8	175-	1,160	328-	1,488	350-	23,432-
50 Federal Income Taxes		889	303	586	10,045	4,303	606	3,697	10,337	45,911
51 Total Other Deductions		10,048	164	10,212	5,874-	21,437	444	21,881	2,849-	3,715
52 Total Other Income		189,583	259,197	69,614-	216,835	407,579	542,159	134,580-	596,994	7,035,009
53 Income Before Interest Charges										
54 INTEREST CHARGES										
55 Interest on Long-Term Debt		238,955	310,511	71,556-	203,979	443,624	621,098	177,474-	410,989	3,658,234
56 Amortization and Debt Expense		1,406	5,667	4,261-	1,354	2,813	11,334	8,521-	2,707	69,156
57 Amortization-Short Term Bank Debt		51,813	4,599	47,214	47,523	150,778	6,423	144,355	96,590	103,233
58 Other Interest Expense		11,801	65-	4,891-	2,027-	8,654-	76-	8,578-	2,855-	27,613-
59 AFUDC-Debt		299,019	320,712	21,693-	250,829	600,362	638,779	38,417-	507,431	3,803,011
60 Total Interest Charges		109,436	61,515-	47,921-	33,994-	192,783	96,620-	96,163-	89,563	3,231,998
61 Net Income		3,757	11,513	7,756	5,759	11,513	11,518	5-	11,518	69,108
62 Preferred Dividend Declared		115,193	67,274-	47,919-	39,753-	204,296	108,138-	96,158-	78,045	3,162,890
63 Net Income to Common Stock										

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American Water Wor. Company
Tennessee-American Water-Co 26
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 03/31/2007

Tennessee-American Water Co.

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Description	March Actual	March Plan	March Variance	March Prior Year	Yr to Date March Actual	Yr to Date March Plan	Yr to Date March Variance	Yr to Date March Prior Year	Annual Forecast
1 OPERATING REVENUES	2,510,929	2,525,042	14,113-	2,287,702	7,166,222	7,373,295	207,073-	7,015,481	35,877,983
2 Water									
3 Sewer	104,652	114,756	10,104-	156,834	329,740	344,268	14,528-	300,770	1,377,072
4 Other									
5 Management									
6 Total Revenues	2,615,581	2,639,798	24,217-	2,444,536	7,495,962	7,717,563	221,601-	7,316,251	37,255,055
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	323,976	392,008	68,032-	334,699	1,121,511	1,161,725	40,214-	996,807	4,695,801
9 Purchased Water	2,454	4,500	2,046-	4,676	11,850	11,850	0	17,242	51,050
10 Fuel & Power	164,907	157,734	7,173+	179,685	440,390	447,916	7,526-	454,748	1,936,389
11 Chemicals	100,031	82,734	17,297+	61,276	273,607	232,973	40,634+	1,002,921	1,002,921
12 Waste Disposal	358,506	390,389	31,883-	329,651	1,161,820	1,146,050	15,770+	893,953	1,74,265
13 Management Fees	92,669	125,448	32,779-	128,960	363,893	376,344	12,451-	4,483,428	4,483,428
14 Group Insurance	29,281	54,390	25,109-	76,344	151,600	163,170	11,570-	978,447	1,505,376
15 Pensions	10,517	10,788	271-	24,336	31,550	32,364	814-	652,680	652,680
16 Regulatory Expense	4,484	43,662	39,178-	90,839	97,029	130,986	33,957+	523,944	523,944
17 Insurance Other Than Group	95,850	101,199	5,349-	89,814	231,868	304,297	72,429+	1,217,188	1,217,188
18 Customer Accounting	4,416	3,902	514+	3,472	7,137	11,343	4,206+	41,925	41,925
19 Rents	16,668	21,512	4,844-	67,514	407,976	61,326	20,658-	243,264	243,264
20 General Office Expense	157,881	147,384	10,497+	120,349	482,811	452,811	30,000+	1,811,660	1,811,660
21 Miscellaneous	97,508	97,588	80-	81,177	330,885	296,218	34,667+	387,232	1,282,167
25 Other Maintenance									
Total Maintenance & Operations Expense	1,469,487	1,647,008	177,521-	1,604,912	4,800,730	4,865,343	64,613-	4,535,664	19,863,418
27 Depreciation	354,912	377,121	22,189-	341,603	1,057,722	1,130,949	73,227-	1,030,421	4,592,115
28 Amortization	10,148	10,148	0	10,148	30,444	30,444	0	30,444	121,776
29 General Taxes	403,323	298,554	104,769+	268,149	894,951	109,772	785,179+	831,878	3,521,143
30 State Income Taxes	2,786	920-	1,866+	1,200	9,826-	9,826-	0	11,625	352,222
31 Federal Income Taxes	41,378	4,632-	46,010+	19,341-	103,934-	49,460-	54,474-	38,512	1,773,087
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,276,472	2,327,279	50,807-	2,206,671	6,770,711	6,962,441	191,730-	6,478,544	30,223,761
34 Utility Operating Income									
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income									
40 AFUDC Equity	79	271	192+	4,831	5,503	433	5,070+	11,379	49,626
42 M & J Miscellaneous Income	8,908	494	8,414+	608	2,526	2,526	0	1,548	0
43 Gain(Loss)on Disposition									
45 Total Other Income	9,481	271	9,210+	5,439	35,220	433	34,787+	12,927	49,626
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment	2,053-		2,053-						
48 Misc. Other Deductions	6,318	32,500	26,182-	9,188	7,178	33,500	26,322-	19,941	74,000
49 General Taxes	181-	2,074-	1,893+	32-	50	2,140-	2,190-	98-	4,657-
50 State Income Taxes	884-	10,439-	9,555+	175-	276	10,767-	11,043+	525-	23,432-
51 Federal Income Taxes									
52 Total Other Deductions	3,200	19,987	16,787-	8,981	7,504	20,593	13,089-	19,318	45,911
53 Total Other Income	6,281	19,716-	25,937+	3,542-	27,716	20,160-	7,556+	6,391-	3,715
54 Income Before Interest Charges	345,390	292,803	52,587+	234,323	752,967	834,962	81,995+	831,316	7,035,009
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	272,826	304,595	31,769-	205,391	716,450	925,693	209,243-	616,380	3,658,234
57 Amortization and Debt Expense	1,959	5,667	3,708+	1,354	4,772	17,001	12,229-	4,061	89,156
58 Interest-Short Term Bank Debt	35,200	10,576	24,624+	54,280	185,978	16,999	168,979+	150,870	103,233
59 Other Interest Expense									
60 AFUDC-Debt	4,217-	127-	4,090+	2,168-	12,871-	203-	12,668-	5,022-	27,612-
61 Total Interest Charges	305,768	320,711	14,943+	258,057	906,130	959,490	53,360+	766,289	3,803,011
62 Net Income	39,622	27,908-	67,530+	24,534-	153,163-	124,528-	28,635+	65,027	3,231,998
64 Preferred Dividend Declared	5,757	5,759	2-	5,759	17,270	17,270	0	17,276	69,108
65 Net Income to Common Stock	33,865	33,667-	67,532+	30,293-	170,433-	141,805-	28,628+	47,751	3,162,890

83500 American Water Work Company
GL0261SAGP Tennessee-American Water-Co 26
0001R Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 04/30/2007

Tennessee-American Water Co.

Description	April Actual	April Plan	April Variance	April Prior Year	Yr to Date April Actual	Yr to Date April Plan	Yr to Date April Variance	Yr to Date April Prior Year	Annual Forecast
1 OPERATING REVENUES	2,823,574	2,844,638	21,064-	2,557,155	9,989,795	10,217,933	228,138-	9,672,637	35,877,983
2 Water									
3 Sewer	106,120	114,756	8,636-	109,108	435,860	459,024	23,164-	409,878	1,377,072
4 Other									
5 Management									
6 Total Revenues	2,929,694	2,959,394	29,700-	2,766,263	10,425,655	10,676,957	251,302-	10,082,515	37,255,055
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	363,514	375,343	11,829-	304,400	1,485,025	1,537,068	52,043-	1,301,208	4,695,801
9 Purchased Water	2,236	4,600	2,364-	2,492	11,474	16,450	4,976-	19,734	51,050
10 Fuel & Power	186,928	150,794	36,134	147,525	627,318	598,710	28,608	602,074	1,936,389
11 Chemicals	79,181	77,199	1,982	78,317	352,788	310,172	42,616	294,110	1,002,921
12 Waste Disposal	23,342	11,975	11,367	8,857	75,042	47,845	27,097	42,787	174,465
13 Management Fees	393,303	381,775	11,528	317,281	1,555,123	1,527,025	27,298	1,209,035	4,483,328
14 Group Insurance	140,875	125,448	15,427	125,161	504,769	501,792	2,977	504,608	1,505,376
15 Pensions	62,211	54,390	7,821	90,097	213,811	217,560	3,749-	363,095	652,680
16 Regulatory Expense	10,517	23,232	12,715	24,336	42,066	55,596	13,530-	97,345	241,460
17 Insurance Other Than Group	47,828	43,662	4,166	47,431	144,857	174,648	29,791-	226,270	523,944
18 Customer Accounting	53,293	101,999	48,706-	112,492	285,151	406,296	121,135-	339,662	1,217,188
19 Rents	3,971	3,448	523	3,117	11,108	14,791	3,683-	13,513	41,925
20 General Office Expense	21,474	19,688	1,786	15,004-	62,450	81,014	18,564-	118,038	243,264
21 Miscellaneous	120,456	163,953	43,497-	153,844	607,992	616,764	8,782-	541,076	1,811,660
25 Other Maintenance	70,274	108,767	38,493-	101,501	401,159	404,985	3,826-	364,956	1,282,167
Total Maintenance & Operations Expense	1,579,403	1,646,273	66,870-	1,501,847	6,380,133	6,511,616	131,483-	6,037,511	19,863,418
27 Depreciation	381,839	377,443	4,396	341,829	1,439,561	1,508,392	68,831-	1,372,250	4,592,115
28 Amortization	10,148	10,148		10,148	40,592	40,592		40,592	121,776
29 General Taxes	305,419	292,515	12,904	311,476	1,110,182	1,187,506	122,676	1,143,354	3,521,143
30 State Income Taxes	23,872	21,412	2,460	20,117	4,858	11,588	6,728-	31,742	352,222
31 Federal Income Taxes	130,490	107,790	22,700	111,480	26,556	58,330	31,774-	149,992	1,773,087
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,431,171	2,455,591	24,410-	2,296,897	9,201,802	9,318,022	116,140-	8,775,441	30,223,761
34 Utility Operating Income	498,523	503,813	5,290-	469,366	1,223,773	1,358,935	135,162-	1,307,074	7,031,294
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	24	528	5,879	4,041	33,598	961	5,527	15,421	49,626
40 AFUDC Equity	6,407		993-	1,018-	1,533		1,533	269-	
42 M & J Miscellaneous Income	993-								
43 Gain/(Loss) on Disposition									
45 Total Other Income	5,438	528	4,910	2,223	40,658	961	39,697	15,152	49,626
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	620	2,000	1,380-	2,300	7,798	35,500	27,702-	22,241	74,000
49 General Taxes	92-	130-	38	1,195-	43-	2,270-	2,227	1,293-	4,657-
50 State Income Taxes	515-	655-	140	6,438-	239-	11,422-	11,183	6,963-	23,432-
51 Federal Income Taxes									
52 Total Other Deductions	13	1,215	1,202-	5,333-	7,516	21,808	14,292-	13,985	45,911
53 Total Other Income	5,425	687-	6,112	7,556	33,142	20,847-	53,989	1,167	3,715
54 Income Before Interest Charges	503,948	503,126	822	476,922	1,256,915	1,338,086	81,173-	1,308,241	7,035,009
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	266,512	298,680	32,168-	205,321	982,961	1,224,373	241,412-	821,701	3,658,234
57 Amortization and Debt Expense	2,390	5,667	3,277-	1,354	7,782	22,668	15,506-	5,414	69,156
58 Interest-Short Term Bank Debt	46,003	11,678	34,325	57,222	211,881	28,677	203,304	208,092	103,233
59 Other Interest Expense									
60 AFUDC-Debt	3,032-	294-	2,738-	1,126-	15,903-	497-	15,406-	6,149-	27,612-
61 Total Interest Charges	311,873	315,731	3,858-	282,771	1,218,002	1,275,221	57,219-	1,029,058	3,803,011
62 Net Income	192,075	187,395	4,680	214,151	38,913	62,867	23,954-	279,183	3,231,998
64 Preferred Dividend Declared	5,757	5,759	2-	5,759	23,027	23,036	9-	23,035	69,108
65 Net Income to Common Stock	186,318	181,636	4,682	208,392	15,886	39,831	23,945-	256,148	3,162,890

83500 American Water Work. npany
GL0261GAGP Tennessee-American Water-Co 26
0001R Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 05/31/2007

Tennessee-American Water Co.

	Description	May Actual	May Plan	May Variance	May Prior Year	Yr to Date Actual	Yr to Date May plan	Yr to Date May Variance	Yr to Date Prior Year	Annual Forecast
1	OPERATING REVENUES	2,682,269	2,996,871	314,602-	2,246,924	12,672,064	13,214,804	542,740-	11,919,561	35,877,983
2	Water									
3	Sewer	117,557	114,756	2,811	117,656	553,426	573,780	20,354-	527,535	1,377,072
4	Other									
5	Management									
6	Total Revenues	2,799,836	3,111,627	311,791-	2,364,580	13,225,490	13,788,584	563,094-	12,447,096	37,255,055
7	OPERATIONS & MAINTENANCE EXPENSE									
8	Labor	399,205	408,508	9,303-	329,198	1,884,230	1,945,576	61,346-	1,630,406	4,695,801
9	Purchased Water	3,073	4,000	9,303-	2,779	14,547	21,050	6,503-	22,153	1,936,389
10	Fuel & Power	166,866	160,348	6,518	120,361	794,184	759,058	35,126	722,434	1,002,921
11	Chemicals	102,258	92,251	10,047	91,063	455,086	402,423	52,663	385,173	1,172,365
12	Waste Disposal	13,728	14,195	667-	13,250	66,770	62,340	4,430	56,037	4,483,328
13	Management Fees	439,410	381,153	58,257	368,013	1,994,533	1,908,978	85,555	1,577,048	1,505,376
14	Group Insurance	142,095	128,448	13,647	113,058	646,863	627,240	19,623	617,666	1,652,680
15	Pensions	62,226	54,390	7,836	47,937	276,037	271,950	4,087	446,482	523,944
16	Regulatory Expense	10,517	23,233	12,716-	24,391	52,593	78,929	26,246-	121,736	241,460
17	Insurance Other Than Group	43,539	43,662	123-	42,309	188,396	218,310	29,914-	268,580	523,944
18	Customer Accounting	190,470	100,989	89,471	113,462	475,632	507,295	31,663-	453,125	1,217,188
19	Rents	4,363	3,373	990	2,847	15,471	18,164	2,693-	16,360	41,525
20	General Office Expense	19,430	19,964	554-	13,746	81,881	100,998	19,117-	131,784	243,284
21	Miscellaneous	147,644	145,427	2,227	98,483	755,626	762,181	6,555-	639,559	1,811,660
22	Other Maintenance	119,744	128,868	9,144-	82,020	520,903	533,873	12,970-	446,975	1,282,167
23	Total Maintenance & Operations Expense	1,864,608	1,706,649	157,959	1,498,367	8,244,742	8,218,265	26,477	7,535,878	19,863,418
24	Depreciation	382,208	378,349	3,859	342,744	1,821,769	1,886,741	64,972-	1,714,994	4,592,115
25	Amortization	10,148	10,148		50,741	50,741	50,741	1	50,741	121,776
26	General Taxes	309,924	292,435	17,669	292,871	1,620,106	1,479,761	140,345	1,436,225	3,521,143
27	State Income Taxes	5,289-	26,370	31,659-	1,758-	37,956	37,956	38,387-	29,984	352,222
28	Federal Income Taxes	28,808-	132,745	103,937-	9,788-	2,251-	191,075	193,326-	140,203	1,773,087
29	Tax Savings Acquisition									
30	Total Operating Expenses	2,532,791	2,546,516	13,725-	2,132,584	11,734,676	11,864,538	129,862-	10,908,025	30,223,761
31	Utility Operating Income	267,045	565,111	298,066-	231,996	1,490,814	1,924,046	433,232-	1,539,071	7,031,294
32	OTHER INCOME & DEDUCTIONS									
33	Non-Operating Rental Income									
34	Dividend Income-Common									
35	Dividend Income-Preferred									
36	Interest Income	427	1,147	427	4,239	40,467	2,108	5,955	19,660	49,626
37	AFUDC Equity	6,869		5,722	5,849	1,022-		1,022-	5,580	
38	M & J Miscellaneous Income	2,556-		2,556-						
39	Gain(loss) on Disposition									
40	Total Other Income	4,740	1,147	3,593	10,088	45,400	2,108	43,292	25,240	49,626
41	Miscellaneous Amortization									
42	Tax Savings Acquisition									
43	Misc. Other Deductions	13,590	1,000	12,590	1,000	21,388	36,500	15,112-	23,241	74,000
44	General Taxes	915-	65-	850-	201-	958-	2,335-	1,377	1,494-	4,657-
45	State Income Taxes	5,098-	327-	4,771-	1,084-	5,338-	11,749-	6,411	8,047-	23,432-
46	Federal Income Taxes									
47	Total Other Deductions	7,577	608	6,969	285-	15,092	22,416	7,324-	13,700	45,911
48	Total Other Income	2,837-	539	3,376-	10,373	30,308	20,308-	50,616	11,540	3,715
49	Income Before Interest Charges	264,208	565,650	301,442-	242,369	1,521,122	1,903,738	382,616-	1,550,611	7,035,009
50	INTEREST CHARGES									
51	Interest on Long-Term Debt	275,037	298,603	23,566-	205,251	1,257,998	1,522,976	264,978-	1,026,953	3,658,234
52	Amortization and Debt Expense	2,390	5,667	3,277-	1,254	9,551	28,335	18,784-	6,768	69,156
53	Interest-Short Term Bank Debt	40,998	11,809	29,189	57,603	272,979	40,486	232,493	265,695	103,233
54	Other Interest Expense									
55	AFUDC-Debt	3,252-	639-	2,613-	1,881-	19,155-	1,136-	18,019-	8,030-	27,612-
56	Total Interest Charges	315,173	315,440	267-	262,327	1,533,174	1,590,661	57,487-	1,291,386	3,803,011
57	Net Income	50,965-	250,210	301,175-	19,958-	12,052-	313,077	325,129-	259,225	3,231,998
58	Preferred Dividend Declared	5,761	5,759	2	5,759	20,787	28,795	8-	28,795	69,108
59	Net Income to Common Stock	56,726-	244,451	301,177-	25,717-	40,839-	284,282	395,121-	230,431	3,162,890

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American Water Work. Company
Tennessee-American Water-Co 26
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 06/30/2007

Tennessee-American Water Co.

Description	June Actual	June Plan	June Variance	June Prior Year	Yr to Date Actual	Yr to Date June Plan	Yr to Date June Variance	Yr to Date June Prior Year	Annual Forecast
1 OPERATING REVENUES	3,851,092	3,215,659	635,433	3,671,557	16,523,157	16,430,463	92,694	15,591,118	35,877,983
2 Water	106,350	114,756	8,406-	116,213	659,776	688,536	28,760-	643,747	1,377,072
3 Sewer									
4 Other									
5 Management									
6 Total Revenues	3,957,442	3,330,415	627,027	3,787,770	17,182,933	17,118,999	63,934	16,234,865	37,255,055
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	375,843	375,488	355	399,226	2,260,073	2,321,064	60,991-	2,029,632	4,695,801
9 Purchased Water	4,458	4,300	158	4,062	18,715	25,350	6,635-	26,575	51,050
10 Fuel & Power	223,596	170,774	52,822	168,306	1,017,780	929,832	87,948	850,740	1,936,389
11 Chemicals	96,424	87,659	8,765	106,638	551,214	490,082	61,132	480,810	1,002,921
12 Waste Disposal	373,815	387,702	13,887	16,194	14,196-	80,880	12,233	77,511	1,174,265
13 Management Fees	144,860	125,448	19,412	434,013	2,368,448	2,296,680	71,768	2,011,661	4,483,328
14 Group Insurance	83,590	64,390	19,200	133,473	791,724	752,688	39,036	751,139	1,505,376
15 Pensions	24,897	23,233	1,664	24,341	230,487	261,972	31,485-	246,967	652,680
16 Regulatory Expense	77,423	101,199	23,776	119,672	552,962	608,494	55,532	592,797	1,217,188
17 Insurance Other Than Group	17,700	21,225	3,525-	3,079	99,581	122,223	22,642-	134,863	243,264
18 Customer Accounting	145,084	166,956	21,872	163,701	904,690	929,137	24,447-	803,259	1,811,660
19 Rents	80,255	104,488	24,233	111,072	601,168	638,361	37,193-	558,047	1,282,167
20 General Office Expense									
21 Miscellaneous									
22 Other Maintenance									
Total Maintenance & Operations Expense	1,681,964	1,680,437	1,527	1,798,143	9,926,705	9,906,702	20,003	9,334,020	19,863,418
23 Depreciation	382,496	379,351	3,145	347,922	2,204,265	2,266,092	61,827-	2,062,916	4,592,115
24 Amortization	10,148	10,148		10,148	60,889	60,888	1	60,889	121,776
25 General Taxes	306,716	290,588	16,128	281,929	1,926,822	1,770,349	156,473	1,718,153	3,521,143
30 State Income Taxes	83,401	82,232	1,169	66,808	82,970	80,188	2,782	96,752	352,222
31 Federal Income Taxes	457,073	212,596	244,477	409,924	454,821	403,671	51,150	550,127	1,773,887
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,921,798	2,623,352	298,446	2,914,874	14,656,472	14,487,890	168,582	13,822,897	30,223,761
34 Utility Operating Income									
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	63,328	2,190	61,138	717	45,305	4,298	69,283	20,377	49,626
40 AFUDC Equity	4,838		2,987	2,000	1,965		41,007	4,625	
42 M & J Miscellaneous Income	2,987						1,965	2,000	
43 Gain/(Loss) on Disposition									
44 Total Other Income	71,153	2,190	68,963	1,762	116,553	4,298	112,255	27,002	49,626
45 Miscellaneous Amortization									
46 Tax Savings Acquisition Adjustment									
47 Misc. Other Deductions	5,500	17,500	12,000-	3,938	26,888	54,000	27,112-	27,178	74,000
48 General Taxes	2,684	1,099-	3,783	346	1,727	3,434-	5,161	1,148-	4,657-
50 State Income Taxes	20,006	5,531	25,537	1,866	14,668	17,280	31,948	6,181-	23,432-
51 Federal Income Taxes									
52 Total Other Deductions	28,190	10,870	17,320	6,150	43,283	33,286	9,997	19,849	45,911
53 Total Other Income	42,963	8,680-	51,643	4,388-	73,270	28,988-	102,258	7,153	3,715
54 Income Before Interest Charges	1,078,607	698,383	380,224	868,508	2,599,731	2,602,121	2,390-	2,419,121	7,035,009
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	270,650	298,525	27,875-	205,181	1,528,648	1,821,501	292,853-	1,232,133	3,658,234
57 Amortization and Debt Expense	2,390	5,667	3,277-	1,354	11,941	34,002	22,061-	8,121	69,156
58 Interest-Short Term Bank Debt	99,003	1,963	87,040	85,428	371,902	52,449	319,533	351,123	103,233
59 Other Interest Expense									
60 AFUDC-Debt	2,738-	1,220-	1,518-	800	21,893-	2,356-	19,537-	7,229-	27,612-
61 Total Interest Charges	369,305	314,935	54,370	292,763	1,902,479	1,905,596	3,117-	1,584,148	3,803,011
62 Net Income	709,302	303,448	325,854	575,745	697,252	696,525	727	834,973	3,231,998
64 Preferred Dividend Declared	5,757	5,759	2-	5,759	34,544	34,554	10-	34,553	69,108
65 Net Income to Common Stock	703,545	377,699	325,856	569,986	662,708	661,971	737	800,420	3,162,890

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0001R Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 07/31/2007

Tennessee-American Water Co.

	Description	July Actual	July Plan	July Variance	July Prior Year	Yr to Date Actual	Yr to Date July Plan	Yr to Date Variance	Yr to Date July Prior Year	Annual Forecast

Description										

1	OPERATING REVENUES									
2	Water	3,414,643	3,175,432	239,211	2,602,261	19,937,800	19,605,895	331,905	18,193,379	35,877,983
3	Sewer									
4	Other	117,885	114,756	3,129	107,390	777,661	803,292	25,631	751,137	1,377,072
5	Management									

6	Total Revenues	3,532,528	3,290,188	242,340	2,709,651	20,715,461	20,409,187	306,274	18,944,516	37,255,055

7	OPERATIONS & MAINTENANCE EXPENSE									
8	Labor	407,843	392,573	15,270	335,248	2,667,916	2,713,637	45,721	2,364,880	4,695,801
9	Purchased Water	3,162	4,400	1,038	3,692	22,077	29,750	7,673	30,256	51,050
10	Fuel & Power	209,437	173,762	35,675	355,112	1,227,217	1,103,594	123,623	1,245,389	1,916,389
11	Chemicals	106,804	89,848	16,956	95,014	658,018	579,930	78,088	586,804	1,002,921
12	Waste Disposal	17,013	28,600	11,587	17,640	110,127	109,480	647	82,042	4,483,328
13	Management Fees	411,843	372,738	39,105	323,938	2,780,291	2,669,418	110,873	2,335,746	1,605,378
14	Group Insurance	128,640	125,448	3,192	134,609	920,364	878,136	42,228	885,748	1,652,680
15	Pensions	59,187	54,390	4,797	91,943	380,730	328,550	52,180	320,243	241,460
16	Regulatory Expense	24,597	23,233	1,364	24,341	274,470	305,634	31,164	328,550	523,944
17	Insurance Other than Group	43,983	43,662	321	41,583	2,477,470	2,498,550	21,080	2,498,550	1,217,188
18	Customer Accounting	85,848	102,299	16,451	121,087	638,809	710,793	71,984	683,883	41,925
19	Rents	3,134	3,448	314	3,017	23,028	24,985	1,957	146,820	243,264
20	General Office Expense	15,854	18,621	2,767	11,956	115,434	140,844	25,410	937,062	1,811,660
21	Miscellaneous	147,713	133,026	14,687	133,803	1,052,403	1,062,163	9,760	644,678	1,282,167
22	Other Maintenance	101,060	114,687	13,627	86,632	702,228	753,048	50,820		

Total Maintenance & Operations Expense		1,766,318	1,680,735	85,583	1,779,762	11,693,021	11,587,437	105,584	11,113,781	19,863,418

27	Depreciation	383,559	381,122	2,437	534,197	2,587,824	2,647,214	59,390	2,597,113	4,592,115
28	Amortization	10,148	10,148		10,148	71,037	71,037	1	71,037	121,776
29	General Taxes	308,647	291,467	17,180	280,723	2,235,469	2,061,816	173,653	1,998,876	3,521,143
30	State Income Taxes	50,919	40,261	10,658	21,667	133,888	120,449	13,439	75,126	352,222
31	Federal Income Taxes	283,436	202,673	80,763	67,264	738,258	606,344	131,914	617,391	1,773,087
32	Tax Savings Acquisition Adjustment									

33	Total Operating Expenses	2,803,027	2,606,406	196,621	2,650,427	17,459,497	17,094,296	365,201	16,473,324	30,223,761
34	Utility Operating Income				59,224	3,255,964	3,314,891	58,927	2,471,192	7,031,294

35	OTHER INCOME & DEDUCTIONS									
36	Non-Operating Rental Income									
37	Dividend Income-Common									
38	Dividend Income-Preferred									
39	Interest Income									
40	AFUDC Equity	2,838	4,318	1,480	5,432	69,283	8,616	69,283	25,808	49,626
42	M & J Miscellaneous Income	2,760		2,760	146	4,724		4,724	4,479	
43	Gain(Loss)on Disposition								2,000	

45	Total Other Income	5,598	4,318	1,280	5,286	122,150	8,616	113,534	32,287	49,626

46	Miscellaneous Amortization									
47	Tax Savings Acquisition Adjustment									
48	Misc. Other Deductions	13,090	1,000	12,090	5,410	39,978	55,000	15,022	32,588	74,000
49	General Taxes	402-	65-	337-	188-	1,325	3,499-	4,824	1,336-	4,657-
50	State Income Taxes	3,416-	327-	3,089-	1,013-	11,252	17,607-	28,859	7,194-	23,432-
51	Federal Income Taxes									

52	Total Other Deductions	9,272	608	8,664	4,209	52,555	33,894	18,661	24,058	45,911

53	Total Other Income	3,674	3,710	7,384	1,077	69,595	25,278	94,873	8,229	3,715

54	Income Before Interest Charges	725,827	687,492	38,335	60,301	3,325,559	3,289,613	35,946	2,479,421	7,035,009

55	INTEREST CHARGES									
56	Interest on Long-Term Debt	270,566	298,446	27,880	196,125	1,799,214	2,119,947	320,733	1,428,258	3,658,234
57	Amortization and Debt Expense	2,390	5,669	3,279	1,354	14,331	39,671	25,340	9,475	69,156
58	Interest-Short Term Bank Debt	38,612	11,078	27,534	66,945	410,594	63,527	347,067	418,069	103,233
59	Other Interest Expense									
60	AFUDC-Debt	1,605-	2,406-	801	2,559-	23,499-	4,762-	18,737-	9,788-	27,612-

61	Total Interest Charges	309,963	312,787	2,824	261,865	2,212,441	2,218,383	5,942	1,846,014	3,803,011

62	Net Income	415,864	374,705	41,159	201,564	1,113,118	1,071,230	41,888	633,407	3,231,998
64	Preferred Dividend Declared	5,757	5,759	2-	5,759	40,301	40,313	12-	40,311	69,108

65	Net Income to Common Stock	410,107	368,946	41,161	207,323	1,072,817	1,030,917	41,900	593,096	3,162,890
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0001R Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 08/31/2007

Tennessee-American Water Co.

Description

	August Actual	August Plan	August Variance	August Prior Year	Yr to Date Actual	Yr to Date August Plan	Yr to Date Variance	Yr to Date August Prior Year	Annual Forecast
1 OPERATING REVENUES	3,398,785	3,262,506	136,279	2,936,063	23,336,585	22,868,401	468,184	21,129,442	35,877,983
2 Water	120,291	114,756	5,535	111,754	897,952	918,048	20,096-	862,892	1,377,072
3 Sewer									
4 Other									
5 Management									
6 Total Revenues	3,519,076	3,377,262	141,814	3,047,817	24,234,537	23,786,449	448,088	21,992,334	37,255,055
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	411,817	408,508	3,309	318,357	3,079,733	3,122,145	42,412-	2,683,237	4,595,801
9 Purchased Water	206,347	4,500	6,317	4,414	32,894	34,250	1,356-	34,680	51,050
10 Fuel & Power	206,347	170,268	38,079	256,502	1,435,564	1,273,862	161,702	1,502,374	1,936,389
11 Chemicals	195,401	85,673	109,728	69,673	764,372	665,603	98,769	656,666	1,092,781
12 Waste Disposal	384,317	13,995	370,322	10,768	125,528	123,475	2,053	100,640	141,758
13 Management Fees	165,469	370,402	13,915	308,501	3,164,609	3,039,820	124,789	2,643,547	4,483,796
14 Group Insurance	32,966	125,448	20,021	139,278	1,065,833	1,003,584	62,249	1,015,026	1,595,786
15 Pensions	24,597	54,390	8,576	90,977	461,828	435,120	26,708	721,240	952,680
16 Regulatory Expense	45,479	23,233	1,364	10,788	126,373	148,528	22,155-	181,206	521,944
17 Insurance Other Than Group	86,438	43,662	1,817	40,942	319,948	349,296	29,348-	389,492	1,717,188
18 Customer Accounting	2,818-	100,999	14,561-	71,269	725,248	811,792	86,544-	765,152	1,411,895
19 Rents	20,400	3,373	6,191-	2,869	20,210	28,358	8,148-	25,708	243,264
20 General Office Expense	175,686	20,992	592	73,390	135,835	161,836	26,001-	220,209	341,560
21 Miscellaneous	125,734	132,721	42,965	156,462	1,228,089	1,194,884	33,205	1,093,525	1,811,660
25 Other Maintenance		141,188	15,454-	99,895	827,962	894,236	66,274-	744,573	1,862,167
Total Maintenance & Operations Expense	1,821,004	1,699,352	121,652	1,643,494	13,514,026	13,286,789	227,237	12,757,275	19,863,410
27 Depreciation	387,376	383,016	4,360	346,418	2,975,201	3,030,230	55,029-	2,943,532	4,592,115
28 Amortization	30,148	10,148	81,185	81,185	81,185	81,184	1	81,185	121,176
29 General Taxes	325,196	292,255	33,141	279,687	2,560,865	2,354,071	206,794	2,278,563	3,321,143
30 State Income Taxes	45,208	44,621	587	32,495	179,097	165,070	14,027	107,621	352,282
31 Federal Income Taxes	250,662	224,621	26,041	180,387	988,919	830,965	157,954	797,778	1,173,087
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,839,794	2,654,013	185,781	2,492,629	20,239,293	19,748,309	550,984	18,965,954	30,223,761
34 Utility Operating Income	679,282	723,249	43,967-	555,188	3,935,244	4,038,140	102,896-	3,026,380	7,031,294
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	2,576	7,359	4,783-	7,513	69,283	15,975	69,283	33,322	49,626
40 AFUDC Equity	96-		96-	1,078-	4,628		4,628	2,602	
42 M & J Miscellaneous Income									
43 Gain(Loss)/on Disposition									
45 Total Other Income	2,480	7,359	4,879-	5,635	124,629	15,975	108,654	37,924	49,626
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	400	2,000	1,600-	40,378	40,378	57,000	16,622-	32,588	74,000
49 General Taxes		130-	110	1,305	3,629-	4,934	1,336-	1,336-	4,657-
50 State Income Taxes	164-	655-	491	11,088	18,262-	29,350	7,194-	7,194-	23,433-
51 Federal Income Taxes									
52 Total Other Deductions	216	1,215	999-	52,771	35,109	17,662	24,058	24,058	45,911
53 Total Other Income	2,264	6,144	3,880-	5,635	71,858	19,134	90,992	13,866	3,715
54 Income Before Interest Charges	681,546	729,393	47,847-	560,823	4,007,102	4,019,006	11,904-	3,040,246	7,035,009
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	270,481	298,368	27,887-	214,022	2,069,695	2,418,315	348,620-	1,642,280	3,658,234
57 Amortization and Debt	2,292	5,670	3,378-	1,354	16,623	45,341	28,718-	10,829	69,156
58 Interest-Short Term Bank Debt	36,205	10,709	27,496	68,117	448,799	74,236	374,563	486,186	103,233
59 Other Interest Expense									
60 AFUDC-Debt	1,457-	4,101-	2,644	3,631-	24,956-	8,863-	16,093-	13,419-	27,612-
61 Total Interest Charges	309,521	310,646	1,125-	279,862	2,521,962	2,529,029	7,067-	2,125,876	3,803,011
62 Net Income	372,025	418,747	46,722-	280,961	1,489,977	1,489,977	4,837-	914,370	3,231,998
64 Preferred Dividend Declared	5,753	5,759	6-	5,759	46,053	46,072	19-	46,070	69,108
65 Net Income to Common Stock	366,272	412,980	46,716-	275,202	1,439,087	1,443,905	4,818-	868,300	3,162,890

Tennessee-American Water Co.

American Water Work.
Tennessee-American Water-Co 26
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 09/30/2007

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Description	September Actual	September Plan	September Variance	September Prior Year	Yr to Date September Actual	Yr to Date September Plan	Yr to Date September Variance	Yr to Date September Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	3,767,290	3,275,951	491,339	3,645,735	27,103,875	26,144,352	959,523	24,775,177	35,877,983
3 Sewer	125,208	114,756	10,452	126,073	1,023,160	1,032,804	9,644-	988,965	1,377,072
4 Other									
5 Management									
6 Total Revenues	3,892,498	3,390,707	501,791	3,771,808	28,127,035	27,177,156	949,879	25,764,142	37,255,055
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	364,915	358,406	6,509	422,484	3,444,648	3,480,551	35,903-	3,105,721	4,695,801
9 Purchased Water	1,540	4,500	2,960-	3,834	34,433	38,750	4,317-	38,513	51,050
10 Fuel & Power	239,668	192,596	57,072	217,090	1,675,232	1,456,458	218,774	1,719,454	1,936,389
11 Chemicals	103,436	99,628	3,808	111,359	867,009	755,231	112,578	768,025	1,002,921
12 Waste Disposal	25,367-	7,200	32,567-	10,921	100,161	130,575	30,514-	111,561	174,265
13 Management Fees	365,635	356,485	9,150	467,936	3,530,244	3,396,305	133,939	3,111,483	4,483,328
14 Group Insurance	145,453	125,448	20,005	101,180	1,129,932	1,139,032	126,937	1,105,035	1,505,376
15 Pensions	85,399	23,233	62,166	5,625	556,943	489,510	67,103	786,898	652,680
16 Regulatory Expense	50,566	43,662	6,904	48,749-	375,567	392,958	17,391-	319,480	523,944
17 Insurance Other Than Group	108,649	101,199	7,450	111,212	833,896	912,731	79,095-	876,364	1,217,188
18 Customer Accounting	1,440	3,373	1,933-	3,940	121,850	11,731	10,081-	29,617	41,925
19 Rents	21,041	20,673	368	20,734	152,067	182,509	30,442-	240,944	243,264
20 General Office Expense	135,543	197,656	62,113-	147,326	1,297,649	1,382,540	84,891-	1,251,794	1,811,660
21 Miscellaneous	84,265	92,288	8,023-	147,703	912,228	986,524	74,296-	892,277	1,282,167
25 Other Maintenance									
Total Maintenance & Operations Expense	1,744,949	1,660,737	84,212	1,796,217	15,269,939	14,947,526	322,413	14,543,997	19,863,418
27 Depreciation	387,116	384,712	2,404	350,634	3,362,317	3,414,942	52,625-	3,294,166	4,592,115
28 Amortization	15,089	10,148	4,941	10,148	96,274	91,332	4,942	91,333	121,776
29 General Taxes	571,768	289,709	282,059	276,098	3,132,634	2,643,782	488,854	2,554,662	3,521,143
30 State Income Taxes	65,141	48,875	16,266	43,283-	244,238	213,945	30,293	64,338	352,222
31 Federal Income Taxes	332,027	246,036	85,991	431,881	1,302,841	1,077,001	225,840	1,267,473	1,773,087
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,116,090	2,640,217	475,873	2,821,695	23,400,243	22,388,526	1,019,717	21,815,969	30,223,761
34 Utility Operating Income	776,408	750,490	25,918	950,113	4,718,792	4,788,630	69,838-	3,948,173	7,031,294
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income									
40 AFUDC Equity	3,336	9,866	6,530-	10,475	69,283	25,841	69,283	43,797	49,626
42 M & J Miscellaneous Income	1,057-		1,057-	3,844	3,571		3,571	6,446	
43 Gain/(Loss) on Disposition									
45 Total Other Income	2,279	9,866	7,587-	14,319	126,908	25,841	101,067	52,243	49,626
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	1,800	7,500	5,700-	181	42,178	64,500	22,322-	32,769	74,000
49 General Taxes	1,305-	449-	856-	483-					
50 State Income Taxes	2,283	2,258-	4,541	2,601-	13,371	20,520-	33,891	4,078-	1,819-
51 Federal Income Taxes									
52 Total Other Deductions	2,778	4,793	2,015-	2,903-	55,549	39,902	15,647	21,155	45,911
53 Total Other Income	499-	5,073	5,572-	17,222	71,359	14,061-	85,420	31,088	3,715
54 Income Before Interest Charges	775,909	755,563	20,346	967,335	4,790,151	4,774,569	15,582	3,979,261	7,035,009
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	270,396	298,288	27,892-	204,965	2,340,091	2,716,603	376,512-	1,847,245	3,658,234
57 Amortization and Debt Expense	2,391	5,671	3,280-	1,354	19,014	51,012	31,998-	12,182	69,156
58 Interest-Short Term Bank Debt	34,166	13,668	20,498	79,905	482,965	87,904	395,061	566,091	103,233
59 Other Interest Expense									
60 AFUDC-Debt	1,887-	5,497-	3,610	4,932-	26,843-	14,360-	12,483-	18,351-	27,612-
61 Total Interest Charges	305,066	312,130	7,064-	281,292	2,815,227	2,841,159	25,932-	2,407,167	3,803,011
62 Net Income	470,843	443,433	27,410	686,043	1,974,924	1,933,410	41,514	1,572,094	3,231,998
64 Preferred Dividend Declared	5,757	5,759	2-	5,759	51,810	51,831	21-	51,829	69,108
65 Net Income to Common Stock	465,086	437,674	27,412	680,284	1,923,114	1,881,579	41,535	1,520,265	3,162,890

Tennessee-American Water Co.

Description		October Actual	October Plan	October Variance	October Prior Year	Yr to Date October Actual	Yr to Date October Plan	Yr to Date October Variance	Yr to Date October Prior Year	Annual Forecast
1 OPERATING REVENUES		3,339,990	3,331,819	8,171	2,353,293	30,443,865	29,476,171	967,694	27,128,470	35,877,983
2 Water		129,215	114,756	14,459	110,378	1,152,375	1,147,560	4,815	1,099,343	1,377,072
3 Sewer										
4 Other										
5 Management										
6 Total Revenues		3,469,205	3,446,575	22,630	2,463,671	11,596,240	30,623,731	972,509	28,227,813	37,255,055
7 OPERATIONS & MAINTENANCE EXPENSE		417,576	418,907	1,331-	338,757	3,862,223	3,899,458	37,235-	3,444,478	4,695,801
8 Leased Water		13,697	3,800	9,897	5,130	42,550	40,311	2,239	40,311	1,931,389
9 Fuel & Power		234,364	160,378	73,986	167,249	1,909,596	1,616,836	292,760	1,886,703	1,886,703
10 Fuel & Power		77,588	77,415	173	78,847	945,396	832,646	112,750	846,872	1,972,765
11 Chemicals		29,732	17,800	11,932	10,914	129,893	128,475	1,418	122,475	4,483,338
12 Waste Disposal		404,252	367,099	37,153	370,250	3,934,496	3,763,404	171,092	3,481,734	1,505,376
13 Management Fees		126,056	125,448	608	136,868	1,382,092	1,254,480	127,612	1,241,903	1,505,376
14 Group Insurance		56,279	54,390	1,889	93,541	612,826	543,900	68,926	880,439	952,680
15 Pensions		262,427	23,233	239,194	474,200	194,954	194,954	279,206	197,347	241,880
16 Regulatory Expense		48,257	43,662	4,595	42,035	423,825	436,620	12,795-	361,515	1,241,903
17 Insurance Other Than Group		89,226	101,999	12,773-	125,277	923,122	1,014,950	91,868-	1,001,640	1,241,903
18 Customer Accounting		250	3,448	3,198-	2,668	21,900	35,179	13,279-	32,486	41,525
19 Rentals		27,792	18,874	8,918	25,347	179,859	201,383	21,524-	266,291	243,264
20 General Office Expense		173,635	132,353	41,282	166,440	1,471,284	1,524,893	53,609-	1,418,234	1,811,660
21 Miscellaneous		83,837	122,467	38,630-	56,156	996,065	1,108,951	112,886-	950,432	1,282,167
25 Other Maintenance										
Total Maintenance & Operations Expense		2,044,968	1,671,273	373,695	1,628,063	17,314,907	16,618,799	696,108	16,172,860	19,863,418
27 Depreciation		389,744	387,256	2,488	341,789	3,752,061	3,802,198	50,137-	3,635,955	4,592,115
28 Amortization		10,697	10,148	549	10,148	106,971	101,480	5,491	101,481	121,776
29 General Taxes		325,399	293,076	32,323	326,544	3,458,033	2,936,856	521,177	2,881,205	3,521,143
30 State Income Taxes		25,345	50,079	24,734-	4,298	269,583	264,024	5,559	68,635	352,222
31 Federal Income Taxes		121,044	252,096	131,052-	289,093-	1,423,685	1,329,097	94,788	978,380	1,773,087
32 Tax Savings Acquisition	Adjustment									
33 Total Operating Expenses		2,917,197	2,663,928	253,269	2,022,549	26,325,440	25,052,454	1,272,986	23,838,516	30,223,761
34 Utility Operating Income		552,008	782,647	230,639-	441,122	5,270,800	5,571,277	300,477-	4,389,297	7,031,294
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred		3,787	10,539	6,752-	12,970	69,283	36,380	69,283	55,767	49,626
39 Interest Income		6,281		6,281	3,470-	57,841		21,461	2,976	
40 APUD Acquisition						9,852		9,852	2,000	
42 Gain/Loss on Disposition										
43 Gain/Loss on Disposition										
45 Total Other Income		10,068	10,539	471-	9,500	136,976	36,380	100,596	61,743	49,626
46 Miscellaneous Amortization										
47 Tax Savings Acquisition	Adjustment									
48 Misc. Other Deductions		3,365	1,000	2,365	6,478	45,543	65,500	19,957-	39,247	74,000
49 General Taxes			65-	65	202-	4,143-	4,143	2,021-	2,021-	4,657-
50 State Income Taxes		3,979	327-	4,306	1,088-	17,350	20,847-	38,197	10,883-	23,432-
51 Federal Income Taxes			608	6,736	5,188	62,893	40,510	22,383	26,343	45,911
52 Total Other Deductions		7,344	9,931	7,207-	4,312	74,083	4,130-	78,213	35,400	3,715
53 Total Other Income		2,724	792,578	237,846-	445,434	5,344,883	5,567,147	222,264-	4,424,697	7,035,009
54 Income Before Interest Charges		554,732								
55 INTEREST CHARGES										
56 Interest on Long-Term Debt		270,310	313,958	43,648-	204,892	2,610,402	3,030,561	420,159-	2,052,137	3,658,234
57 Amortization and Debt Expense		2,391	6,047	3,656-	1,354	21,405	57,059	35,654-	13,536	69,156
58 Interest-Short Term Bank Debt		37,516	8,218	29,298	74,834	520,481	96,122	424,359	640,925	103,233
59 Other Interest Expense					131				131	
60 APUD-Debt		2,143-	5,872-	3,729	6,107-	28,986-	20,232-	8,754-	24,458-	27,612-
61 Total Interest Charges		308,074	322,351	14,277-	275,104	3,123,302	3,163,510	40,208-	2,682,271	3,803,011
62 Net Income		246,658	470,227	223,569-	170,330	2,221,581	2,403,637	182,056-	1,742,426	3,231,998
64 Preferred Dividend Declared		5,757	5,759	2-	5,759	57,567	57,567		1,742,426	69,108
65 Net Income to Common Stock		240,901	464,468	223,567-	164,571	2,164,014	2,346,047	182,033-	1,684,838	3,162,890

Tennessee-American Water Co.

American Water Works Company
Tennessee-American Water-Co 26
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 11/30/2007

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Description	November Actual	November Plan	November Variance	November Prior Year	Yr to Date November Actual	Yr to Date November Plan	Yr to Date November Variance	Yr to Date November Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	2,822,713	3,119,188	296,475	3,006,432	33,266,578	32,595,359	671,219	30,134,902	35,877,983
3 Sewer	114,747	114,756	9	189,393	1,267,122	1,262,316	4,806	1,288,736	1,377,072
4 Other									
5 Management									
6 Total Revenues	2,937,460	3,233,944	296,484	3,195,825	34,533,700	33,857,675	676,025	31,423,638	37,255,055
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	396,113	405,311	9,198	428,926	4,258,336	4,304,769	46,433	3,873,404	4,695,801
9 Purchased Water	6,994	4,100	2,894	9,717	55,124	46,650	8,474	50,028	51,050
10 Fuel & Power	196,370	167,313	29,057	176,319	2,005,966	1,784,149	221,817	2,063,023	1,936,389
11 Chemicals	84,504	85,936	1,432	97,469	1,029,901	918,582	111,319	944,342	1,002,921
12 Waste Disposal	10,730	13,825	3,095	12,816	140,623	162,300	21,677	135,281	174,265
13 Management Fees	400,052	354,658	45,394	375,740	4,334,547	4,118,062	216,485	3,857,474	4,483,320
14 Group Insurance	120,331	125,448	5,117	134,080	1,502,356	1,379,928	122,428	1,375,983	1,505,376
15 Pensions	54,383	54,390	7	91,182	667,275	598,290	68,985	971,621	652,680
16 Regulatory Expense	23,412	23,233	179	10,517	497,612	218,227	279,385	207,864	241,460
17 Insurance Other Than Group	48,209	43,662	4,547	44,856	472,033	480,282	8,249	406,371	523,944
18 Customer Accounting	91,554	100,999	9,445	195,935	1,014,676	1,115,989	101,313	1,197,575	1,217,188
19 Rents	21,707	3,373	18,334	2,868	21,916	38,352	16,436	35,354	41,925
20 General Office Expense	160,652	147,677	12,975	19,622	201,566	222,398	20,832	285,913	243,264
21 Miscellaneous	87,333	88,788	1,455	74,165	1,631,936	1,672,570	40,634	1,605,532	1,811,660
22 Other Maintenance					1,083,398	1,197,779	114,381	1,024,598	1,282,167
Total Maintenance & Operations Expense	1,702,360	1,639,728	62,632	1,861,509	19,017,265	18,258,527	758,738	18,034,373	19,863,418
27 Depreciation	312,170	389,308	77,138	340,341	4,064,231	4,191,506	127,275	3,976,296	4,592,115
28 Amortization	10,697	10,148	549	117,668	111,628	607,960	496,332	3,180,570	121,776
29 General Taxes	379,057	292,474	86,583	299,365	3,837,090	3,229,330	607,760	3,521,143	3,521,143
30 State Income Taxes	21,165	38,792	17,627	19,990	302,816	302,816	12,067	48,645	352,222
31 Federal Income Taxes	86,213	195,278	109,065	134,152	1,510,097	1,524,375	14,278	1,102,532	1,773,087
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,511,662	2,565,728	54,066	2,615,525	28,837,100	27,618,102	1,218,918	26,454,045	30,223,761
34 Utility Operating Income	425,798	668,216	242,418	580,300	5,696,600	6,239,493	542,893	4,969,593	7,031,294
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income									
40 AFUDC Equity	3,603	9,216	5,613	17,311	69,283	45,596	23,687	74,079	49,626
41 M & J Miscellaneous Income	1,978		1,978	1,237	11,830		11,830	4,213	
42 Gain(Loss)on Disposition								2,000	
43 Total Other Income	5,581	9,216	3,635	18,548	142,557	45,596	96,961	80,292	49,626
45 Miscellaneous Amortization									
46 Tax Savings Acquisition Adjustment									
47 Misc. Other Deductions	10,150	1,000	9,150	810	55,693	66,500	10,807	40,057	74,000
48 General Taxes		65	65	202	13,129	4,208	4,208	2,223	4,657
49 State Income Taxes	4,221	327	3,894	1,089	13,129	21,174	34,303	11,972	23,432
50 Federal Income Taxes									
51 Total Other Deductions	5,829	608	5,221	481	68,822	41,118	27,704	25,862	45,911
52 Total Other Income	348	8,608	8,260	19,029	73,735	4,478	69,257	54,430	3,715
53 Income Before Interest Charges	425,450	676,824	251,374	599,339	5,770,335	6,243,971	473,636	5,024,023	7,035,009
54 INTEREST CHARGES									
55 Interest on Long-Term Debt	270,224	313,877	43,653	204,819	2,880,626	3,344,438	463,812	2,256,956	3,658,234
56 Amortization and Debt Expense	2,390	6,048	3,658	1,354	23,795	63,107	39,312	14,889	69,156
57 Interest-Short Term Bank Debt	29,765	1,022	28,743	85,425	550,246	97,144	453,102	726,349	103,233
58 Other Interest Expense	2,038	5,135	3,097	6,692	31,024	25,367	5,657	31,151	27,612
59 AFUDC-Debt									
60 Total Interest Charges	301,130	315,812	14,682	286,026	3,424,432	3,479,322	54,890	2,968,294	3,803,011
61 Net Income	124,320	361,012	236,692	313,303	2,345,903	2,764,649	418,746	2,055,729	3,231,998
62 Preferred Dividend Declared	5,757	5,759	2	5,759	63,323	63,349	26	63,346	69,108
63 Net Income to Common Stock	118,563	355,253	236,690	307,544	2,282,580	2,701,300	418,720	1,992,383	3,162,890

American Water Works Jany
Tennessee-American Water-Co 26
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 12/31/2007

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Tennessee-American Water Co.

	Description	December Actual	December Plan	December Variance	December Prior Year	Yr to Date December Actual	Yr to Date December Plan	Yr to Date December Variance	Yr to Date December Prior Year	Annual Forecast
1	OPERATING REVENUES									
2	Water	2,940,252	3,282,624	342,372-	2,474,818	36,206,831	35,877,983	328,848	32,609,719	35,877,983
3	Sewer									
4	Other	109,447	114,756	5,309-	100,579	1,376,569	1,377,072	503-	1,389,315	1,377,072
5	Management									
6	Total Revenues	3,049,699	3,397,380	347,681-	2,575,397	37,583,400	37,255,055	328,345	33,999,034	37,255,055
7	OPERATIONS & MAINTENANCE EXPENSE									
8	Labor	406,066	391,032	15,034	383,124	4,684,401	4,695,801	31,400-	4,256,528	4,695,801
9	Purchased Water	1,774-	4,400	6,174-	3,626	53,351	51,050	2,301	53,119	51,050
10	Fuel & Power	170,908	152,240	18,668	168,902	2,266,874	1,936,389	340,485	2,231,924	1,936,389
11	Chemicals	61,606	84,339	22,733-	45,271	1,091,507	1,002,921	88,586	989,613	1,002,921
12	Waste Disposal	10,701	11,965	1,264-	21,098	151,224	143,265	7,959	156,189	143,265
13	Management Fees	390,982	365,266	25,716	455,054	4,753,725	4,483,328	242,201	4,312,528	4,483,328
14	Group Insurance	74,396	125,448	51,052-	118,178	1,507,352	1,405,376	71,376	1,494,161	1,505,376
15	Pensions	39,905	54,390	14,485-	76,443	707,180	521,680	185,500	1,048,064	521,680
16	Regulatory Expense	22,812	23,233	421-	10,517	504,423	521,944	17,521	218,381	241,460
17	Insurance Other Than Group	56,286	43,662	12,624	90,350	1,125,626	1,217,988	92,362	1,304,538	1,217,988
18	Customer Accounting	110,950	101,199	9,751	106,963	1,125,626	1,217,988	92,362	1,304,538	1,217,988
19	Rents	480	3,373	2,893-	8,120	22,397	41,925	19,528-	41,474	41,925
20	General Office Expense	22,173	20,866	1,307	43,400	223,739	243,264	19,525-	329,312	243,264
21	Miscellaneous	144,625	139,090	5,535	286,340	1,776,561	1,811,660	35,099-	1,831,871	1,811,660
22	Other Maintenance	153,710	84,388	69,322	128,206	1,237,107	1,262,167	25,060-	1,152,804	1,262,167
	Total Maintenance & Operations Expense	1,663,826	1,604,891	58,935	1,947,058	20,681,090	19,863,418	817,672	19,981,428	19,863,418
27	Depreciation	331,769	400,609	68,840-	355,988	4,395,999	4,592,115	196,116-	4,332,284	4,592,115
28	Amortization	10,148	10,148		10,148	128,365	121,776	6,589	121,777	121,776
29	General Taxes	75,341	291,813	216,472-	286,185	3,912,430	3,521,143	391,287	3,466,755	3,521,143
30	State Income Taxes	71,149	49,406	21,743	104,139	361,898	352,232	9,676	352,784	352,232
31	Federal Income Taxes	245,205	248,712	3,507-	66,170	1,755,302	1,773,087	17,785-	1,168,703	1,773,087
32	Tax Savings Acquisition Adjustment									
33	Total Operating Expenses	2,397,987	2,605,579	207,592-	2,769,688	31,235,084	30,223,761	1,011,323	29,223,731	30,223,761
34	Utility Operating Income	651,712	791,801	140,089-	194,291	6,348,316	7,031,294	682,978-	4,775,303	7,031,294
35	OTHER INCOME & DEDUCTIONS									
36	Non-Operating Rental Income									
37	Dividend Income-Common									
38	Dividend Income-Preferred									
39	Interest Income									
40	AFUDC Equity	3,049	4,030	981-	4,943	69,283	49,626	69,283	4,943	4,943
41	Miscellaneous Income	6,845-		6,845-	12,214	64,493	14,867	14,867	86,293	14,867
42	M & J Miscellaneous Income				6,806-	4,985	2,593-	4,985	2,593-	2,593-
43	Gain(Loss)on Disposition									
44	Total Other Income	3,796-	4,030	7,826-	10,351	138,761	49,626	89,135	90,643	49,626
45	Miscellaneous Amortization									
46	Tax Savings Acquisition Adjustment									
47	Misc. Other Deductions	12,750	7,500	5,250	6,188	58,443	74,000	5,557-	46,244	74,000
48	General Taxes	525	449-	974	501-	525	4,657-	5,182	2,724-	4,657-
49	State Income Taxes	9,560-	2,250-	7,310-	2,651-	3,561	23,432-	26,993	14,663-	23,432-
50	Federal Income Taxes									
51	Total Other Deductions	3,707	4,793	1,086-	2,996	72,529	45,911	26,618	28,857	45,911
52	Total Other Income	7,503-	763-	6,740-	7,355	56,232	3,715	62,517	61,786	3,715
53	Income Before Interest Charges	644,209	791,038	146,829-	186,936	6,414,546	7,035,009	620,461-	4,817,089	7,035,009
54	INTEREST CHARGES									
55	Interest on Long-Term Debt	270,137	313,796	43,659-	200,154	3,150,763	3,658,234	507,471-	2,457,110	3,658,234
56	Amortization and Debt Expense	2,391	6,049	3,658-	1,354	46,187	69,156	42,969-	16,243	69,156
57	Interest-Short Term Bank Debt	35,895	6,089	29,806	95,089	586,742	103,233	482,909	821,438	103,233
58	Other Interest Expense									
59	AFUDC-Debt	1,725-	2,245-	520	5,817-	32,746-	27,612-	5,136-	36,968-	27,612-
60	Total Interest Charges	306,698	323,689	16,991-	315,634	3,731,133	3,803,011	71,878-	3,283,928	3,803,011
61	Net Income	137,511	467,349	129,838-	502,570	2,683,415	3,231,998	548,583-	1,553,161	3,231,998
62	Preferred Dividend Declared	5,757	5,759	2-	5,564	69,080	69,108	28-	69,108	69,108
63	Net Income to Common Stock	311,754	461,590	129,836-	508,154-	2,614,335	3,162,890	548,555-	1,484,231	3,162,890

Tennessee-American Water Co.

	January Actual	January Plan	January Variance	January Prior Year	Yr to Date January Actual	Yr to Date January Plan	Yr to Date January Variance	Yr to Date January Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	2,576,491	2,772,080	195,589-	2,332,707	2,576,491	2,772,080	195,589-	2,332,707	37,473,105
3 Sewer	123,259	114,756	8,503	117,535	123,259	114,756	8,503	117,535	1,377,072
4 Other									
5 Management									
6 Total Revenues	2,699,750	2,886,836	187,086-	2,450,242	2,699,750	2,886,836	187,086-	2,450,242	38,850,177
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	428,202	440,033	11,831-	413,504	428,202	440,033	11,831-	413,504	4,951,504
9 Purchased Water	4,127	3,589	538	3,561	4,127	3,589	538	3,561	51,766
10 Fuel & Power	175,658	168,467	7,191	138,907	175,658	168,467	7,191	138,907	2,146,732
11 Chemicals	74,207	86,344	12,137-	110,230	74,207	86,344	12,137-	110,230	1,115,700
12 Waste Disposal	13,162	16,406	3,244-	22,797	13,162	16,406	3,244-	22,797	253,670
13 Management Fees	443,687	404,631	39,056	372,567	443,687	404,631	39,056	372,567	4,636,157
14 Group Insurance	143,231	130,102	13,129	130,297	143,231	130,102	13,129	130,297	1,561,024
15 Pensions	145,553	78,814	66,739	61,439	145,553	78,814	66,739	61,439	945,768
16 Regulatory Expense	22,812	23,232	420-	10,517	22,812	23,232	420-	10,517	173,437
17 Insurance Other Than Group	45,402	46,678	1,276-	46,569	45,402	46,678	1,276-	46,569	560,136
18 Customer Accounting	111,394	105,155	6,239	58,743	111,394	105,155	6,239	58,743	1,253,644
19 Rents	1,244	4,763	3,519-	747-	1,244	4,763	3,519-	747-	26,325
20 General Office Expense	16,532	20,950	4,418-	10,309	16,532	20,950	4,418-	10,309	224,362
21 Miscellaneous	140,732	159,639	18,907-	133,976	140,732	159,639	18,907-	133,976	1,892,615
25 Other Maintenance	103,014	109,830	6,816-	114,838	103,014	109,830	6,816-	114,838	114,838
Total Maintenance & Operations Expense	1,868,957	1,798,633	70,324	1,627,104	1,868,957	1,798,633	70,324	1,627,104	21,213,340
27 Depreciation	377,605	400,609	23,004-	352,255	377,605	400,609	23,004-	352,255	4,890,341
28 Amortization	10,697	10,148	549	10,148	10,697	10,148	549	10,148	352,776
29 General Taxes	303,297	335,315	32,018-	303,297	303,297	335,315	32,018-	303,297	3,940,511
30 State Income Taxes	6,326-	7,466	7,072-	6,060-	6,326-	7,466	7,072-	6,060-	224,322
31 Federal Income Taxes	22,646-	3,752	26,398-	57,087-	22,646-	3,752	26,398-	57,087-	1,632,666
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,531,584	2,549,203	17,619-	2,231,731	2,531,584	2,549,203	17,619-	2,231,731	32,122,958
34 Utility Operating Income	168,166	337,633	169,467-	218,511	168,166	337,633	169,467-	218,511	6,727,219
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income									
40 AFUDC Equity	904		904	4,378	904		904	4,378	69,338
42 M & J Miscellaneous Income	3,277-		3,277-	7,813	3,277-		3,277-	7,813	
43 Gain(Loss) on Disposition				2,612				2,612	
45 Total Other Income	2,373-		2,373-	14,803	2,373-		2,373-	14,803	69,338
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	490	515	25-	810	490	515	25-	810	76,220
49 General Taxes	325-	33-	292-	261	325-	33-	292-	261	4,798-
50 State Income Taxes	2,148-	169-	1,979-	1,315	2,148-	169-	1,979-	1,315	24,158-
51 Federal Income Taxes									
52 Total Other Deductions	1,983-	313	2,296-	3,412	1,983-	313	2,296-	3,412	47,264
53 Total Other Income	390-	313-	77-	11,391	390-	313-	77-	11,391	22,074
54 Income Before Interest Charges	167,776	337,320	169,544-	229,902	167,776	337,320	169,544-	229,902	6,749,293
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	270,049	269,452	597	204,670	270,049	269,452	597	204,670	2,905,510
57 Amortization and Debt Expense	2,391	2,283	108	1,406	2,391	2,283	108	1,406	23,676
58 Interest-Short Term Bank Debt	42,068	41,424	644	98,965	42,068	41,424	644	98,965	642,919
59 Other Interest Expense									
60 AFUDC-Debt	511-		511-	3,698-	511-		511-	3,698-	40,158-
61 Total Interest Charges	313,997	313,159	838	301,343	313,997	313,159	838	301,343	3,531,947
62 Net Income	146,221-	24,161	170,382-	71,441-	146,221-	24,161	170,382-	71,441-	3,217,346
64 Preferred Dividend Declared	5,757	5,757		5,757	5,757	5,757		5,757	69,084
65 Net Income to Common Stock	151,978-	18,404	170,382-	77,198-	151,978-	18,404	170,382-	77,198-	3,148,262

Tennessee-American Water Co.

	February Actual	February Plan	February Variance	February Prior Year	Yr to Date February Actual	Yr to Date February Plan	Yr to Date Variance	Yr to Date February Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	2,766,567	2,657,697	108,870	2,322,586	5,343,058	5,429,777	86,719-	4,655,293	37,473,105
3 Sewer	118,745	114,756	3,989	107,553	242,004	229,512	12,492	225,087	1,377,072
4 Other									
5 Management									
6 Total Revenues	2,885,312	2,772,453	112,859	2,430,139	5,585,062	5,659,289	74,227-	4,880,380	38,850,177
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	385,921	384,937	984	384,031	814,123	824,970	10,847-	797,535	4,951,504
9 Purchased Water	3,888	3,846	42	3,423	8,015	7,435	580	6,784	51,766
10 Fuel & Power	169,871	152,145	17,726	139,874	345,529	320,612	24,917	278,781	2,146,732
11 Chemicals	76,550	80,320	3,770-	62,620	150,757	166,664	15,907-	172,849	1,115,700
12 Waste Disposal	13,088	15,660	2,572-	15,892	26,250	32,066	5,816-	38,689	253,670
13 Management Fees	411,898	387,494	24,404	430,951	855,595	792,125	63,460	803,315	4,636,157
14 Group Insurance	146,701	130,102	16,599	140,928	289,931	260,204	29,727	271,224	1,561,024
15 Pensions	121,782	78,814	42,968	60,900	267,334	157,628	109,706	122,339	945,768
16 Regulatory Expense	22,812	23,232	420-	10,517	45,623	46,464	841-	21,033	173,477
17 Insurance Other Than Group	45,923	46,678	755-	46,056	91,325	93,356	2,031-	92,625	560,136
18 Customer Accounting	95,793	104,025	8,232-	77,275	207,187	209,180	1,993-	136,018	1,253,644
19 Rents	1,801	5,078	3,277-	3,045	3,045	9,841	6,796-	2,721	56,325
20 General Office Expense	21,135	19,837	1,298	13,999	37,667	40,787	3,120-	24,308	224,562
21 Miscellaneous	168,775	144,570	24,205	118,583	309,507	304,209	5,298	252,559	1,892,635
25 Other Maintenance	109,178	97,979	11,199	118,539	212,193	207,809	4,384	233,377	1,190,260
Total Maintenance & Operations Expense	1,795,116	1,674,717	120,399	1,637,056	3,664,071	3,473,350	190,721	3,254,157	21,213,340
27 Depreciation	377,503	400,655	23,152-	350,535	755,108	801,364	46,156-	702,789	4,890,341
28 Amortization	10,697	10,148	549	10,148	21,394	20,296	1,098	20,296	121,776
29 General Taxes	319,778	331,300	11,522-	296,069	623,076	666,615	43,539-	601,440	3,940,511
30 State Income Taxes	9,949	1,384	8,565	4,608-	3,622	2,130	1,492	10,666-	324,322
31 Federal Income Taxes	58,179	6,969	51,210	54,816-	35,533	10,721	24,812	111,903-	1,632,668
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	2,571,222	2,425,173	146,049	2,224,386	5,102,804	4,974,376	128,428	4,456,113	32,122,958
34 Utility Operating Income	314,090	347,280	33,190-	205,753	482,258	684,913	202,655-	424,267	6,727,219
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income									
40 AFUDC Equity	1,467	196	1,271	1,047	2,371	196	2,175	5,435	69,338
42 M & J Miscellaneous Income	5,538		5,538	580-	2,261		2,261	18,283	
43 Gain(loss)on Disposition								2,032	
45 Total Other Income	7,005	196	6,809	10,937	4,632	196	4,436	25,740	69,338
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	1,100	515	585	50	1,590	1,030	560	860	76,220
49 General Taxes	383	33-	416	31-	58	66-	124	230	4,798-
50 State Income Taxes	2,531	169-	2,700	156-	383	338-	721	1,160	24,158-
51 Federal Income Taxes									
52 Total Other Deductions	4,014	313	3,701	889	2,031	626	1,405	4,303	47,264
53 Total Other Income	2,991	117-	3,108	10,048	2,601	430-	3,031	21,437	22,074
54 Income Before Interest Charges	317,081	347,163	30,082-	215,801	484,859	684,483	199,624-	445,704	6,749,293
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	269,960	269,370	590	238,955	540,009	538,822	1,187	443,624	2,905,510
57 Amortization and Debt Expense	3,294	2,283	1,011	1,406	5,685	4,566	1,119	2,813	23,676
58 Interest-Short Term Bank Debt	32,086	47,000	14,914-	51,813	74,154	88,424	14,270-	150,778	642,919
59 Other Interest Expense									
60 AFUDC-Debt	830-	109-	721-	4,956-	1,341-	109-	1,232-	8,654-	40,158-
61 Total Interest Charges	304,510	318,544	14,034-	287,218	618,507	631,703	13,196-	588,561	3,531,947
62 Net Income	12,571	28,619	16,048-	71,417-	133,648-	52,780	186,438-	142,857-	3,217,346
64 Preferred Dividend Declared	5,757	5,757		5,757	11,513	11,514	1-	11,513	69,084
65 Net Income to Common Stock	6,814	22,862	16,048-	77,174-	145,161-	41,266	186,427-	154,370-	3,148,262

Tennessee-American Water Co.

American Water Works Company
Tennessee-American Water-Co 26
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 03/31/2008

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Description		March Actual	March Plan	March Variance	March Prior Year	Yr to Date March Actual	Yr to Date March Plan	Yr to Date March Variance	Yr to Date March Prior Year	Annual Forecast
1 OPERATING REVENUES										
2 Water	2,794,029	2,813,132	2,794,029	19,163	2,510,929	8,156,250	8,223,806	67,556-	7,166,222	37,473,105
3 Sewer	114,756	104,215	114,756	10,541-	104,652	346,219	344,268	1,951	329,740	1,377,072
4 Other										
5 Management	2,908,785	2,917,407	2,908,785	8,622	2,615,581	8,502,469	8,568,074	65,605-	7,495,962	38,850,177
6 Total Revenues										
7 OPERATIONS & MAINTENANCE EXPENSE										
8 Labor	399,543	415,874	399,543	16,331-	323,976	1,213,666	1,240,844	27,178-	1,121,511	4,951,504
9 Purchased Water	1,696-	4,567	1,696-	1,261-	2,454	6,319	12,002	5,683-	8,238	51,766
10 Fuel & Power	186,476	174,723	186,476	11,753	161,609	532,005	495,335	36,670	443,280	2,146,732
11 Chemicals	105,819	92,015	105,819	13,804	100,757	256,577	258,679	2,102-	273,607	1,115,700
12 Waste Disposal	36,609	20,017	36,609	16,592	13,011	62,859	52,083	10,776	51,700	253,670
13 Management Fees	456,207	398,478	456,207	57,729	358,506	1,311,792	1,190,603	121,189	1,161,820	4,636,157
14 Group Insurance	145,248	130,102	145,248	15,146	137,353	435,180	390,306	44,874	408,577	1,561,024
15 Pensions	121,969	78,814	121,969	43,155	61,279	236,442	234,422	2,020	183,618	945,768
16 Regulatory Expense	15,726-	46,678	15,726-	28,684-	10,517	29,897	59,422	29,525-	31,550	173,477
17 Insurance Other Than Group	13,873-	12,958	13,873-	40,851-	9,457	77,452	140,034	62,582-	102,082	560,136
18 Customer Accounting	62,424	104,231	62,424	41,807-	95,850	269,611	313,411	43,800-	231,868	1,253,644
19 Rents	1,420-	5,102	1,420-	6,522	4,416	1,625	13,318-	11,717	7,137	56,325
20 General Office Expense	21,748	21,978	21,748	2,230-	16,668	59,415	62,765	3,350-	40,976	224,562
21 Miscellaneous	129,359	154,850	129,359	25,491-	168,984	438,866	459,059	20,193-	421,543	1,892,615
22 Other Maintenance	70,609	106,910	70,609	36,301-	97,508	282,802	314,719	31,917-	330,885	1,890,260
Total Maintenance & Operations Expense	1,703,296	1,767,237	1,703,296	64,001-	1,562,345	5,367,370	5,240,647	126,723	4,816,502	21,213,340
27 Depreciation										
28 Amortization	402,980	401,236	402,980	81,744	354,932	1,238,088	1,202,500	35,588	1,057,722	4,890,341
29 General Taxes	330,376	333,656	330,376	1,355	328,000	953,452	1,000,271	46,819-	30,444	121,776
30 State Income Taxes	3,457-	4,749	3,457-	8,206-	9,181-	165	6,879	6,714-	1,004,762	3,940,511
31 Federal Income Taxes	47,827-	23,909	47,827-	7,736-	6,477	12,294-	34,630	46,924-	105,426-	324,332
32 Tax Savings Acquisition Adjustment										1,632,668
33 Total Operating Expenses	2,476,871	2,540,995	2,476,871	64,124-	2,328,044	7,579,678	7,515,371	64,307	6,784,158	32,122,958
34 Utility Operating Income	440,536	367,790	440,536	72,746	287,537	922,791	1,052,703	129,912-	711,804	6,727,219
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred										
39 Interest Income	1,499	1,212	1,499	287	79	3,870	1,408	2,462	5,503	69,338
40 AFUDC Equity	2,054		2,054	2,054	494	4,315		4,315	27,191	
41 N & J Miscellaneous Income										
42 Gain(Loss)on Disposition										
43 Total Other Income	3,553	1,212	3,553	2,341	9,481	8,185	1,408	6,777	35,220	69,338
44 Miscellaneous Amortization										
45 Tax Savings Acquisition Adjustment										
46 Misc. Other Deductions	19,550	33,475	19,550	13,925-	6,318	21,140	34,505	13,365-	7,178	78,220
47 General Taxes	1,076-	2,137-	1,076-	1,061	181-	2,203-	1,185	1,018-	50	4,798-
48 State Income Taxes	708	10,758-	708	11,466	884-	1,091	11,096-	12,187	276	24,158-
49 Federal Income Taxes	19,182	20,580	19,182	1,398-	3,200	21,213	21,206	7	7,504	47,264
50 Total Other Deductions	15,629-	19,368-	15,629-	3,739	6,201	13,028-	19,798-	6,770	27,716	22,074
51 Total Other Income	424,907	348,422	424,907	76,485	293,018	909,763	1,032,905	123,142-	739,520	6,749,293
52 Income Before Interest Charges										
53 INTEREST CHARGES	269,676	263,447	269,676	6,229	274,826	809,685	802,269	7,416	716,450	2,905,510
54 Interest on Long-Term Debt	2,373	2,283	2,373	90	1,953	8,849	1,209	7,640	4,772	23,676
55 Amortization and Debt Expense	35,981	41,184	35,981	5,203-	35,200	110,135	129,608	19,473-	185,978	642,919
56 Interest-Short Term Bank Debt										
57 Other Interest Expense	848-	675-	848-	173-	4,217-	2,190-	784-	1,406-	12,871-	40,158-
58 AFUDC-Debt										
59 Total Interest Charges	307,102	306,239	307,102	943	305,768	925,688	937,942	12,254-	894,329	3,531,947
60 Net Income	117,725	42,183	117,725	75,542	11,950-	15,925-	94,963	110,888-	154,809-	3,217,346
61 Preferred Dividend Declared	5,757	5,757	5,757		5,757	17,270	17,270	1-	17,270	69,084
62 Net Income to Common Stock	111,968	36,426	111,968	75,542	17,707-	33,195-	77,692	110,887-	172,079-	3,148,262

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

12. Provide for each year and quarter since January 1, 2003, the complete audited financial statements (including income statement and balance sheet) for **AWWSC** and any other **TAWC Parent or Affiliate** that has been paid any amount by **TAWC**. If audited financial statements are not available, provide unaudited financial statements (including income statement and balance sheet) for such periods.

Response:

The unaudited balance sheets and income statements for AWWSC and AWCC are attached for this response. Please refer to the response to TN-TRA-01-Q05 for the TAWC and AWW audited financial statements for 2005-2007. To the extent the request seeks information related to AWW and TAWC for 2003-2004, the Company objects on the grounds that such a request is unduly burdensome and not relevant to this proceeding. The information was previously supplied to the parties in this case in response to TN-TRA-01-Q05 in Docket No. 06-00290. In light of its previous submission, and the voluminous amount of data involved, the Company believes any party wishing to obtain that data should bear the cost of obtaining and copying that data from the official records of the TRA if the parties did not retain a copy of that information.

American Water Works Serv Co. 7007

	Description	Yr to Date December Actual	Yr to Date December Prior Year
1	OPERATING REVENUES		
2	Water		
3	Sewer		
4	Other		
5	Management		
6	Total Revenues	254,255,113	264,834,574
7	OPERATIONS & MAINTENANCE EXPENSE		
8	Labor	254,255,113	264,834,574
9	Purchased Water	113,140,844	108,664,104
10	Fuel & Power		
11	Chemicals		
12	Waste Disposal		
13	Management Fees		
14	Group Insurance		
15	Pensions		
16	Regulatory Expense		
17	Insurance Other Than Group	18,258,060	17,555,468
18	Customer Accounting	10,986,815	30,315,971
19	Rents	1,694,775	1,611,903
20	General Office Expense	314,478	809,249
21	Miscellaneous	9,439,926	9,110,196
22	Other Maintenance	15,494,052	17,442,161
23	Total Maintenance & Operations Expense	56,978,962	49,727,763
24	Depreciation	5,857,444	5,679,329
25	Amortization	232,165,356	240,916,144
26	General Taxes	12,261,921	10,161,970
27	State Income Taxes	8,316,882	10,164,814
28	Federal Income Taxes	3,905	115,698
29	Tax Savings Acquisition	142,826	466,628
30	Total Operating Expenses	252,605,238	261,825,254
31	Utility Operating Income	1,649,875	3,009,320
32	OTHER INCOME & DEDUCTIONS		
33	Non-Operating Rental Income	3,500,457	27
34	Dividend Income-Common	1,000	253,178
35	Dividend Income-Preferred	62,245	
36	Interest Income	3,437,212	253,151
37	AFUDC Equity		
38	M & J Miscellaneous Income		
39	Gain(Loss)on Disposition		
40	Total Other Income	14,168	15,791
41	Miscellaneous Amortization		
42	Tax Savings Acquisition Adjustment		
43	Misc. Other Deductions		
44	General Taxes		
45	State Income Taxes		
46	Federal Income Taxes		
47	Total Other Deductions	14,168	15,791
48	Total Other Income	3,423,044	268,942
49	Income Before Interest Charges	5,072,919	2,740,378
50	INTEREST CHARGES		
51	Interest on Long-Term Debt	5,013,949	3,921,420
52	Amortization and Debt Expense		
53	Interest-Short Term Bank Debt		
54	Other Interest Expense	58,872	1,191,018
55	AFUDC-Debt		38
56	Total Interest Charges	5,072,821	2,730,364
57	Net Income	98	10,014
58	Preferred Dividend Declared		
59	Net Income to Common Stock	98	10,014
60			
61			
62			
63			
64			
65			

unaudited

83500 American Water Works Company 1
 GL003BSY American Water Works Serv - Co 3 05/24/08
 TEST Total Company (USGAAP) 18:21:00
 Comparative Balance Sheet
 For the Period Ending 12/31/2007

2007

American Water Works Serv Co

Description	Current Year	Prior Year
ASSETS		
1 Utility Plant		
2 Construction work in progress		
3 Accumulated depreciation		
4 Utility plant acquisition adjustment		
5 Other utility plant adjustments		
6 Sub-total Utility Plant		
7 Non-Utility property	68,090,129	39,333,586
8 Other investments		
Current Assets	40,962,141	37,434,747
10 Cash and cash equivalents		
11 Temporary investments		
12 Customer accounts receivable		
13 Allowance for uncollectible accounts		
14 Unbilled revenues	80,691	599,480
15 FIT refund due from assoc. companies	1,456,575	27,577,217
16 Miscellaneous receivables	2,168,759	1,345,422
17 Materials and supplies		
19 Other	44,506,784	66,956,866
20 Sub-total		
22 Deferred debits		
23 Debt and preferred stock		
24 Expense of rate proceeding		
25 Prelim survey & invest charges		
26 Reg Asset-income tax recovery		
27 Other	1,295,857	1,493,659
29 Sub-total	1,295,857	1,493,659
30 Total Assets	113,892,770	107,784,111
CAPITAL AND LIABILITIES		
32 Common stock	10,000	10,000
33 Paid in capital	89	10
34 Retained Earnings		
35 Unearned Compensation		
37 Reacquired C/S & Accum		
Comp Inc		
38 Total common equity	10,089	9,990
39 Preferred stock		
40 Long term debt	46,644,404	37,483,253
41 Total capitalization	46,654,493	37,493,243
42 Current liabilities		
43 Bank debt		
44 Current portion of LTD	12,284,619	8,202,056
45 Accounts Payable	13,104,000	12,473,176
46 Taxes accrued	3,405,954	16,775,540
47 Interest accrued		
48 Customer deposits		
49 Dividends declared		
51 Other	10,207,082	6,922,486
52 Sub-total	39,001,655	44,373,258
54 Deferred credits		
55 Customer adv. for construction	17,729,010	15,696,159
56 Deferred income taxes		
57 Deferred investment tax credits		
58 Reg. liab-inc.tax.refund thru rates	45,965,634	41,613,769
59 Other	28,236,624	25,917,610
60 Sub-total		
62 Contributions in aid of construction		
Total capital and liabilities	113,892,772	107,784,111

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83500 American Water Works Company, Inc.
GL00USER American Water Works Serv. Co.
0504 Total Company (US\$000)
Income Statement YTD

For the Period Ending 12/31/2006

American Water Works Serv. Co.
2006
Yr to Date
December
Actual
Yr to Date
December
Prior Year
Actual

Description	2006	2005
1 OPERATING REVENUES		
2 Water	264,834,574	232,267,107
3 Sewer		
4 Other	264,834,574	232,267,107
5 Management		
6 Total Revenues	108,564,104	97,537,718
7 OPERATIONS & MAINTENANCE EXPENSE		
8 Labor		569,596
9 Purchased Water		
10 Fuel & Power		
11 Chemicals		
12 Waste Disposal		
13 Management Fees		
14 Insurance		
15 Pensions		
16 Regulatory Expense		
17 Insurance Other Than Group		
18 Customer Accounting		
19 Rents		
20 General Office Expense		
21 Miscellaneous		
25 Other Maintenance		
Total Maintenance & Operations Expense	240,916,144	213,779,448
27 Depreciation	10,164,814	9,016,442
28 Amortization	315,698	123,135
29 General Taxes	368,628	478,477
30 Race Income Taxes		
31 Federal Income Taxes		
32 Tax Savings Acquisition Adjustment		
33 Total Operating Expenses	261,025,254	230,792,794
34 Utility Operating Income	1,009,320	1,474,313
35 OTHER INCOME & DEDUCTIONS		
36 Non-Operating Rental Income	27	34,910
37 Dividend Income-Common		
38 Dividend Income-Preferred		
39 Interest Income		847
40 AFUDC Equity Income	253,178	
42 M & J Miscellaneous Income	253,151	35,757
43 Gain/Loss on Disposition		
45 Total Other Income	15,781	97,396
46 Miscellaneous Amortization		
47 Tax Savings Acquisition Adjustment		
48 Misc. Other Deductions		
49 General Taxes		
50 State Income Taxes		
51 Federal Income Taxes		
52 Total Other Deductions	15,791	97,396
53 Total Other Income	268,942	61,639
54 Income Before Interest Charges	2,740,379	1,412,674
55 INTEREST CHARGES		
56 Interest on Long-Term Debt	3,921,420	2,196,218
57 Amortization and Debt Expense	1,191,018	777,355
58 Interest-Short Term Bank Debt	38	3,834
59 Other Interest Expense		
60 AFUDC-Debt		
61 Total Interest Charges	2,730,368	1,422,697
62 Net Income	10,014	10,023
64 Preferred Dividend Declared		
65 Net Income to Common Stock	10,014	10,023

81500 American Water Works Company 1
G0030USR American Water Works Serv - Co 3 01/15/07
BO21 Total Company (USGAAP) 10:40:03
Comparative Balance Sheet
For the period ending 12/31/2006

American Water Works Serv Co. 2006 2005

Description	Current Year	Prior Year
ASSETS		
1 Utility Plant		
2 Construction work in progress		
3 Accumulated depreciation		
4 Utility plant acquisition adjustment		
5 Other utility plant adjustments		
6 Sub-total Utility Plant		
7 Non-Utility Property		
8 Other investments		
Current Assets		
10 Cash and cash equivalents	37,434,747	23,259,563
11 Temporary investments		
12 Customer accounts receivable		
13 Allowance for uncollectible accounts		
14 Unbilled revenues	599,400	15,097
15 FTT refund due from assoc. companies	27,577,217	14,337,049
16 Miscellaneous receivables		
17 Materials and supplies	1,345,422	1,370,504
19 Other	66,956,866	30,962,199
20 Sub-total		
22 Deferred debits		
23 Debt and preferred stock		
24 Expense of rate proceeding		
25 Prelim survey & invest charges		
26 Reg Asset-income tax recovery		
27 Other	1,493,659	28,560,923
29 Sub-total	1,493,659	28,560,923
30 Total Assets	107,764,111	98,092,982
CAPITAL AND LIABILITIES		
33 Common Stock	10,000	10,000
34 Paid in capital		
35 Retained Earnings	10-	10,023
36 Unearned Compensation		
37 Reacquired C/S & Accum Comp Inc		
38 Total common equity	9,990	23
39 Preferred stock	37,483,253	25,799,510
40 Long term debt		
41 total capitalization	37,493,243	25,799,487
42 Current liabilities		
43 Bank debt		
44 Current portion of LTD	8,202,056	6,739,713
45 Accounts Payable	12,473,176	15,336,445
46 Taxes accrued	16,775,540	3,866,444
47 Interest accrued		
48 Customer deposits		
49 Dividends declared		
51 Other	6,922,486	19,625,452
52 Sub-total	44,373,258	45,568,054
54 Deferred credits		
55 Customer adv for construction		
56 Deferred income taxes	15,696,159	4,970,791
57 Deferred investment tax credits		
58 Reg. liab-inc. tax. refund thru rates		
59 Other	41,613,769	31,696,238
60 Sub-total	25,917,610	26,725,445
62 Contributions in aid of construction		
Total capital and liabilities	107,794,111	98,092,986

Un Audited

81500 American Water Works Company
 01/16/07
 10:10:46
 0503 American Water Works Serv. Co. 3
 Total Company (USGAAP)
 Income Statement YTD
 For the Period Ending 12/31/2004

American Water Works Serv Co.

2004
 Yr to Date
 December
 Actual

2003
 Yr to Date
 December
 Prior Year

Description	Actual	Prior Year
1 OPERATING REVENUES		
2 Water		
3 Sewer		
4 Other		
5 Management	198,745,290	120,662,116
6 Total Revenues	198,745,290	120,662,116
7 OPERATIONS & MAINTENANCE EXPENSE		
8 Labor	68,112,762	51,563,088
9 Purchased Water		
10 Fuel & Power	276,916	56,582
11 Chemicals		
12 Waste Disposal		
13 Management Fees		
14 Group Insurance	11,034,347	9,078,442
15 Rent	1,842,656	690,685
16 Repairs		
17 Reproductive Expense	760,150	457,966
18 Insurance Other Than Group		
19 Customer Accounting		
20 Rents	5,615,403	5,291,492
21 General Office Expense	15,758,509	9,815,038
22 Miscellaneous	78,619,917	30,805,534
23 Other	2,374,494	2,139,995
25 Other Maintenance		
Total Maintenance & Operations Expense	184,555,156	109,907,852
27 Depreciation	5,821,701	4,891,097
28 Amortization		
29 General Taxes	6,600,299	4,381,698
30 State Income Taxes	39,479	29,444
31 Federal Income Taxes	166	234,172
32 Tax Savings Acquisition Adjustment		
33 Total Operating Expenses	196,938,111	110,975,919
34 Utility Operating Income	1,807,179	1,696,419
35 OTHER INCOME & DEDUCTIONS		
36 Non-Operating Rental Income		
37 Dividend Income-Common	3,726	14,742
38 Dividend Income-Preferred		
39 Interest Income		
40 APUDC Equity		
41 M & J Miscellaneous Income		
42 Gain/Loss on Disposition		
43 Gain/Loss on Disposition		
45 Total Other Income	3,726	15,755
46 Miscellaneous Amortization		
47 Tax Savings Acquisition Adjustment		
48 Misc. Other Deductions	59,320	12,675
49 General Taxes		
50 State Income Taxes		
51 Federal Income Taxes		
52 Total Other Deductions	59,320	12,675
53 Total Other Income	55,994	4,812
54 Income Before Interest Charges	1,751,585	1,691,211
55 INTEREST CHARGES		
56 Interest on Long-Term Debt	1,607,158	1,668,114
57 Amortization and Debt Expense		
58 Interest-Short Term Bank Debt	140,165	
59 Other Interest Expense	4,462	7,897
60 APUDC-Debt		
61 Total Interest Charges	1,751,585	1,691,211
62 Net Income		
64 Preferred Dividend Declared		
65 Net Income to Common Stock		

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31000	American Water Works Company	03/15/07
800000R	American Water Works Company	16:06:22
8001	American Water Works Company	
	Comparative Balance Sheet	
	For the Period Ending 12/31/2004	
	American Water Works Serv Co.	
	Description	Year
		Prior
		Year
ASSETS		
1 Utility Plant		
2 Construction work in progress		
3 Accumulated depreciation		
4 Utility plant acquisition adjustment		
5 Other utility plant adjustments		
6 Sub-total Utility Plant		
7 Non-Utility property		
8 Other investments		
Current Assets		
10 Cash and cash equivalents	3,268	3,621,961
11 Temporary investments		
12 Customer accounts receivable		
13 Allowance for uncollectible accounts		
14 Unbilled revenues	580,130	1,561,147
15 FTR refund due from assoc. companies	43,184,766	25,023,449
16 Miscellaneous receivables		
17 Materials and supplies	2,544,480	2,020,387
19 Other		
20 Sub-total	45,152,184	33,025,534
22 Deferred debits		
23 Debt and preferred stock		
24 Expense of rate proceeding		
25 Prelim survey & invest charges		
26 Reg Asset-income tax recovery		
27 Other	14,297,955	8,656,913
29 Sub-total	14,297,955	8,656,913
30 Total Assets		
32 CAPITAL AND LIABILITIES		
33 Common stock	10,000	10,000
34 Paid in capital		
35 Retained earnings	5	3
36 Unearned Compensation		
37 Rescquired C/S & Accua Comp Inc		
38 Total common equity	10,005	10,001
39 Preferred stock		
40 Long term debt	14,942,651	15,655,055
41 Total capitalization	14,951,656	15,665,063
42 Current liabilities		
43 Bank debt	4,936,403	647,255
44 Current portion of LTD	4,652,395	4,993,036
45 Accounts payable	13,387,610	4,995,458
46 Taxes accrued	6,053,465	5,954,908
47 Interest accrued		
48 Customer deposits		
49 Dividends declared		
51 Other	9,819,113	8,497,305
52 Sub-total	39,019,996	25,087,962
54 Deferred credits		
55 Customer adv. for construction	613,781	1,028,661
56 Deferred income taxes		
57 Deferred investment tax credits		
58 Reg. liab-inc. tax refund thru rates	24,891,010	19,961,214
59 Other	24,377,239	20,989,875
60 Sub-total		
62 Contributions in aid of construction		
Total capital and liabilities	75,268,881	61,742,905

UnAudited

83500	American Water Works Company	05/24/08	1
GI000USR	American Water Capital Corp 46	18.18.52	
TEST6	Total Company (USGAP)		
	Income Statement 173		
	For the Period Ending 12/31/2007		
	<u>American Water Capital Corp</u>		
	2007		
	Yr to Date	Yr to Date	
	Actual	December	
	Description	Prior Year	
1	OPERATING REVENUES		
2	Water		
3	Sewer		
4	Other		
5	Management		
6	Total Revenues		
7	OPERATIONS & MAINTENANCE EXPENSE		
8	Labor		
9	Purchased Water		
10	Fuel & Power		
11	Chemicals		
12	Waste Disposal		
13	Management Fees		
14	Group Insurance		
15	Pensions		
16	Regulatory Expense		
17	Insurance Other than Group		
18	Customer Accounting		
19	Rents	2,065,264	1,616,222
20	General Office Expense		
21	Miscellaneous		
25	Other Maintenance		
	Total Maintenance & Operations Expense	2,065,264	1,616,222
27	Depreciation		
28	Amortization		
29	General Taxes		
30	State Income Taxes		
31	Federal Income Taxes		
32	Tax Savings Acquisition Adjustment		
33	Total Operating Expenses	2,065,264	1,616,222
34	Utility Operating Income	2,065,264	1,616,222
35	OTHER INCOME & DEDUCTIONS		
36	Non-Operating Rental Income		
37	Dividend Income-Common	148,128,497	134,390,879
38	Dividend Income-Preferred		
39	Interest Income	3,175,832	2,181,932
40	AFUDC Equity		
42	M & J Miscellaneous Income		
43	Gain(Loss)on Disposition	151,304,329	136,572,811
45	Total Other Income		
46	Miscellaneous Amortization		
47	Tax Savings Acquisition Adjustment		
48	Misc. Other Deductions	151,304,329	136,572,811
49	General Taxes		
50	State Income Taxes	149,239,065	134,956,589
51	Federal Income Taxes		
52	Total Other Deductions		
53	Total Other Income	151,304,329	136,572,811
54	Income Before Interest Charges	149,239,065	134,956,589
55	INTEREST CHARGES		
56	Interest on Long-Term Debt	110,139,321	110,789,231
57	Amortization and Debt Expense	1,110,714	565,710
58	Interest-Short Term Bank Debt	37,989,032	23,601,647
59	Other Interest Expense		
60	AFUDC-Debt		
61	Total Interest Charges	149,239,067	134,956,588
62	Net Income	2-	1
64	Preferred Dividend Declared		
65	Net Income to Common Stock	2-	1

Unaudited

American Water Capital Corp. 2007

Description	Current Year	Prior Year
ASSETS		
1 Utility plant		
2 Construction work in progress		
3 Accumulated depreciation		
4 Utility plant acquisition adjustment		
5 Other utility plant adjustments		
6 Sub-total Utility Plant		
7 Non-Utility property		
8 Other investments	2,798,860,000	1,448,389,704
Current Assets	219,581,158	1,297,199
10 Cash and cash equivalents		
11 Temporary investments		
12 Customer accounts receivable		
13 Allowance for uncollectible accounts		
14 Unbilled revenues	913,513	3,885,183
15 FIP refund due from assoc. companies	422,582,677	445,975,521
16 Miscellaneous receivables		
17 Materials and supplies	974,460	974,460
19 Other	204,889,492	449,537,965
20 Sub-total	25,393,463	6,387,206
22 Deferred debits		
23 Debt and preferred stock		
24 Expense of rate proceeding		
25 Prelim survey & invest charges		
26 Reg Asset-income tax recovery		
27 Other		
29 Sub-total	25,393,463	6,387,206
30 Total Assets	3,029,142,955	1,904,314,875
CAPITAL AND LIABILITIES		
32 Common Stock	1,000	1,000
33 Paid in capital		
34 Retained Earnings		
35 Unearned Compensation		
36 Reacquired C/S & Accum		
37 Total common equity	999	1,000
38 Preferred stock		
39 Long term debt	2,770,860,000	977,160,000
41 Total capitalization	2,770,860,999	977,161,000
42 Current liabilities		
43 Bank debt	169,947,000	894,572,317
44 Current portion of LTD	28,000,000	28,000,000
45 Accounts payable	829,749	9,127,041
46 Taxes accrued	4,947,079	5,833,518
47 Interest accrued	24,238,393	4,344,022
48 Customer deposits		
49 Dividends declared		
51 Other		4,600
52 Sub-total	227,962,221	923,627,816
54 Deferred credits		
55 Customer adv. for construction	5,605,836	1,466,323
56 Deferred income taxes		
57 Deferred investment tax credits		
58 Reg. liab-inc tax refund thru rates	24,713,899	4,992,382
59 Other	30,319,735	3,526,059
60 Sub-total		
62 Contributions in aid of construction		
Total capital and liabilities	3,029,142,955	1,904,314,875

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unaudited

31590 American Water Works Company
31590 American Water Capital Corp - Co 46
0505 Total Company (US\$AAP)
Income Statement YTD
For the Period Ending 12/31/2006

American Water Capital Corp
2006
Yr to Date
December
Actual
2005
Yr to Date
December
Prior Year

Description	2006	2005
1 OPERATING REVENUES		
2 Water		
3 Sewer		
4 Other		
5 Management		
6 Total Revenues		
7 OPERATIONS & MAINTENANCE EXPENSE		
8 Labor		
9 Purchased Water		
10 Fuel & Power		
11 Chemicals		
12 Waste Disposal		
13 Management Fees		
14 Group Insurance		
15 Pensions		
16 Regulatory Expense		
17 Insurance Other Than Group		
18 Customer Accounting		
19 Other		
20 General Office Expense	1,616,222	1,257,477
21 Miscellaneous		
25 Other Maintenance		
Total Maintenance & Operations Expense	1,616,222	1,257,477
27 Depreciation		
28 Amortization		
29 General Taxes		
30 State Income Taxes		
31 Federal Income Taxes		
32 Tax Savings Acquisition Adjustment		
33 Total Operating Expenses	1,616,222	1,257,477
34 Utility Operating Income		
35 OTHER INCOME & DEDUCTIONS		
36 Non-Operating Rental Income		
37 Dividend Income-Common		
38 Dividend Income-Preferred		
39 Interest Income	134,390,879	103,732,652
40 AFUDC Equity		
42 M & J Miscellaneous Income	2,181,932	2,812,142
43 Gain (Loss) on Disposition		
45 Total Other Income	136,572,811	106,544,794
46 Miscellaneous Amortization		
47 Tax Savings Acquisition Adjustment		
48 Misc. Other Deductions		
49 Federal Taxes		
50 State Income Taxes		
51 Federal Income Taxes		
52 Total Other Deductions		
53 Total Other Income	136,572,811	106,544,794
54 Income Before Interest Charges	134,956,589	104,287,317
55 INTEREST CHARGES:		
56 Interest on Long-Term Debt	110,789,231	92,664,286
57 Amortization and Debt Expense	565,710	554,665
58 Interest-Short Term Bank Debt	23,801,647	11,068,366
59 Other Interest Expense		
60 AFUDC-Debt		
61 Total Interest Charges	134,956,589	104,287,317
62 Net Income	1	
64 Preferred Dividend Declared		
65 Net Income to Common Stock	1	

93500 American Water Works Company
GL046USR American Water Capital Corp - Co 46
BOZ Total Company (USGAP)
Comparative Balance Sheet
For the Period Ending 12/31/2006

03/15/07
16:54:55

American Water Capital Corp
2006
2005
Prior Year

Description	Current Year	Prior Year
ASSETS		
1 Utility Plant		
2 Construction work in progress		
3 Accumulated depreciation		
4 Utility plant acquisition adjustment		
5 Other utility plant adjustments		
6 Sub-total Utility Plant		
7 Non-Utility property		
8 Other investments		
Current Assets		
10 Cash and cash equivalents	1,297,199	32,214,994
11 Temporary investments		
12 Customer accounts receivable		
13 Allowance for uncollectible accounts		
14 Unbilled revenues	3,885,183	237,374
15 PIR refund due from assoc. companies	445,975,521	840,580,097
16 Miscellaneous receivables		
17 Materials and supplies	974,460	188,673
19 Other		
20 Sub-total	449,537,965	808,791,150
22 Deferred debits		
23 Debt and preferred stock		
24 Expense of rate proceeding		
25 Prelim survey & invest charges		
26 Reg Asset-income tax recovery		
27 Other		
28 Sub-total	6,387,206	3,870,599
29 Sub-total		
30 Total Assets	1,904,314,875	2,671,321,749
32 CAPITAL AND LIABILITIES		
33 Common Stock		
34 Paid in capital		
35 Retained earnings		
36 Unearned income		
37 Recquired C/S & Accum		
38 Total common equity	1,000	1,000
39 Preferred stock		
40 Long term debt		
41 Total capitalization	977,160,000	1,858,660,000
42 Current liabilities		
43 Bank debt		
44 Current portion of LTD		
45 Accounts payable	894,572,317	774,142,900
46 Taxes accrued	28,000,000	
47 Interest accrued	9,127,041	15,181,712
48 Dividend deposits	5,833,918	3,291,907
49 Dividends declared	4,344,022	17,613,236
50 Other		
51 Sub-total	923,627,816	810,266,217
52 Sub-total		
54 Deferred credits		
55 Customer adv. for construction		
56 Deferred income taxes		
57 Deferred investment tax credits		
58 Reg.liab-inc.tax.refund thru rates		
59 Other		
60 Sub-total	1,466,323	1,476,068
62 Contributions in aid of construction		
Total capital and liabilities	4,992,382	3,870,599
	3,526,059	2,394,531
	1,904,314,875	2,671,321,748

unaudited

83500 American Water Works Company
GL003USR American Water Capital Corp - Co 46 03/16/07
9505 Total Company (USGAAP) 10:55:25
Income Statement YTD

For the Period Ending 12/31/2004

American Water Capital Corp

2004 2003
Yr to Date Yr to Date
December December
Actual Prior Year

Description	Yr to Date December Actual	Yr to Date December Prior Year
1 OPERATING REVENUES		
2 Water		
3 Sewer		
4 Other		
5 Management		
6 Total Revenues		
7 OPERATIONS & MAINTENANCE EXPENSES		
8 Labor		
9 Purchased Water		
10 Fuel & Power		
11 Chemicals		
12 Waste Disposal		
13 Management Fees		
14 Group Insurance		
15 Rentals		
16 Regulatory Expenses		
17 Interest on Debt		
18 Customer Accounting		
19 Rents		
20 General Office Expense	973,215	924,951
21 Miscellaneous		
25 Other Maintenance		
Total Maintenance & Operations Expense	973,215	924,951
27 Depreciation		
28 Amortization		
29 General Taxes		
30 State Income Taxes		
31 Federal Income Taxes		
32 Tax Savings Acquisition Adjustment		
33 Total Operating Expenses	973,215	824,951
34 Utility Operating Income		
35 OTHER INCOME & DEDUCTIONS		
36 Non-Operating Rental Income		
37 Dividend Income-Common		
38 Dividend Income-Preferred		
39 Interest Income	89,862,909	85,212,151
40 AFUDC Equity		
42 M & J Miscellaneous Income	1,657,709	1,322,775
43 Gain (Loss) on Disposition		
45 Total Other Income	91,520,618	86,534,926
46 Miscellaneous Amortization		
47 Tax Savings Acquisition Adjustment		
48 Misc Other Deductions		
49 General Taxes		
50 State Income Taxes		
51 Federal Income Taxes		
52 Total Other Deductions		
53 Total Other Income	91,520,618	86,534,926
54 Income Before Interest Charges	90,547,403	85,709,975
55 INTEREST CHARGES		
56 Interest on Long-Term Debt	84,490,894	79,786,935
57 Amortization and Debt Expense	884,494	437,824
58 Interest-Short-Term Bank Debt	5,372,015	5,445,226
59 Other Interest Expense		
60 AFUDC-Debt		
61 Total Interest Charges	90,547,403	85,709,975
62 Net Income		
64 Preferred Dividend Declared		
65 Net Income to Common Stock		

unaudited

82500 GLOUSUR BOZ	American Water Works Company American Water Capital Corp - Co 46 Total Company (USGAP) Comparative Balance Sheet For the Period Ending 12/10/2004	03/15/07 16:47:56
American Water Capital Corp	2004	2003
	Current Year	Prior Year
	Description	
ASSETS		
1 Utility Plant		
2 Construction work in progress		
3 Accumulated depreciation		
4 Accumulated amortization		
5 Other utility plant adjustments		
6 Sub-total Utility Plant		
7 Non-Utility property		
8 Other investments		
Current Assets		
10 Cash and cash equivalents		
11 Temporary investments		
12 Customer accounts receivable		
13 Allowance for uncollectible accounts		
14 Unbilled revenues		
15 Prepaid and due from assoc. companies		
16 Miscellaneous receivables		
17 Materials and supplies		
19 Other		
20 Sub-total		
22 Deferred debits		
23 Debt and preferred stock		
24 Expense of rate proceeding		
25 Prelim survey & invest charges		
26 Reg Asset-income tax recovery		
27 Other		
29 Sub-total		
30 Total Assets		
32 CAPITAL AND LIABILITIES		
33 Common stock		
34 Paid in capital		
35 Retained Earnings		
36 Unearned Compensation		
37 Recquired C/S & Accum		
38 Total common equity		
39 Preferred stock		
40 Long term debt		
41 Total capitalization		
42 Current liabilities		
43 Bank debt		
44 Current portion of LTD		
45 Accounts Payable		
46 Taxes accrued		
47 Interest accrued		
48 Customer deposits		
49 Dividends declared		
51 Other		
52 Sub-total		
54 Deferred credits		
55 Customer adv. for construction		
56 Deferred income tax credits		
57 Deferred income tax		
58 Refund inc. tax refund thru rates		
59 Other		
60 Sub-total		
62 Contributions in aid of construction		
Total capital and liabilities		

unaudited

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

13. ***Explain*** the annual dividends per share of common stock paid by **TAWC** for fiscal year after January 1, 1996.

Response:

The Company objects to this question on the grounds that the requested information is irrelevant to this proceeding and previously provided to the City in its last rate case. The Company's policy regarding common dividends has not changed since that response.

Subject to and without waiving its objections, the Company provides the following response. The Company's policy is to pay quarterly dividends at 75% of the net income. The calculation is accumulative based on a fiscal year beginning with October of each year. The common dividend for the first quarter of each year is based on the actual fourth quarter earnings from the previous year times 75%. The second quarter dividends are the cumulative earnings for the prior six months times 75% less the first quarter dividend. The third quarter dividend is the cumulative earnings for the prior nine months times 75% less the first and second quarters actual dividends paid. The fourth quarter dividend is the cumulative earnings for the prior twelve months times 75% less the actual dividends paid in the first, second and third quarters. The process repeats itself each year.

The dividend policy has not changed during the period covered by this request.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

14. **Identify** all other **Operating Companies** that have applied for any water rate increase since September 1, 2006, providing for each the (i) date of the request, (ii) docket number, and (iii) status of the request.

Response:

See attached.

**Tennessee American Water Company
Docket No. 08-00039
City of Chattanooga
Question 14 attachment**

Company	Date Filed	Docket No.	Status
Arizona American Water Company	5/1/2008	Pending	Pending
California American Water Company-Coronado	1/22/2007	07-01-036	Pending
California American Water Company-Larkfield	1/22/2007	07-01-037	Effective 2/1/2008
California American Water Company-Monterey/Felton	1/24/2008	08-01-022-027	Pending
California American Water Company-Sacramento	1/22/2007	07-01-038	Effective 2/1/2008
California American Water Company-Village	1/22/2007	07-01-039	Pending
Hawaii American Water Company	10/29/2007	2007-0180	Pending
Illinois American Water Company	8/29/2007	07-0507	Pending
Indiana American Water Company	12/5/2007	Cause No. 43187	Effective 10/10/2007
Iowa American Water Company	8/30/2007	RPU-07-3	Effective 2/23/2008
Kentucky American Water Company	4/30/2007	2007-00143	Effective 12/1/2007
Long Island Water Company	5/1/2007	07-W-0508	Effective 4/1/2008
Maryland American Water Company	3/29/2007	9101	Effective 8/1/2007
Missouri American Water Company	12/15/2006	WR-2007-0216	Effective 10/22/2007
Missouri American Water Company	3/31/2008	WR-2008-0311	Pending
New Jersey American Water Company	1/14/2008	WR08010020	Pending
Ohio American Water Company	11/5/2007	07-1112-WS-AIR	Pending
Pennsylvania American Water Company	4/27/2007	R-00072229	Effective 11/30/2007
Texas American Water Company	9/1/2006	35502-R & 35503-R	Effective 12/17/2007
Virginia American Water Company	2/8/2008	PUE 2008-00009	Pending
West Virginia American Water Company	6/1/2007	07-0998-W-42T	Effective 3/28/2008

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

15. Please provide a copy of all management audits completed since January 1, 1997, included any directed by the TRA, performed by or for **TAWC**, **AWWSC**, or any other **TAWC Parent or Affiliate** other than the work performed in response to TRA Docket 06-00290 (Appendix 1 to the Direct Testimony of Joe Van den Berg).

Response:

The Company objects to this question on the grounds that the requested information is overbroad, unduly burdensome, and in part not relevant to this proceeding.

Subject to and without waiving its objections, the Company responds as follows:
None.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Joe Van den Berg

Question:

16. Please provide copies of the three most recent, publicly available (i.e. utility commission sponsored or otherwise in the public domain) utility management audits performed by Booz Allen Hamilton (BAH) and/or Joe Van den Berg).

Response:

Neither Booz Allen Hamilton nor Joe Van den Berg has performed publicly available utility management audits previously.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Joe Van den Berg

Question:

17. Please provide the Request for Proposal, the Proposal, any and all workpapers, interview notes, data requests, data submissions, budget vs. actual and variance reports, FERC Form 60 Reports, and all other **Documents** reviewed in connection with the preparation (whether used or not) of Appendix 1 to the Direct Testimony of Joe Van den Berg.

Response:

The Request for Proposal is attached as Attachment 1.

The Proposal is attached as Attachment 2.

Due to the size of FERC Form 60 reports, please refer to the enclosed CD file in the folder labeled TN-COC-01-Q017-ATTACHMENT 3.

Also reference the data included with the response to TN-COC-01-Q018.

Request For Proposal ("RFP")

CONFIDENTIAL AND PRIVILEGED

Tennessee American Water Company ("TAWC") is seeking proposals for a management audit of limited scope. As part of its rate case completed on May 22, 2007, TAWC was ordered by the Tennessee Regulatory Authority ("TRA") to have a management audit performed in compliance with Sarbanes-Oxley requirements and to submit the audit results concurrent with any future rate case filing. The response to this RFP should include basic information about your firm, the qualifications of the team that would work on the engagement, an outline of your approach to the project and any other information pertinent for the Company's review of the proposal.

Scope

Section A

The requirements of the audit are as follows:

The management audit is limited in scope to apply to American Water Works Service Company ("AWWSC") charges billed to TAWC as management fees under the affiliated company contract of 1989 between AWWSC and TAWC. The audit should determine whether all costs billed to TAWC were incurred as a result of prudent or imprudent management decisions by AWWSC's management and/or Board of Directors, and should address the reasonableness of the methodology used to assign a portion of total AWWSC costs to TAWC. The periods to be examined include 2005 and 2006. Deliverables of the project will be 1) a written report detailing the activities undertaken, methods used, conclusions reached; 2) all data collected and analyzed (unless data is received from TAWC); 3) sample calculations detailing and explaining how any data was processed or altered in the analysis; 4) detailed monthly invoices including employee names, hours worked, a description of the work performed, and details of expenses incurred for which reimbursement is sought.

Section B

Information to be supplied by TAWC and its affiliates:

TAWC and AWWSC will be able to supply the 1989 contract (PDF file format), downloads of all charges subject to allocation to TAWC (Excel file format), the amounts charged directly or allocated to TAWC (Excel file format), back-up for time and materials as needed, the allocation formulas (Excel file format), description and rationale for formula development (Word file format) and any other requested information deemed by TAWC to be necessary to conduct the audit.

AWWSC operates shared service centers including both its Customer Call and Billing Center, and its Transactional Accounting functions, as well as, both corporate and regional functions provided to TAWC under the AWWSC contract. The scope of the audit should address the need for those functions, any duplication in those functions with TAWC provided functions, and the reasonableness of the charges.

It is expected that that the management audit will be filed with TAWC's next general rate case requiring expert testimony concerning the audit. The response to this proposal should include qualifications of, but the terms and payment of the rate case engagement would be subject to a separate agreement.

Section C

The response to the RFP should include the following:

1. Total estimated cost "not to exceed" for work up to and including delivery of a final report acceptable to TAWC.

2. Qualifications of all professional employees who would provide service to the Company, and a listing of employees who may be able to provide expert testimony before the TRA in a subsequent rate case filing to support the audit report and conclusions.
3. Hourly rates for any employee who would provide service to the Company during the course of the project, or a fixed contract price if that's preferable for each section of the engagement.
4. An estimate of hours of effort for each portion of the project for each level of employee working on the project.
5. A listing of potential changes of scope which may be desirable for TAWC to consider as part of the project.

Section D

Timeframe for performance of the audit:

TAWC currently anticipates filing a rate case in the March-April 2008 timeframe. In order to provide the management audit in the rate case filing the management audit would need to be completed and finalized no later than February 15, 2008.

Contact Information

All work performed for TAWC is to be maintained confidential and presumed to be subject to attorney/client privilege unless and until written permission is granted by TAWC for release of any oral or written information concerning the project to any party other than TAWC, its attorneys and authorized employees and authorized AWWSC employees or written notification is given by TAWC that the status of this project has been changed.

The audit would be performed with assistance from the Shared Service Center Rate Department located in Voorhees, NJ, Southeast Region Rate Department, the American Water Regulatory Affairs Department. Please submit the response to this proposal to Michael A. Miller, Manager of Rates, Southeast Region, P.O. Box 1906, Charleston, WV, 25327. The Company requests that all proposals be submitted by November 1, 2007. Feel free to contact Michael Miller at the above address or by phone at 304-340-2009 with any questions that exist about the RFP.

Booz | Allen | Hamilton

Joe Van den Berg
Vice President

Booz Allen Hamilton Inc.
8283 Greensboro Drive
McLean, VA 22102

Tel 703-902-3828
Fax 703-902-3891

www.boozallen.com

May 22, 2008

Mr. Michael Miller
Manager of Rates, Southeast Region
Tennessee American Water Company
P.O. Box 1906
Charleston, WV 25327

Dear Mr. Miller:

Thank you for the opportunity to submit our proposal for performing a management audit for the Tennessee American Water Company ("TAWC"), in response to an order from the Tennessee Regulatory Authority ("TRA"). Our proposal is comprised of five sections as outlined below which address the areas of focus defined in your request for proposal:

- I. Our Understanding of the Situation**
- II. Approach and Deliverables**
- III. Resources, Timing, and Fees**
- IV. Additional Information**

I. OUR UNDERSTANDING OF THE SITUATION

As part of its rate case completed on May 22, 2007, TAWC was ordered by the Tennessee Regulatory Authority ("TRA") to have a management audit performed in compliance with Sarbanes-Oxley requirements and to submit the audit results concurrent with any future rate case filing. This management audit, which will focus on 2005 and 2006 costs, is expected to be submitted with a TAWC rate case in March or April of 2008.

The scope of the management audit is limited to the charges billed by the American Water Works Service Company ("AWWSC") to TAWC, as management fees under the affiliated company contract of 1989 between AWWSC and TAWC. The audit should also address the need for AWWSC's Customer Call, Billing Center, and its

Transactional Accounting functions, as well as any duplication of these functions with TAWC provided functions.

II. APPROACH AND DELIVERABLES

Booz Allen Hamilton (“Booz Allen”) is particularly well suited to address the requirements for TAWC’s management audit. Booz Allen has performed work as recently as early 2007, supporting the analysis of the allocation of AWWSC’s call center and billing costs to American Water affiliates. In this capacity, Booz Allen has developed an understanding of TAWC and its relationship with AWWSC as well as working relationships with both AWWSC and TAWC personnel. As such, we are well prepared to respond quickly and efficiently to the needs of TAWC.

Based on your Request for Proposal (“RFP”), we have identified the following five objectives of the management audit:

1. Determine whether the costs billed to TAWC resulted from prudent or imprudent AWWSC management and/or Board of Directors decisions
2. Demonstrate the reasonableness of the AWWSC to TAWC cost allocation methodology
3. Address the necessity of functions provided by AWWSC on behalf of TAWC
4. Determine the extent to which AWWSC provided functions overlap with TAWC provided functions
5. Provide an overall reasonableness assessment for the charges billed to TAWC by AWWSC

We have structured our work to directly address the objectives of the management audit and suggest providing an independent review of the following areas:

Analysis	Activities	Deliverables
Allocation Methodology	▶ Examine existing allocation methodology for regulated versus unregulated costs ▶ Define relationship between allocation factor(s) and underlying cost drivers ▶ Compare allocation methodology to other companies	▶ Evaluation of the reasonableness of the methodology for assigning AWWSC costs to TAWC
Activity Necessity and Benefits	▶ Develop comprehensive list of activities that comprise relevant AWWSC costs billed to TAWC ▶ Assess of the necessity of those activities against pre-defined	▶ Assessment of the reasonableness of the activities performed by AWWSC on behalf of TAWC

	attributes ▶ Assess the benefits for TAWC and its customers derived from the performance of those activities against pre-defined attributes	
Activity Duplication	▶ Compare activities performed by TAWC against activities performed by AWWSC to identify areas of potential duplication ▶ Evaluate whether activities are duplicative	▶ Assessment of potential activity duplication
Cost Management	▶ Map budgeting and cost control processes at AWWSC ▶ Evaluate reasonableness of cost management processes	▶ Assessment of effectiveness of current cost management practices at AWWSC
Cost Trends	▶ Collect relevant AWWSC and TAWC cost data ▶ Collect key operational data (e.g., volumes, number and type of customers) ▶ Assess cost trends and cost levels	▶ Evaluation of cost trends to determine reasonableness

III. RESOURCES, TIMING, AND FEES

Mr. Joe Van den Berg, a Vice President in the Energy & Utilities (E&U) practice, will have overall responsibility for this engagement. He will be assisted by a Principal who has directly managed similar analyses for utilities over the last two years (Marco Bruzzano or Earl Simpkins). They will be supported by a full-time project manager and 2 consultants. Billings will indicate the number of hours worked and associated fees for the individuals assigned to this project, subject to the cap set forth below.

We will conduct the assessment over a six to eight week period, depending on availability of data. Given the desire to finalize the management audit by February 15, we propose starting as soon as the appropriate Booz Allen staff become available, with a target date of November 19, 2007.

We propose a fixed price contract for our professional fees of \$285,000 based on the expected scope of work outlined above. Expenses (travel, lodging, transport, per diems, research, and report production) will be invoiced at actuals, and are estimated at 15% of professional fees.

It is our practice to submit an invoice at the end of each month for our estimated fees and expenses for that month. We will reconcile estimated fees and expenses against those actually incurred following the completion of the assignment. Invoices are payable upon receipt. Any out-of-pocket expenses to be incurred outside the normal

expenses associated with business travel will be discussed with the Company prior to incurrence.

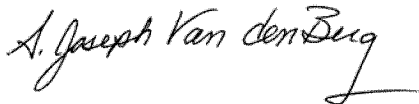
IV. Additional Information (as requested in Section C of the RFP)

Request	Response
Total estimated cost "not to exceed"	\$285,000 (excluding expenses)
Qualification of professional employees	Resumes attached for • Joseph Van den Berg • Marco Bruzzano • Earl Simpkins • Sebastian Domenech • Eric Dowley
Listing of employees who may be able to provide expert testimony	• Joe Van den Berg
Hourly rates or fixed price contract	\$285,000 fixed priced contract for professional fees (excluding expenses)
Estimate of hours of effort for each employee	Joe Van den Berg – 72 to 96 Marco Bruzzano – 96 to 128 Eric Dowley – 360 to 480 Associate – 360 to 480 Consultant – 360 to 480
Listing of potential changes of scope	Expanding dates for cost analysis to 2003 or 2004 to gain additional insights on cost trends

We appreciate being given the opportunity to respond to your request for proposal for this important assignment and believe we are well qualified to provide the expertise this engagement deserves. Should you have any questions, please call me at 703-902-3828.

Yours sincerely,

Booz Allen Hamilton Inc.



A. Joseph Van den Berg

ACCEPTED AND AGREED TO THIS ____ DAY OF _____

Tennessee American Water Company

By: _____

Title: _____

JOE VAN DEN BERG

Summary

Mr. Van den Berg is a Vice President with Booz Allen at the McLean office. He has over 24 years of energy and consulting experience, with a focus on the strategic opportunities available to companies in uncertain regulatory climates. Additionally, he has strategy and operations experience in generation technology development, legislative and regulatory advocacy, marketing, economic regulation, customer operations, and market research.

Example Projects

- Regulatory Support for shared service Investments: Provided testimony in support of transition costs and ongoing O&M costs for investor-owned multi-national water company for its investments in customer care systems and infrastructure and financial systems.
- Business Unit Strategy: Led several engagements focused on developing retail strategies to serve the competitive states or provinces in which it operates. Analysis has included development of customer profitability models segmented by usage and buying characteristics, development of back office processes and systems and their related costs to serve models, matching of customer load profiles with supply availability, and customer segmentation models.
- Merger and Acquisitions: Directed merger and acquisition engagements focused on post merger integration planning including strategic framework development, synergy identification, and program management assistance. Scope also included providing expert witness testimony in state jurisdiction relating to the quantified benefits from the proposed transaction.
- Customer Operations: Directed several engagements focused on developing a customer care and operations strategy resulting in improving cost performance from bottom 25% to top 25%. Strategies implemented including standardizing business processes, simplifying governance and work activities, and implementing technology enablers. Additional scope has included leading strategy development for the potential outsourcing of the customer care functions. Roles have included scope definition, negotiation preparation and strategy, contract structuring, value proposition determination and business requirements creation.
- Business Unit Operations: Directed engagements relating to the organization and processes required to be successful in both the retail and delivery segments. Activities include management of marketing, sales and service technology integration platforms with the appropriate design of business intelligence transfer protocols, cost allocation requirements, process handoffs and interfaces, roles and responsibilities of marketing and sales functions.
- Business Transformation: Led business process redesign engagement focused on aligning business process with an integrated technology platform. Activities

included blueprinting and standardizing business processes to enable benefits from common processes, design and reporting, and functional alignment. Coordinated change management activities on enterprise level to facilitate training and knowledge transfer.

- Corporate Strategy: Developed growth strategies for integrated utilities including market entry strategies, acquisition target and screening and integration planning. Developed product and customer profitability models and pricing models to implement the strategies.
- Developed generation strategy for suppliers to the energy industry.
- Developed a market entry strategy for new generation technology.

Experience Prior to Booz Allen

Prior to joining Booz Allen, Mr. Van den Berg was a partner with Deloitte Consulting, with an emphasis in utility strategy and operations consulting. Prior to Deloitte, he was the Director of Electrotechnology Policy and Planning for the Edison Electric Institute (EEI) after starting his career with Potomac Electric Power Company.

Education

Joe Van den Berg received his MBA in Finance and Investments from George Washington University. He also holds a BS in Mechanical Engineering from Virginia Polytechnic Institute and State.

MARCO A. BRUZZANO

Summary

Mr. Bruzzano is a Principal with Booz Allen Hamilton, Inc. and has more than 15 years of experience in the energy industry. He has served utilities and petroleum clients globally on a broad range of topics, including corporate and business unit strategy, operations performance improvement, capital project optimization, and supply chain optimization.

Example Projects

- Supported the benchmarking and evaluation of processes for the Service Company of a large multi-state utility. Assesses cost trends and cost management practices. Defined activity necessity and benefits and assessed degree of overall between the Service Company and the Operating Companies. Evaluated cost allocation mechanism. Supported testimony development.
- Assessed cost trends and benchmarked costs for the Service Company of a different multi-state utility. Assessed budgeting and cost control process (including use of benchmarking). Supported testimony development.
- Led multiple engagements across an IPP's coal, gas, and oil-fired generation plants to significantly improve performance through cost reduction, capital investments, and improved operations / maintenance practices.
- Led an engagement to develop a commercialization strategy for a proprietary coal gasification technology.
- Led an engagement to identify operations performance improvement opportunities for the gas-fired generation portfolio of an IPP.
- Led multiple engagements to reduce contract service and material spend for generation plants across multiple categories (e.g. boilermaker services, scaffolding, waterblasting, piping, chemicals) for different utilities.
- Worked with utilities and petroleum companies to redesign capital project development and approval processes.

Experience Prior to Booz Allen

Prior to re-joining Booz Allen, Mr. Bruzzano was an Engagement Manager with McKinsey & Company, serving utility and petroleum clients globally. Mr. Bruzzano also worked for several years for Chevron USA, first as a design engineer and then as a long-range planner in the Richmond, Ca. refinery.

Education

Mr. Bruzzano received an MBA, with distinction, from Duke University, where he was a Fuqua Scholar, a Rollins Scholar, and the recipient of the General Motors Graduate Fellowship. He holds MS and BS degrees, with honors, in mechanical engineering from the Georgia Institute of Technology.

EARL SIMPKINS

Summary

Mr. Simpkins is a Principal with Booz Allen Hamilton. He is an experienced consultant who specializes in management, organizational, operational and financial issues. His areas of expertise include electric and gas utilities, mergers and acquisitions, business transformation and shared services.

Example Projects

- Earl led an effort to assess the reasonableness of utility service company costs to an affiliate. The assessment involved assessing the reasonableness of A&G costs across nine dimensions. The study concluded with a 10 section report supporting the A&G costs in such areas as necessity and benefit, duplication and overlap, cost comparability (benchmarking and self-performance), budget and control, cost trends and other elements to develop opinions as to the reasonableness of A&G costs. The final deliverables included developing cover testimony (to the report), the report and a set of backup books supporting the testimony and report.
- Earl led an effort to assess the necessity and benefit and outsourcing framework of A&G costs provided by a utility's service company. The effort involved understanding the nature of the activities performed by the services company and understanding the approach. The final deliverable included testimony describing the nature, necessity and benefits of service company activities (and associated costs).
- Earl led an effort to identify process improvements and establish a shared services organization for the Information Technology group of a major utility. From a performance improvement standpoint, the assessment included evaluating current operations, identifying end-state goals, documenting process gaps and developing the new process design. Once processes were optimized, the analysis turned towards the establishment of the shared services organization, creation of service-level agreements and establishing product and service costs. The ultimate result was \$5 million in savings and signed service-level agreements / contracts.
- Earl has experience with multiple merger integrations, working with various functional teams to identify best practices, document / map current processes and process gaps, develop process improvements and supporting organization structure and quantify process improvement savings. This work also involves the development of merger savings tracking tools and associated implementation milestone tracking. The conclusion of the work is the development of a functional or process business case that is integrated with the larger merger integration business plan and merger progress reporting capabilities through the tracking tools.
- Earl led several assignments concerning the assessment of synergies for two (or more) utilities considering a merger or acquisition. The impact of the combination was evaluated across labor, non-labor / corporate programs, energy

supply and procurement opportunity areas. The conclusion is a board-level report summarizing savings associated with the transactions with comparisons to previous transactions and summary descriptions of the nature of savings by area.

- Earl led efforts to identify both Finance and Transmission Business Unit process improvement. These improvements resulted in increased process execution efficiency as well as organizational structure changes which Earl advised. The conclusion of the effort resulted in reduced expenses and improvements in process execution.

Experience Prior to Booz Allen

Prior to joining the firm, Mr. Simpkins was with Deloitte Consulting. He was in the Utilities practice, focusing on mergers and acquisitions, merger integration, business transformation/performance improvement, shared services and strategy.

Education

Mr. Simpkins received an MBA degree from Harvard University. He also holds a BS degree in Accounting from Florida A&M University.

SEBASTIAN DOMENECH

Mr. Domenech is Senior Associate with Booz Allen Hamilton, based in the Dallas office. He is a member of the Strategy Team. Mr. Domenech's background has helped him develop expertise in Energy, Telecom and Not-For-Profit sectors. His functional expertise includes Growth Strategy, Competitive Analysis, Synergies Assessment, Organization & Operational Model Design, and Systems Implementation. Previous assignments with Booz Allen Hamilton include:

Example Projects

- Assessment of cost reasonableness for cost recovery rate case for two large electric utilities. Mr. Domenech's work included performing due diligence to evaluate the necessity and reasonableness of service company charges billed to the utilities operating companies. Analyses included evaluation of budgeting and control processes, and evaluation of cost reasonableness through benchmarking and trending analyses
- Growth strategy and competitive analysis for a major electric utility. Performed research on new business opportunities, evaluated the attractiveness of creating a technology consortium, and performed high level competitive analysis to predict strategic moves of potential competitors
- Evaluation of contracting strategy for the construction of new nuclear power plant in U.S. Mr. Domenech participated in the design and execution of broad study of the marketplace for Mega-projects in the U.S. Study involved comprehensive desk research, and over 40 interviews with key participants of the Mega-projects marketplace, with the objective of understanding latest trends and current state of supply-demand balance of EPC services and the most prevailing terms and conditions being negotiated
- Synergy assessment for a large electric utilities merger. Mr. Domenech calculated the potential savings in materials & supplies purchasing, contracted services and professional services. Mr. Domenech also evaluated potential operational improvements through an industry wide benchmarking study
- Redesign and pilot implementation of operational model for global NGO dedicated to tackling the causes of poverty. Mr. Domenech participated in the design of new strategy development framework and the pilot implementation of the new process in the Latin America and Caribbean region. His work included developing a resource allocation model, designing economic models to evaluate operational costs, and structuring the work of two teams that participated in the pilot implementation of new operational model
- Competitive analysis of spend level and organizational practices of Government and Public Affairs (GPA) functions for oil & gas major. Mr. Domenech participated in the design and execution of benchmarking study, which involved intensive research to understand comparative levels of spend in corporate contributions, corporate advertising and GPA staffing. Study also required

interviews with GPA specialists of key peer companies, in order to identify best practices in GPA activities

- Growth strategy for the private equity arm of a large industrial conglomerate. Mr. Domenech's work included performing research and analysis to identify growth platforms across the entire energy value chain, on a global scale. His work focused mainly in evaluating opportunities in upstream and midstream Oil & Gas space, as well as biofuels production in *U.S. and Europe*
- Synergy assessment to evaluate the potential purchase of gas assets for a fast growing utility. Mr. Domenech refined a model to calculate potential savings through the acquisition of two gas distribution assets and created a model to analyze potential staff reductions. His work also included writing a Memorandum of Information required for the sale of a business division

Experience Prior to Booz Allen

Prior to joining Booz Allen Hamilton, Mr. Domenech spent four years with ExxonMobil. Mr. Domenech was a member of a team that streamlined HR processes and implemented a new HR system for *24 countries in Latin America*. During his expatriate assignment in *Rio de Janeiro, Brazil*, Mr. Domenech led the implementation of the HR Compensation and Organizational Management modules of the new HR system and played a key role in the implementation of the business workflows for the Finance & Accounting system.

Prior to that, Mr. Domenech was the specialist in HR Compensation & Benefits for *Argentina, Uruguay and Paraguay*. While holding this position, Mr. Domenech played a key roll in supporting the *European and Asian* HR teams during their transition to their newly implemented systems.

Mr. Domenech's earlier work experience includes performing financial modeling for business prospects for the largest steel group in Argentina, and working with the operations management group at Pirelli tires of Argentina.

Education

Mr. Domenech earned an MBA with high distinction from the Stephen M. Ross School of Business, at the University of Michigan. As a student, Mr. Domenech worked on an engagement in *Lisbon, Portugal* with Portugal Telecom SGPS, where he evaluated the U.S. venture capital market and telecom environment as avenues for revenue growth and partnerships. Mr. Domenech's undergraduate studies were in Industrial Engineering from the University of Buenos Aires (UBA), where he graduated within the top 5% of his class.

ERIC P. DOWLEY

Summary

Mr. Dowley is a Senior Associate with Booz Allen Hamilton, Inc. and has more than 5 years of consulting experience in the energy industry. He has served utility clients across the U.S. on a broad range of topics, including business unit strategy, operational performance improvement, and organization and process design and change.

Example Projects

- Led the analysis of costs incurred through a shared services organization on behalf of one of its regulated utility affiliates. Utilized a framework to analyze and assess the performance of the organization. Developed materials and testimony to explain and support the increasing cost trend due to factors that had not previously been considered.
- For a major US utility holding company, led the analysis and visioning stages of an organizational transformation program. Managed the analysis of historical performance, future capital challenges and changes in the employee base to demonstrate the need for an organizational change. Also developed a decision framework for planning the scope, structure, execution and staffing of a transformation program. Additionally, the team helped define the end state goals for the effort.
- Assisted in the cost reasonableness assessment of a major US utility shared services organization to support a rate case filing. This involved modeling cost trends within each service area over time and developing a view to explain why costs are reasonable. The team developed an understanding of each activity performed by the services company on behalf of the operating companies to show the value to the utility. The team also developed a model to estimate the value of providing these services through a shared services organization rather than independently.
- Developed a wholesale portfolio strategy for a major US IPP, guided by the efficient frontier concept. This involved modeling asset-level performance under various scenarios. Additionally, the team assessed the benefits of scale and scope and the trade-offs between them in wholesale portfolio design. The team recommendations focused on regional opportunities to create portfolio value.
- Created a cost structure model for a coal supplier to a major US utility.
- Managed an engagement to identify and quantify risks facing a major electric and gas utility, helping to focus human and capital resources.
- Evaluated the financial and operational performance of a comprehensive outsourcing arrangement for a major US utility to re-align roles and responsibilities.
- Participated in the offering and eventual sale of power plants, supply services and tolling agreements for several US and foreign utilities. On these projects, Mr.

Dowley focused on developing valuation models and managing due diligence procedures.

Experience Prior to Booz Allen

Prior to joining Booz Allen, Mr. Dowley was a Manager in the Advisory Services practice at KPMG, LLP, serving global utility clients. He has had significant experience in the identification, quantification and mitigation of risk across utility operations. In the utility industry, he led engagements focused on the improvement of capital budgeting processes, finance and accounting processes and meter to cash processes. Mr. Dowley has also led, or been involved with, several initiatives to identify and implement cost reduction measures. Mr. Dowley also has experience working for Navigant Consulting and TD Securities.

Education

Mr. Dowley received an MBA from Georgetown University's McDonough School of Business. He holds a BA degree, with honors, in economics from Hobart College.

Non-Disclosure Agreement

During the course of discussions between American Water Works Service Company, Inc. (AW) and

Booz – Allen - Hamilton

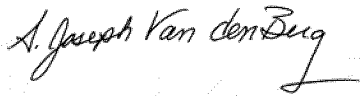
("Supplier") relating to and for the purpose of proposing and evaluating potential supply agreements, each company may disclose to the other information it considers proprietary and confidential ("Confidential Information"). Confidential Information includes (a) all information provided by AW relating to contract terms and the identity, kind, quality and quantity of materials for which bids are sought, (b) the price submitted by each Supplier when taken together with the identity of that Supplier, and (c) all other information in tangible form marked by the disclosing party as confidential or which the disclosing party orally indicates is confidential if such information is provided orally. The company providing the Confidential Information is the "Provider" and the company receiving it is the "Recipient". We each agree, as a Recipient, as follows:

Recipient will use the Confidential Information of the Provider only in the furtherance of the purpose described above and will protect the confidentiality of Provider's Confidential Information in the same manner it protects the confidentiality of its own proprietary and confidential information.

Recipient will restrict disclosure or availability of the Confidential Information to only those subsidiaries, and employees (and, in AW's case, consultants contracted to assist in the overall evaluation and selection of qualified suppliers) who (a) have a need to know based on participation in and contribution to the project with Provider and who (b) have been informed by Recipient of Provider's proprietary interest and of Recipient's obligations of confidentiality.

Recipient is not prohibited or limited in the use of information (included but not limited to ideas, concepts, know-how, techniques, and methodologies) (I) previously known to it, (II) independently developed by it, (III) acquired by it from a third party which was not, to the best of the Recipient's knowledge, under an obligation to Provider not to disclose such information, or (IV) which is or becomes publicly available through no breach by Recipient.

Recipient shall be responsible and liable to Provider for any breach of this agreement by Recipient, including without limitation any of its affiliates, subsidiaries, directors, officers, or employees. We both recognize and acknowledge that any breach or threatened breach may result in irreparable injury to Provider for which monetary damages may be an adequate remedy, and Provider shall be entitled (without proving monetary damages) to temporary and/or permanent injunctions from a court restraining such breach or threatened breach. Injunctive relief shall not be deemed to be the exclusive remedy for any such breach or threatened breach of this Agreement, but shall be in addition to all other remedies available to Provider at law or in equity. The rights and obligations provided in this Agreement shall continue whether or not the parties enter into a supply agreement.

Agreed and Accepted by:		
Company Name	American Water	Booz Allen Hamilton
By:	Joseph C. Magee	A. Joseph Van den Berg
Title:	Senior Strategic Buyer	Vice President
Date:	10/25/06	10/27/06
Signature:		

Terms and Conditions for General Management Consulting Assignments

1. **Scope Of Work:** Booz Allen Hamilton Inc. ("Booz Allen") hereby agrees to perform the work described in the attached proposal to Client (the "Proposal").
 2. **Compensation:** Client agrees to pay Booz Allen for the services rendered to the Client pursuant to this Agreement and to reimburse Booz Allen for expenses incurred in connection with providing such services in accordance with the attached Proposal.
 3. **Confidentiality:** Each party shall keep confidential and shall not use (except in connection with this Agreement) any confidential information disclosed to it by the other party. The parties agree that the following shall not constitute "confidential information":
 - (i) information that was in the public domain or in the possession of the receiving party at the time of disclosure to that party by the other party,
 - (ii) information independently developed by a party,
 - (iii) information that subsequently comes into the public domain through no fault of the receiving party, and
 - (iv) information that is also disclosed to the receiving party by a third party who is under no obligation to the disclosing party to keep that information confidential.
- The foregoing notwithstanding, Booz Allen may serve other clients in the same industry as long as it does so without compromising its responsibility to maintain the confidentiality of Client's confidential information including parties with whom you compete or have a commercial relationship.
4. **Cooperation:** Both Booz Allen and Client acknowledge and agree that successful completion of this assignment will require their full and mutual good faith cooperation. The development tasks to be performed by Client personnel, including staffing requirements, and the obligations of Client regarding such personnel, are as set forth in the Proposal. In addition to performing those tasks identified in the Proposal, Client agrees to provide such services, equipment, software and support as are stated to be Client's responsibility in the Proposal. Client further agrees that information provided to Booz Allen shall be complete, accurate and prompt, that its reviews of Booz Allen work shall be timely and shall be performed by personnel fully familiar with Client's business and requirements.
 5. **Use of Information:** Client understands and agrees that in performing this assignment Booz Allen will be using publicly available information and information in reports and other material provided by others, including, without limitation, information provided by Client, and that Booz Allen does not assume responsibility for and may rely, without independent verification, on the accuracy and completeness of any such information.
 6. **Use of Work Product:** Client understands and agrees that all reports, analyses or other material provided by Booz Allen are solely for client's information and use in connection with the assignment and may not be delivered to any third party without the prior written consent of Booz Allen, except as required by law. Booz Allen shall retain all rights to concepts, approaches, methodologies, models, tools, generic

industry information, knowledge and experience possessed by Booz Allen prior to, or acquired by it during, the performance of the assignment.

7. Limitation of Liability: Booz Allen shall have no liability with respect to its obligations under this Agreement or otherwise for consequential, incidental or punitive damages even if it has been advised of the possibility of such damages. In any event, the liability of Booz Allen to Client for any reason and upon any cause of action shall be limited to the amount paid to Booz Allen by Client hereunder. This limitation applies to all causes of action in the aggregate, including without limitation to breach of contract, breach of warranty, negligence, strict liability, misrepresentations, and other torts.

8. Indemnification: Client hereby agrees to indemnify and hold Booz Allen harmless from and against all claims, liability, losses, damages and expenses as they are incurred, including legal fees and disbursements and the cost of Booz Allen personnel time at normal professional rates relating to or arising out of any transaction or matter which is related to the subject matter of the assignment. Client shall not, however, be liable under this indemnity to the extent that any such claims, liability, losses, damages and expenses result from the gross negligence or willful default of Booz Allen.

9. Dispute Resolution: Any dispute whatsoever between the parties arising out of or relating to the assignment shall be settled by arbitration in New York, New York under the Rules of Arbitration of the American Arbitration Association ("AAA"), and judgment upon the award rendered by the Arbitrator(s) may be entered in any Court having jurisdiction thereof. The arbitration shall be conducted in English by three Arbitrators. The party initiating arbitration shall appoint an Arbitrator in its arbitration notice to the other party who shall appoint the second Arbitrator within 30 days of receipt of the notice. If the second party shall fail to appoint an Arbitrator within that period then the second Arbitrator shall be appointed by the AAA. The first two Arbitrators shall appoint a third Arbitrator within 30 days of the appointment of the second Arbitrator. If the first two Arbitrators fail to appoint a third Arbitrator within that period, the third Arbitrator shall be appointed by the AAA.

10. Termination: In the event that either party hereto becomes or is declared insolvent or bankrupt, is the subject of any proceedings relating to its liquidation, insolvency or for the appointment of a receiver or similar officer for it, makes an assignment for the benefit of all or substantially all of its creditors, or enters into an agreement for the composition, extension, or readjustment of all or substantially all of its obligations, then the other party hereto may, by giving written notice thereof to such party, terminate this Agreement as of a date specified in such notice of termination. The Client may also terminate this Agreement at any time by giving Booz Allen thirty days' written notice to that effect; in such event, Booz Allen shall be entitled to payment for services rendered and for expenses and obligations incurred in connection with this Agreement prior to the effective date of termination.

11. Independent Contractor: Booz Allen is an independent contractor and not an agent or representative of Client. No employee of Booz Allen shall be deemed an employee of Client. Except as otherwise expressly agreed, Client will not have control over Booz Allen or its employees. Booz Allen agrees that it shall be Booz Allen's responsibility to withhold all federal, state or local income taxes, social security taxes,

unemployment and other payroll taxes required by law to be withheld from the compensation of the employees performing services hereunder.

12. Equal Opportunity: Booz Allen agrees that it will not discriminate against any employee or applicant for employment on account of race, color, religion, sex, sexual preference, handicap or national origin. Booz Allen certifies that it has developed and presently has in full force and effect a written affirmative action compliance program in accordance with the requirements set forth in 41 C.F.R. Section 60-1.40.

13. Laws And Regulations: Booz Allen agrees, in connection with the performance of services hereunder, to comply with all applicable federal, state or local laws and regulations.

14. Third-Party Hardware and Software: The parties understand that any work product delivered under this Agreement may include certain third-party hardware and/or software products. It is acknowledged by Client that Client shall be solely responsible for obtaining licenses to such third-party software, if such software is not already in Client's possession, including the right to incorporate such software into its systems. Booz Allen makes no warranties or representations hereunder, express or implied, as to the quality, capabilities, operations, performance or suitability of any third-party hardware or software including the ability to integrate with any software developed for Client, and the quality, capabilities, operations, performance and suitability of such third-party hardware or software lies solely with Client and the vendor or supplier of that hardware or software.

15. No Third-Party Beneficiaries: Booz Allen and the Client mutually agree that this Agreement is intended by them to be solely for the benefit of the parties hereto and that no third parties may rely on any reports, analyses or other material provided by Booz Allen or shall obtain any direct or indirect benefits from the Agreement, have any claim or be entitled to any remedy under this Agreement or otherwise in any way be regarded as third-party beneficiaries under this Agreement.

16. Securities: No reference may be made to Booz Allen in any prospectus, proxy statement, offering memorandum, or similar document without Booz Allen's prior written consent, which Booz Allen may, in its discretion, withhold.

17. Best Efforts: Booz Allen agrees to undertake this assignment on a best efforts basis and that its findings and recommendations will reflect its best judgment based on the information available to it.

18. Assignment: The Client and Booz Allen agree that neither party may assign its rights under this Agreement without the prior written consent of the other party.

19. Force Majeure: Neither party shall be liable to the other for any delay or failure to perform any of the services or obligations set forth in this Agreement due to a cause beyond its reasonable control. Performance times shall be considered extended for the period required to make up the work lost because of such cause.

20. Miscellaneous: The attached Proposal and these terms and conditions constitute the entire agreement and understanding between the parties with respect to the subject hereof and merges and supercedes all prior discussions and writings with respect hereto. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, as if it were executed and were to be performed

entirely within the State of New York. No modification, alteration or amendment of this Agreement shall be effective unless contained in a writing that is signed by both parties and that specifically refers to this Agreement. In the event that any term or provision of this Agreement shall, for any reason, be held to be illegal, invalid or unenforceable under the laws, regulations or ordinances of any federal, state or local government authority to which this Agreement is subject, such term or provision shall be deemed severed from this Agreement, and the remaining terms and provisions will be unaffected thereby.

21. Headings: The headings in these Terms and Conditions are inserted for convenience only and shall not constitute a part hereof or affect in any way the meaning or interpretation of this Agreement.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Joe Van den Berg

Question:

18. For all calculations and graphs, including all graphs in Exhibit 9-1 of Appendix 1, please provide all information used to create the graphs electronically in Excel format, and provide all **Documents** referencing or containing that information. The response shall include, without limitation, all dates for the Statistical Outliers systematically removed by the "Inner Quartile Range Method" employed.

Response:

Please refer to the enclosed CD and the Excel workbook titled as TN-COC-01-Q018-2006 AWWSC by FUNCT by ACCT by O&M and Cap.xls.

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Responsible Witness: Joe Van den Berg/Michael Miller

Question:

19. Please provide all **Documents** constituting, referencing, containing, relating to, responding to, or referring to findings and recommendations to **TAWC, AWWSC, AWCC**, any other **TAWC Parent or Affiliate**, or to any other person or entity resulting from or related to the work contained in Appendix 1 to the Direct Testimony of Joe Van den Berg and/or other work intended to satisfy the motion of Director Pat Miller requiring a management audit in TRA Docket 06-00290. This request includes, without limitation all **Documents** constituting, referencing, containing, relating to, or referring responses to the recommendations, including remediation plans, schedules and progress reports associated with this work.

Response:

The Company objects to this question on the grounds the request is vague and ambiguous, overbroad, unduly burdensome, duplicative of information supplied elsewhere in various data requests by the CMA and CAPD, and in part has no relevancy to this proceeding. Please see the responses to COC, Questions 17 and 18, which contain the voluminous amounts of information upon which Mr. Van den Berg and Booz Allen relied to develop the independent management audit provided in this proceeding. In addition, please see the extensive expert testimony by Mr. Van den Berg about the independent audit performed already submitted by the Company, including 99 pages of supporting data in Appendix 1.

The Company provided Booz Allen with a voluminous amount of data from the previous TAWC rate case, case number 06-00290. The data supplied from case number 06-00290 included the testimony of Mr. Baryenbruch, Mr. Miller's direct and rebuttal testimony, COC-02-Q10-attachment 1-5, COC-02-Q11-attachment

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1&2, COC-02-Q16-attachment 1&2, CAD-01-part 2-Q18-attachment, CAD-01-part 2-Q19-attachment, CAD-01-part 2-Q20-attachment, CAD-01-part 2-Q21, CMA-01-Q16, COC-01-Q18-attachment, COC-01-Q19-attachment, COC-01-Q22, COC-01-Q38, COC-02-Q8, COC-02-Q9, COC-02-Q10, COC-02-Q11, COC-02-Q12, COC-02-Q16, COC-02-Q17, COC-02-Q18, COC-02-Q19, and COC-02-Q20. In addition, the Company provided Booz Allen with a copy of Director Miller's motion in case number 06-00290 and approved by the TRA. TAWC therefore objects to undertaking the extremely costly and time-consuming burden of replicating and re-supplying this massive amount of data (over 35,000 pages), when all of this material should already be in the possession of the COC from case number 06-00290.

Subject to and without waiving its objections, the Company is including correspondence found in a search of various files. The correspondence can be found on the enclosed CD in the folder labeled as TN-COC-01-Q19. BAH was also provided AWW organization charts. Due to the confidential nature of this information and the damage that could be caused to AWW and TAWC if its organization structure were available to its competitors, accordingly TAWC produces these charts as Confidential Information pursuant to the protective order entered on May 23, 2008.

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Responsible Witness: Joe Van den Berg

Question:

20. Referencing Exhibit 9-1, page 2 Data Sources and Calculations of Appendix 1 to the Direct Testimony of Joe Van den Berg, please provide all **Documents** constituting, referencing, containing, relating to, responding to, or referring to the nature of the source accounts and the detailed FERC account and line descriptions for the Adjustments Data Field. The request includes, without limitation, all **Documents** constituting, referencing, containing, relating to, responding to, or referring to all adjustments made to the total O & M of the benchmarked companies.

Response:

Benchmarking data was obtained from the FERC Form 60 for each Service Company and from 10-K's for parent companies, except data for American Water, which was received from internal sources. Page 2 of Exhibit 9-1 details the sources and calculations used to perform the benchmarking assessments. The FERC Form 60's from which the data was obtained are attached as well. The assessment of each service company against its peers was conducted along several metrics, to be described in the subsequent paragraphs. The determination of "Average" was made based on the peer group average, +/- 10%. The summary of these assessments is as follows:

Metric	American Water	Peer Group Average	Assessment
2006 Service Company O&M as % of Total Assets	1.8%	2.1%	Below Average Cost
2006 Service Company O&M as % of Parent Co. O&M	12.3%	25.1%	Below Average Cost
2006 Service Company O&M as % of Parent Co. Revenue	10.8%	10.6%	Average Cost
2006 Service Company O&M per customer	\$ 68.5	\$ 171.9	Below Average Cost
2006 Service Company O&M per total company FTE	\$ 32.7	\$ 43.3	Below Average Cost
2006 Service Company O&M per Service Company FTE	\$ 140.0	\$ 231.6	Below Average Cost
Service Company O&M % Change (2005-2006)	24.0%	1.9%	Above Average Cost

All statistical outliers were removed from benchmarks based upon the Inner Quartile Range method, a standard method used to remove outliers.

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- 4 The inter-quartile range (IQR) measures the density of the values in the second and third quartiles by subtracting the bottom of the first quartile from the bottom of the third quartile (BQ3 – BTQ).
- 4 This range is multiplied by 1.5x and added and subtracted from BQ3 and BTQ to determine the range of usable values
 - Upper Limit = BQ3 + 1.5 * IQR
 - Lower Limit = BTQ – 1.5 * IQR
- 4 Anything that falls above the upper limit or below the lower limit is removed from the peer set as a statistical outlier.

Service Company O&M Percent Change: The change in service company expenses from 2005 to 2006 was calculated from data on Schedule 15 of the FERC Form 60 for each service company. The data is as follows (see Form 60's for each company for more detail):

	2006 Service company	2005 Service company	SC O&M Expense Y-O-Y Change (%)
	ADJUSTED O&M Exp (sch. 15)	ADJUSTED O&M Exp (sch. 15)	
American Electric Power Company, Inc.	\$1,071,637,532	\$1,084,416,000	-1.18%
Allegheny Energy, Inc.	\$531,034,504	\$526,788,284	0.81%
Ameren Corporation	\$429,963,860	\$407,097,071	5.62%
Alliant Energy Corporation	\$279,322,435	\$253,523,203	10.18%
Black Hills Corporation	\$52,900,265	NA	0.00%
Dominion Resources, Inc.	\$661,123,405	\$601,234,486	9.96%
Duke Energy Corporation	\$725,887,282	\$676,585,308	7.29%
Entergy Corporation	\$710,186,667	\$669,995,704	6.00%
FirstEnergy Corp.	\$496,002,353	\$473,834,000	4.68%
KeySpan Corp.	\$60,531,449	\$70,106,268	-13.66%
National Grid USA	\$448,100,933	\$475,850,922	-5.83%
NiSource Inc.	\$297,844,986	\$334,550,573	-10.97%
Northeast Utilities	\$318,556,821	\$241,430,000	0.96%
Pepco Holdings, Inc.	\$359,667,014	\$356,261,000	-10.90%
Progress Energy, Inc.	\$347,229,812	\$389,692,000	-1.99%
SCANA Corporation	\$228,046,775	\$232,674,574	11.32%
Southern Company	\$983,503,893	\$883,456,000	1.81%
Xcel Energy, Inc.	\$685,327,466	\$673,111,124	19.21%
Exelon Corporation	\$748,950,067	\$628,271,000	24.00%
American Water	\$225,474,147	\$181,828,722	
Peer Group Average			1.85%

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Service Company O&M Expense as percent of the Total O&M: Service company O&M expense was pulled from Schedule 15 of the FERC Form 60 for each service company. Total Parent Company O&M data was pulled from 2006 10-K data. The data is as follows:

	2006 Service company	Parent Company	SC O&M Expense as a % of
	ADJUSTED O&M Exp (sch. 15)	2006 O&M (EV)	Parent O&M
American Electric Power Company, Inc.	\$1,071,637,532	\$3,639,000,000	29%
Allegheny Energy, Inc.	\$531,034,504	\$685,650,000	
Ameren Corporation	\$429,963,860	\$1,556,000,000	28%
Alliant Energy Corporation	\$279,322,435	\$807,200,000	35%
Black Hills Corporation	\$52,900,265	\$78,944,000	
Dominion Resources, Inc.	\$661,123,405	\$3,280,000,000	20%
Duke Energy Corporation	\$725,887,282	\$4,415,000,000	16%
Entergy Corporation	\$710,186,667	\$2,504,931,000	28%
FirstEnergy Corp.	\$496,002,353	\$2,465,000,000	20%
KeySpan Corp.	\$60,531,449	\$1,680,000,000	4%
National Grid USA	\$448,100,933	\$1,452,866,000	31%
NiSource Inc.	\$297,844,986	\$1,389,500,000	21%
Northeast Utilities	\$318,556,821	\$1,323,532,000	24%
Pepco Holdings, Inc.	\$359,667,014	\$1,456,700,000	25%
Progress Energy, Inc.	\$347,229,812	\$1,583,000,000	22%
SCANA Corporation	\$228,046,775	\$619,000,000	37%
Southern Company	\$983,503,893	\$3,519,000,000	28%
Xcel Energy, Inc.	\$685,327,466	\$1,773,526,000	39%
Exelon Corporation	\$748,950,067	\$3,868,000,000	19%
American Water	\$225,474,147	\$1,840,554,000	12%
Peer Group Average			25.1%

Service Company O&M Expense as Percent of the Revenue: Service company O&M expense was pulled from Schedule 15 of the FERC Form 60 for each service company. Total revenue was pulled from 2006 10K data and was adjusted to remove fuel expense and purchased power costs. The data is as follows:

	2006 Service company	Parent Company	SC O&M Expense as a % of
	ADJUSTED O&M Exp (sch. 15)	2006 Revenues	Parent Revenue
American Electric Power Company, Inc.	\$1,071,637,532	\$7,949,000,000	13%
Allegheny Energy, Inc.	\$531,034,504	\$1,888,254,000	
Ameren Corporation	\$429,963,860	\$3,781,000,000	11%
Alliant Energy Corporation	\$279,322,435	\$1,670,300,000	17%
Black Hills Corporation	\$52,900,265	\$453,409,000	12%
Dominion Resources, Inc.	\$661,123,405	\$9,828,000,000	7%
Duke Energy Corporation	\$725,887,282	\$9,952,000,000	7%
Entergy Corporation	\$710,186,667	\$5,649,848,000	13%
FirstEnergy Corp.	\$496,002,353	\$7,248,000,000	7%
KeySpan Corp.	\$60,531,449	\$3,296,400,000	2%
National Grid USA	\$448,100,933	\$3,944,932,000	11%
NiSource Inc.	\$297,844,986	\$3,124,600,000	10%
Northeast Utilities	\$318,556,821	\$2,253,590,000	14%
Pepco Holdings, Inc.	\$359,667,014	\$2,946,400,000	12%
Progress Energy, Inc.	\$347,229,812	\$5,462,000,000	6%
SCANA Corporation	\$228,046,775	\$1,707,000,000	13%
Southern Company	\$983,503,893	\$8,661,000,000	11%
Xcel Energy, Inc.	\$685,327,466	\$4,092,533,000	17%
Exelon Corporation	\$748,950,067	\$10,423,000,000	7%
American Water	\$225,474,147	\$2,093,067,000	11%
Peer Group Average			10.6%

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Service Company O&M Expense per Customer: Service company O&M expense was pulled from Schedule 15 of the FERC Form 60 for each service company. Total customer data aggregated from each operating company served by the service company based on 2006 10K data. The data is as follows:

	2006 Service company	Number of	SC O&M Expense in \$ Per
	ADJUSTED O&M Exp (sch. 15)	Retail Customers	Customer
American Electric Power Company, Inc.	\$1,071,637,532	5,151,000	\$208.04
Allegheny Energy, Inc.	\$531,034,504	1,548,600	\$342.91
Ameren Corporation	\$429,963,860	1,416,304	\$303.58
Alliant Energy Corporation	\$279,322,435	1,420,000	\$196.71
Black Hills Corporation	\$52,900,265	103,100	
Dominion Resources, Inc.	\$661,123,405	3,188,978	\$207.32
Duke Energy Corporation	\$725,887,282	3,900,000	\$186.12
Entergy Corporation	\$710,186,667	2,600,000	\$273.15
FirstEnergy Corp.	\$496,002,353	4,490,000	\$110.47
KeySpan Corp.	\$60,531,449	2,600,000	\$23.28
National Grid USA	\$448,100,933	4,145,000	\$108.11
NiSource Inc.	\$297,844,986	3,800,000	\$78.38
Northeast Utilities	\$318,556,821	2,090,000	\$152.42
Pepco Holdings, Inc.	\$359,667,014	1,926,000	\$186.74
Progress Energy, Inc.	\$347,229,812	3,100,000	\$112.01
SCANA Corporation	\$228,046,775	1,926,900	\$118.35
Southern Company	\$983,503,893	4,321,788	\$227.57
Xcel Energy, Inc.	\$685,327,466	5,231,000	\$131.01
Exelon Corporation	\$748,950,067	5,880,000	\$127.37
American Water	\$225,474,147	3,292,081	\$68.49
Peer Group Average			\$ 171.86

Service Company O&M Expense per Total Company FTE: Service company O&M expense was pulled from Schedule 15 of the FERC Form 60 for each service company. Parent company FTE data was pulled from the 2006 10K. The data is as follows:

	2006 Service company	# Employees	SC O&M in \$ Per Parent
	ADJUSTED O&M Exp (sch. 15)	(Parent Company, including SC)	Company Employee (in '000s)
American Electric Power Company, Inc.	\$1,071,637,532	20,442	\$ 52.42
Allegheny Energy, Inc.	\$531,034,504	4,362	
Ameren Corporation	\$429,963,860	5,151	\$ 83.47
Alliant Energy Corporation	\$279,322,435	8,988	\$ 31.08
Black Hills Corporation	\$52,900,265	819	\$ 64.59
Dominion Resources, Inc.	\$661,123,405	17,500	\$ 37.78
Duke Energy Corporation	\$725,887,282	25,600	\$ 28.35
Entergy Corporation	\$710,186,667	13,814	\$ 51.41
FirstEnergy Corp.	\$496,002,353	13,739	\$ 36.10
KeySpan Corp.	\$60,531,449	9,594	\$ 6.31
National Grid USA	\$448,100,933	N/A	\$ -
NiSource Inc.	\$297,844,986	7,439	\$ 40.04
Northeast Utilities	\$318,556,821	5,869	\$ 54.28
Pepco Holdings, Inc.	\$359,667,014	5,156	\$ 69.76
Progress Energy, Inc.	\$347,229,812	11,000	\$ 31.57
SCANA Corporation	\$228,046,775	5,683	\$ 40.13
Southern Company	\$983,503,893	26,091	\$ 37.70
Xcel Energy, Inc.	\$685,327,466	9,735	\$ 70.40
Exelon Corporation	\$748,950,067	17,200	\$ 43.54
American Water	\$225,474,147	6,900	\$ 32.68
Peer Group Average			\$ 43.27

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Service Company O&M Expense per Service Company FTE: Service company O&M expense was pulled from Schedule 15 of the FERC Form 60 for each service company. Total service company FTE's were pulled from an analysis of FERC Account 920 contained within the FERC Form 60 for each service company. The data is as follows:

	2006 Service company	# Employees		SC O&M in \$ Per SC Employee
	ADJUSTED O&M Exp (sch. 15)	(Service Company)		(in '000s)
American Electric Power Company, Inc.	\$1,071,637,532	5,934	\$	180.59
Allegheny Energy, Inc.	\$531,034,504	4,339	\$	122.39
Ameren Corporation	\$429,963,860	2,168	\$	198.32
Alliant Energy Corporation	\$279,322,435	1,506	\$	185.47
Black Hills Corporation	\$52,900,265	162	\$	326.54
Dominion Resources, Inc.	\$661,123,405	3,085	\$	214.30
Duke Energy Corporation	\$725,887,282	2,632	\$	275.79
Entergy Corporation	\$710,186,667	2,725	\$	260.62
FirstEnergy Corp.	\$496,002,353	2,950	\$	168.14
KeySpan Corp.	\$60,531,449	241	\$	251.17
National Grid USA	\$448,100,933	2,193	\$	204.33
NiSource Inc.	\$297,844,986	760	\$	391.90
Northeast Utilities	\$318,556,821	1,772	\$	179.77
Pepco Holdings, Inc.	\$359,667,014	1,676	\$	214.60
Progress Energy, Inc.	\$347,229,812	1,368	\$	253.82
SCANA Corporation	\$228,046,775	2,061	\$	110.65
Southern Company	\$983,503,893	3,567	\$	275.72
Xcel Energy, Inc.	\$685,327,466	3,304	\$	207.42
Exelon Corporation	\$748,950,067	1,974	\$	379.41
American Water	\$225,474,147	1,611	\$	139.96
Peer Group Average			\$	231.63

Service Company O&M Expense as percent of Total Assets: Service company O&M expense was pulled from Schedule 15 of the FERC Form 60 for each service company. Parent company assets data was pulled from 2006 10-K. "Total Assets" refers to total asset value net of accumulated depreciation. The data is as follows:

	2006 Service company	Parent Company	
	ADJUSTED O&M Exp (sch. 15)	2006 Assets	SC O&M as a % of Parent Company Assets
American Electric Power Company, Inc.	\$1,071,637,532	\$37,987,000,000	2.82%
Allegheny Energy, Inc.	\$531,034,504	\$8,552,446,000	
Ameren Corporation	\$429,963,860	\$19,578,000,000	2.20%
Alliant Energy Corporation	\$279,322,435	\$7,084,100,000	3.94%
Black Hills Corporation	\$52,900,265	\$2,244,676,000	2.36%
Dominion Resources, Inc.	\$661,123,405	\$49,269,000,000	1.34%
Duke Energy Corporation	\$725,887,282	\$68,700,000,000	1.06%
Entergy Corporation	\$710,186,667	\$31,082,731,000	2.28%
FirstEnergy Corp.	\$496,002,353	\$31,196,000,000	1.59%
KeySpan Corp.	\$60,531,449	\$14,437,500,000	0.42%
National Grid USA	\$448,100,933	\$20,681,691,000	2.17%
NiSource Inc.	\$297,844,986	\$18,156,500,000	1.64%
Northeast Utilities	\$318,556,821	\$11,303,236,000	2.82%
Pepco Holdings, Inc.	\$359,667,014	\$14,243,500,000	2.53%
Progress Energy, Inc.	\$347,229,812	\$25,701,000,000	1.35%
SCANA Corporation	\$228,046,775	\$9,817,000,000	2.32%
Southern Company	\$983,503,893	\$42,858,449,000	2.29%
Xcel Energy, Inc.	\$685,327,466	\$21,958,346,000	3.12%
Exelon Corporation	\$748,950,067	\$44,319,000,000	1.69%
American Water	\$225,474,147	\$12,783,059,000	1.76%
Peer Group Average			2.11%

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Responsible Witness: Joe Van den Berg

Question:

21. Referencing Appendix 1 to the Direct Testimony of Joe Van den Berg, Figure 3-2, **Identify** all calculations or adjustments made for the differences in O&M cost of Services provided relative to: the other Services (for example, between "Distribution" and "External Affairs"); and/or between specific Services provided AWWSC and the comparable electric and gas utilities (for example "Engineering & Environmental Operations").
- a. Provide all **Documents** constituting, referencing, containing, relating to, responding, or referring to the calculations or adjustments.
 - b. If preliminary work in this regard was performed and abandoned, **Identify** all such work, state why it was performed, and provide all **Documents** constituting, referencing, containing, relating to, responding to, or referring to the preliminary work.

Response:

Figure 3-2 within Appendix 1 does not include any calculations. It is purely a qualitative comparison of the number and types of services provided by service companies of other comparable utilities in the power industry.

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Responsible Witness: Joe Van den Berg/Michael Miller

Question:

22. Referencing Appendix 1 to the Direct Testimony of Joe Van den Berg, Figure 3-2, please provide:
- a. All **Documents**, electronically in Excel format and in other available media, constituting, referencing, containing, relating to, responding to, or referring to the 2005 and 2006 total O&M costs, adjusted in accordance with the adjustments outlined in Exhibit 9-1, page 2, of each individual Service performed by AWWSC or by any other party, **Identifying** the provider of each such Service.
 - b. For each individual Service that is not performed by the **AWWSC**, please provide all **Documents**, electronically in Excel format and in other available media, constituting, referencing, containing, relating to, responding to, or referring to 2005 and 2006 total O&M cost (at whatever organizational level(s) wherein the cost occurs, adjusted in accordance with the adjustments outlined in Exhibit 9-1, page 2) to provide said Service for all **Operating Companies** and all other **TAWC Parent or Affiliate** receiving service from **AWWSC**.
 - c. Please provide the average number of FTE's (for each year 2005 and 2006) engaged in providing each of the Services, and indicate if said FTE was provided by an employee of AWWSC, a local operating company, or other.

Response:

- a. There is no O&M cost data within Figure 3-2. Figure 3-2 is purely a qualitative comparison of the number and types of services provided by service companies of other comparable utilities in the power industry.

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- b. The Company objects to this question on the grounds that it is vague and ambiguous, overbroad, unduly burdensome, requests data that is not readily available in the format requested, and requests information outside the scope of the independent audit performed by Booz Allen ("BAH"). Subject to and without waiving its objections, the Company responds that there is no O&M cost data within Figure 3-2. Figure 3-2 is purely a qualitative comparison of the number and types of services provided by service companies of other comparable utilities in the power industry. The scope of the audit only addressed services and costs provided by AWWSC in accordance with the RFP and the motion of Director Miller approved by the TRA in case number 06-00290.
- c. The Company objects to this question on the grounds that it is vague and ambiguous, overbroad, unduly burdensome, and the requested information is neither readily available in the format requested, nor within the scope of the independent audit. Subject to and without waiving its objections, Figure 3-2 is purely a qualitative comparison of the number and type of services provided by service companies of other comparable utilities in the power industry, and no determination was made as to 1) the number of FTE's for each of the listed services, or 2) for each of the listed service companies. Neither is the number of FTE's by service type or Company relevant to the intent of the figure. As for AWWSC, the scope of the audit addressed AWWSC services – those services under the AWWSC column on Figure 3-2 with a check mark are the services provided by AWWSC.

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Responsible Witness: Michael Miller

Question:

23. Besides Appendix 1 to the Direct Testimony of Joe Van den Berg, please provide all Documents constituting, referencing containing, relating to, responding to, or referring to other benchmarking studies or similar reports, performed by outside consulting or benchmarking firms (for example, but not limited to: Gartner, Ernst & Young, Towers-Perrin, Hackett, Saratoga, and industry or functional associations), whether in draft or final form, with all associated documentation, including, but not limited to definitions, instructions, data inputs, and supplementary reports that have been initiated or completed for **TAWC** or and **TAWC Parent or Affiliate** since January 1, 1997. The requested **Documents** include, without limitation, all **Documents** constituting, referencing, containing, relating to, responding to, or referring to internal analyses of these reports, including, without limitation, remediation plans, schedules and progress reports associated with follow-up for this work.

Response:

The Company objects to this question on the grounds it is vague and ambiguous, overbroad, and in part requests information not relevant to this proceeding. Subject to and without waiving these objections, the parties to this case were provided the testimony and attachments of Pat Baryenbruch in case number 06-00290. Mr. Baryenbruch's testimony and attachments contained a comparison of cost for the AWWSC call center to those of a number of electric utilities. Such information should therefore be in the COC's possession and is also readily available on the TRA website.

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Responsible Witness: Michael Miller

Question:

- 24 Please provide a schedule of all fees or charges billed to, charged to, owed by, accrued by, or paid by **TAWC** for expenses classified as Management Fees, **Identifying** for each such fee or charge its total amount; any discount allowed or taken; its nature; its purpose; the business unit or entity providing it; and the entity, functional area, business unit, or service provider by month for the last three calendar years (2005-2007). In this schedule, please **identify** the budget for each Management Fee or charge, the corresponding actual expenditure, the variance calculation, and detailed variance explanation, by month for the period.

Response:

The Company objects to this request on the grounds that it is unduly burdensome, in particular because the information requested is not readily available in the requested format and is very costly to gather and produce. The Company also objects to this request on the grounds that it detracts from the Company's ability to address and support its historical test-year data and the adjustments developed to arrive at a reasonable attrition year and is not required by the TRA's recognized rate case procedures.

The Company filed its petition, testimony, exhibits, and workpapers fully supporting its case based on a test year ending on November 30, 2007. Test year data and schedules were prepared specifically for the historical test year utilized in the Company's filing. This request seeks the compilation of data for the year 2005, which is not within the historical test year adopted by the Company. It is burdensome and fundamentally unfair to require the Company to respond to a data request that, in essence, requires the Company to completely

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redo the data collection and analysis required to file its petition. The re-creation of every aspect of its case for multiple historical test years is not required by TRA rules and is not necessary for the COC to assess the Company's petition.

Subject to and without waiving its objections, the Company provides the following response. Please see attached schedules that provide the annual and monthly charges for 2006 and 2007 actual versus planned AWWSC costs by month. The amounts include all Service Company costs, both operations and maintenance and capital.

The AWWSC budget is prepared in two parts: one part for the national AWWSC functions and one part for the services provided by each regional AWWSC office. The allocations of the two budgets to the various subsidiaries are based on historical percentages charged to each subsidiary. Actual charges for the year are based on the actual direct and allocated time charged to each subsidiary in accordance with the 1989 Service Company Agreement. The level of direct charges to a subsidiary each year creates variances to budgets if those direct charges are significantly different than past historical experience. The need for direct charges in a particular year cannot always be anticipated in the planning process.

The increase in 2007 AWWSC costs charged to TAWC versus the plan was primarily the result of significantly more capitalized charges in 2007 related to several major construction projects, including preliminary design of the Citico Treatment Plant improvements. The 2007 Plan numbers shown did not include any capitalized costs, which are budgeted in the capital spending plan. The variance is also driven by increased SOX implementation costs, which are non-recurring in nature and are not included in the Company's management fee expense for the normalized historical test-year or attrition year in this proceeding.

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The 2006 Plan numbers shown did not include any capitalized costs, which are budgeted in the capital spending plan. The variance was also driven by increased SOX implementation costs, which are non-recurring in nature and are not included in the Company's management fee expense for the normalized historical test-year or attrition year in this proceeding. The other major variance relates to a one-time charge in 2006 for the adoption of FAS 87 accounting for pensions at AWWSC. This one-time charge is non-recurring in nature and is not included in the Company's management fee expense for the normalized historical test-year or attrition year in this proceeding.

City of Chattanooga data request # 24

All Service Company Charges, includes o&m and capital

	2007			2006		
	<u>Actual</u>	<u>Plan</u>	<u>Variance</u>	<u>Actual</u>	<u>Plan</u>	<u>Variance</u>
Accounting	279,324	281,014	(1,690)	297,215	268,805	28,410
Administration	687,087	471,165	215,922	1,501,464	749,369	752,095
Audit	29,681	29,689	(8)	24,530	30,604	(6,074)
Communications	87,115	51,467	35,648	87,507	84,150	3,357
Legal	102,288	53,987	48,301	139,300	117,527	21,773
Engineering	66,699	-	66,699	84,361	11,161	73,200
Finance	1,099,902	488,731	611,171	673,928	287,191	386,737
Human Resources	179,965	187,295	(7,330)	186,979	225,735	(38,756)
Information Systems	607,223	581,704	25,519	535,339	545,496	(10,157)
Operations	394,590	70,704	323,886	380,694	499,036	(118,342)
Rates & Revenue	96,698	54,902	41,796	93,683	51,760	41,923
Risk Management	92,212	36,653	55,559	79,851	40,780	39,071
Water Quality	171,440	147,087	24,353	190,936	216,584	(25,648)
Customer Service	1,101,947	981,578	120,369	968,887	1,090,434	(121,547)
	4,996,171	3,435,976	1,560,195	5,244,674	4,218,632	1,026,042

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All Service Company Charges. Includes o&m and capital

	2006			January			February			March			April			May		
	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance
Accounting	10,760	21,258	(10,498)	29,353	20,643	8,710	29,875	23,558	6,317	26,972	22,535	4,437	26,617	22,648	3,969	26,617	22,648	3,969
Administration	78,357	63,249	15,108	85,318	61,311	24,007	91,910	62,857	29,053	54,191	61,319	(7,128)	83,492	62,306	21,186	83,492	62,306	21,186
Audit	(3,072)	2,501	(5,573)	6,271	2,368	3,903	2,084	2,559	(475)	1,912	2,474	(562)	2,315	2,546	(231)	2,315	2,546	(231)
Communications	4,823	7,537	(2,714)	7,878	6,422	1,456	3,955	7,908	(3,953)	4,498	6,827	(2,329)	4,417	6,843	(2,426)	4,417	6,843	(2,426)
Legal	11,672	9,355	2,317	11,887	8,921	2,966	13,193	10,269	2,924	12,879	9,896	2,983	15,694	10,100	5,594	15,694	10,100	5,594
Engineering	(158)	886	(1,044)	8,142	844	7,298	8,307	961	7,346	3,105	912	2,193	4,280	951	3,329	4,280	951	3,329
Finance	21,071	27,242	(6,171)	23,760	22,194	1,566	38,878	24,452	14,426	24,040	24,446	(406)	69,866	25,548	44,318	69,866	25,548	44,318
Human Resources	3,329	19,249	(15,920)	14,591	17,157	(2,566)	19,002	19,261	(259)	11,536	18,782	(7,246)	16,972	18,492	(1,520)	16,972	18,492	(1,520)
Information Systems	43,855	67,770	(23,915)	42,294	40,326	1,968	31,857	46,889	(15,032)	40,298	46,340	(6,042)	29,519	42,567	(13,048)	29,519	42,567	(13,048)
Operations	24,131	39,712	(15,581)	26,896	38,647	(11,751)	33,393	42,536	(9,143)	24,262	40,680	(16,418)	31,041	41,927	(10,886)	31,041	41,927	(10,886)
Rates & Revenue	8,638	4,226	4,412	8,793	4,059	4,694	4,300	4,462	(162)	9,709	4,270	5,439	6,943	4,396	2,547	6,943	4,396	2,547
Risk Management	2,843	3,068	(225)	5,964	3,296	2,668	6,384	4,646	1,738	2,694	3,114	(420)	7,547	3,330	4,217	7,547	3,330	4,217
Water Quality	9,315	18,135	(8,820)	18,504	16,923	1,581	15,853	19,043	(3,190)	14,799	17,624	(2,825)	11,185	17,803	(6,618)	11,185	17,803	(6,618)
Customer Service	50,155	95,621	(45,466)	92,535	90,671	1,864	61,231	95,428	(34,197)	95,216	88,957	6,259	81,485	89,526	(8,041)	81,485	89,526	(8,041)
	265,719	379,809	(114,090)	382,186	333,822	48,364	360,222	364,829	(4,607)	326,111	348,176	(22,065)	391,373	348,983	42,390	391,373	348,983	42,390

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All Service Company Chart

2006	June			July			August			September			October		
	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance
Accounting	27,556	22,388	5,168	20,708	21,231	(523)	15,391	25,400	(10,009)	28,894	22,933	5,961	23,328	21,867	1,461
Administration	96,860	62,402	34,458	64,056	61,898	2,158	48,313	62,897	(14,584)	76,637	62,164	14,473	61,772	61,396	376
Audit	2,247	2,555	(308)	2,082	2,492	(410)	1,020	2,603	(1,583)	2,461	2,712	(251)	2,030	2,560	(530)
Communications	9,854	7,110	2,744	7,095	6,599	496	6,249	7,152	(903)	11,712	7,506	4,206	6,236	6,632	(396)
Legal	15,961	10,302	5,659	10,937	9,455	1,482	8,784	10,006	(1,222)	9,927	9,914	13	7,368	9,600	(2,232)
Engineering	10,162	951	9,211	6,237	912	5,325	6,392	992	5,400	9,612	951	8,661	9,221	912	8,309
Finance	67,201	23,781	43,420	48,277	22,722	25,555	42,772	24,434	18,338	114,549	23,564	90,985	74,102	22,630	51,472
Human Resources	15,810	20,416	(4,606)	14,908	18,638	(3,730)	16,778	20,252	(3,474)	18,246	18,971	(725)	19,308	18,012	1,296
Information Svstems	50,286	46,445	3,841	38,095	42,069	(3,974)	40,852	42,608	(1,756)	50,541	44,066	6,475	50,756	42,138	8,618
Operations	37,190	42,335	(5,145)	27,881	40,831	(12,950)	32,084	43,581	(11,497)	37,571	42,854	(5,283)	30,249	41,319	(11,070)
Rates & Revenue	9,626	4,369	5,257	2,955	4,264	(1,309)	5,417	4,454	963	6,262	4,372	1,890	5,636	4,208	1,428
Risk Management	7,433	3,962	3,471	4,751	2,931	1,820	9,744	3,318	6,426	7,558	3,530	4,028	7,239	3,278	3,961
Water Quality	18,954	19,079	(125)	13,857	17,998	(4,141)	16,108	18,653	(2,545)	31,540	18,101	13,439	10,735	17,714	(6,979)
Customer Service	87,857	90,543	(2,686)	79,293	89,371	(10,078)	74,636	92,577	(17,941)	97,396	90,611	6,785	78,226	88,017	(9,791)
	456,997	356,638	100,359	341,132	341,411	(279)	324,540	358,927	(34,387)	502,906	352,249	150,657	366,206	340,283	45,923

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All Service Company Charf

	2006							
	November		December		November		December	
	Actual	Variance	Actual	Variance	Actual	Variance	Actual	Variance
Accounting	22,845	717	34,918	12,702	22,128	717	22,216	12,702
Administration	55,584	(6,183)	704,976	639,173	61,767	(6,183)	65,803	639,173
Audit	3,169	554	2,010	(609)	2,615	554	2,619	(609)
Communications	9,339	2,588	11,451	4,588	6,751	2,588	6,863	4,588
Legal	8,284	(1,796)	12,715	3,086	10,080	(1,796)	9,629	3,086
Engineering	10,250	9,298	8,812	7,875	952	9,298	937	7,875
Finance	62,563	39,613	86,850	63,622	22,950	39,613	23,228	63,622
Human Resources	20,414	2,589	16,085	(2,595)	17,825	2,589	18,680	(2,595)
Information Systems	52,968	10,828	64,017	21,879	42,140	10,828	42,138	21,879
Operations	33,906	(8,415)	42,091	(202)	42,321	(8,415)	42,293	(202)
Rates & Revenue	6,051	1,731	19,355	15,035	4,320	1,731	4,320	15,035
Risk Management	8,942	5,682	8,752	5,705	3,260	5,682	3,047	5,705
Water Quality	15,913	(1,958)	14,175	(3,465)	17,871	(1,958)	17,640	(3,465)
Customer Service	89,564	187	81,294	(8,441)	89,377	187	89,735	(8,441)
	399,792	55,435	1,107,501	758,353	344,357	55,435	349,148	758,353

City of Chattanooga data request # 24

All Service Company Charges, includes o&m and capital

	2007			January			February			March			April			May		
	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance
Accounting	23,565	24,764	(1,199)	23,459	22,014	1,445	21,789	24,321	(2,532)	19,781	19,827	(46)	25,727	24,321	1,406	60,809	40,133	20,676
Administration	77,540	40,108	37,432	61,756	39,438	22,318	(10,490)	40,882	(51,372)	60,403	39,841	20,562	60,809	40,133	20,676	2,033	2,050	(17)
Audit	2,096	1,994	102	2,104	1,781	323	2,155	3,558	(1,403)	1,822	1,894	(72)	2,033	2,050	(17)	7,297	3,978	3,319
Communications	9,053	3,992	5,061	11,109	3,606	7,503	10,556	3,114	7,442	6,843	4,329	2,514	7,297	3,978	3,319	9,044	6,305	2,739
Legal	7,815	4,134	3,681	8,322	3,756	4,566	9,278	3,991	5,287	9,301	4,183	5,118	9,044	6,305	2,739	6,627	-	6,627
Engineering	7,800	-	7,800	5,309	-	5,309	6,839	-	6,839	6,944	-	6,944	6,627	-	6,627	6,627	-	6,627
Finance	67,665	58,166	9,499	117,141	54,598	62,543	114,442	55,171	59,271	92,112	55,332	36,780	116,719	40,559	76,160	15,639	14,554	1,085
Human Resources	12,957	14,018	(1,061)	13,015	12,425	590	20,580	17,376	3,204	13,687	14,620	(933)	15,639	14,554	1,085	55,881	50,848	5,033
Information Systems	43,482	47,465	(3,983)	57,695	44,105	13,590	47,594	47,432	162	52,370	51,329	1,041	55,881	50,848	5,033	37,208	6,215	30,993
Operations	29,747	5,994	23,753	32,494	5,527	26,967	33,565	5,685	27,880	34,198	6,080	28,118	37,208	6,215	30,993	9,616	3,414	6,202
Rates & Revenue	5,124	2,799	2,325	13,387	2,794	10,593	13,982	4,352	9,630	5,062	2,966	2,096	9,616	3,414	6,202	6,015	2,179	3,836
Risk Management	5,651	2,287	3,364	9,442	3,112	6,330	9,443	3,099	6,244	5,851	3,229	2,622	6,015	2,179	3,836	13,353	12,008	1,345
Water Quality	15,122	13,060	2,062	16,395	10,398	5,997	14,801	12,004	2,797	14,071	12,416	1,655	13,353	12,008	1,345	97,394	85,804	11,530
Customer Service	92,621	84,157	8,464	92,008	77,301	14,707	92,956	82,563	10,433	94,652	80,917	13,735	97,394	85,804	11,530	463,302	292,368	170,934
	400,238	302,998	97,300	463,636	280,855	182,781	387,430	303,548	83,882	417,097	296,963	120,134	463,302	292,368	170,934			

City of Chattanooga data r

All Service Company Chart

	2007			June			July			August			September		
	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance
Accounting	22,387	23,307	(920)	23,146	24,117	(971)	25,643	21,622	4,021	21,228	22,980	(1,752)	21,228	22,980	(1,752)
Administration	63,943	40,732	23,211	71,166	39,964	31,202	66,282	40,089	26,193	39,236	40,384	(1,148)	39,236	40,384	(1,148)
Audit	2,583	3,515	(932)	2,899	1,949	950	2,965	2,030	935	2,035	3,421	(1,386)	2,035	3,421	(1,386)
Communications	7,134	5,344	1,790	8,095	3,881	4,214	6,240	6,450	(210)	5,164	3,981	1,183	5,164	3,981	1,183
Legal	8,099	4,077	4,022	8,025	4,194	3,831	7,215	4,295	2,920	7,221	4,735	2,486	7,221	4,735	2,486
Engineering	5,096	-	5,096	3,881	-	3,881	5,952	-	5,952	4,947	-	4,947	4,947	-	4,947
Finance	72,626	40,860	31,766	98,416	32,019	66,397	73,772	32,903	40,869	99,550	30,388	69,162	99,550	30,388	69,162
Human Resources	12,718	19,176	(6,458)	17,002	14,949	2,053	14,763	15,040	(277)	12,247	17,874	(5,627)	12,247	17,874	(5,627)
Information Systems	47,619	50,405	(2,786)	45,533	51,109	(5,576)	45,177	49,099	(3,862)	44,004	46,768	(2,764)	44,004	46,768	(2,764)
Operations	32,539	6,244	26,295	34,183	5,742	28,441	32,205	6,319	25,886	30,611	5,444	25,167	30,611	5,444	25,167
Rates & Revenue	5,068	4,433	635	6,176	3,310	2,866	4,888	3,303	1,585	6,768	3,493	3,275	6,768	3,493	3,275
Risk Management	7,206	2,800	4,406	7,482	2,471	5,011	9,687	4,682	5,005	7,491	2,481	5,010	7,491	2,481	5,010
Water Quality	14,368	14,224	144	15,264	12,489	2,775	14,476	11,914	2,562	13,442	12,646	796	13,442	12,646	796
Customer Service	91,220	82,657	8,563	90,956	84,442	6,514	96,768	85,049	11,719	87,372	78,487	8,885	87,372	78,487	8,885
	392,606	297,774	94,832	432,234	280,636	151,598	406,033	282,735	123,298	381,316	273,082	108,234	381,316	273,082	108,234

City of Chattanooga data r

All Service Company Chart

	2007				November				December			
	October		Variance		Actual		Plan		Actual		Plan	
	Actual	Plan										Variance
Accounting	24,864	24,314	550		23,178	23,596	(418)		24,558	25,851	(1,273)	
Administration	72,037	36,483	35,554		67,406	35,966	31,440		56,999	37,145	19,854	
Audit	2,902	2,030	872		3,253	1,948	1,305		2,834	3,519	(685)	
Communications	6,569	4,483	2,086		5,443	4,009	1,434		3,613	4,300	(687)	
Legal	8,771	4,921	3,850		9,173	4,771	4,402		10,025	4,625	5,400	
Engineering	6,016	-	6,016		5,999	-	5,999		1,290	-	1,290	
Finance	77,957	29,857	48,100		90,738	29,046	61,692		78,764	29,832	48,932	
Human Resources	14,914	14,380	534		13,714	15,556	(1,842)		18,730	17,327	1,403	
Information Systems	51,344	48,888	2,456		48,330	47,642	688		68,196	46,674	21,522	
Operations	34,742	5,905	28,837		30,774	6,085	24,689		32,325	5,464	26,861	
Rates & Revenue	7,392	6,378	1,014		5,236	8,152	(2,916)		13,998	9,508	4,490	
Risk Management	9,241	3,042	6,199		7,692	3,600	4,092		7,112	3,671	3,441	
Water Quality	14,784	13,093	1,691		15,407	11,351	4,056		9,958	11,484	(1,526)	
Customer Service	90,587	83,082	7,505		90,089	79,474	10,615		85,334	77,645	7,689	
	422,120	276,856	145,264		416,432	271,196	145,236		413,736	277,025	136,711	

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

25. On "Summary of Adjustments to Test Year Operating Expense" (Exhibit 2, Schedule of the filing), please **Identify** in detail all adjustments (Column "Test Year Adjustments Present Rates" and "Attrition Year Adjustments") for the Management Fees line (Line11) and provide all **Documents** constituting, referencing, containing, relating to, responding to, or referring to such adjustments.

Response:

This information was provided in response to TRA DR 1 Question 13. The working papers referenced therein are TN-TRA-01-Q013-MANAGEMENT FEES Pages 1 through 4. Also refer the Company's responses to TN-TRA-02-Questions 1 and 2, which contain information about the historical test-year normalization adjustments and attrition year adjustments for management fees and other revenue and expense adjustments.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Joe Van den Berg

Question:

26. Testimony of Joe Van den Berg indicates that "...the combination of all these analyses and their results..." is the basis for his conclusion that "...all costs billed to TAWC were incurred as a result of prudent management decisions by AWWSC's management..." (Page 15, line 13-16 in Direct Testimony of Joe Van den Berg). Please provide all **Documents** constituting, referencing, containing relating to, responding to, or referring to cost data reviewed by Joe Van den Berg that aided in the arrival of this conclusion or upon which he relied in reaching such conclusion.

Response:

The Company objects to this request as overbroad. The Company has previously submitted extensive data used to support the findings of Mr. Van den Berg in his direct testimony. Subject to and without waiving its objections, the Company refers the COC to Appendix 1 attached to Mr. Van den Berg's testimony, which contains 59 pages of detailed discussion and conclusions from the independent audit broken into nine sections that contains twenty-three illustrative "Figures" to support the conclusions. Appendix 1 also contains three Exhibits of extensive data and supporting information. Please also refer to the responses to COC, Questions 17, 18, 19 and the extensive information provided as attachments to those responses.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Joe Van den Berg

Question:

27. Referencing the Direct Testimony of Joe Van den Berg, Appendix 1, Section 8, Cost Trends, please provide all **Documents** constituting, referencing, containing, relating to, responding to, or referring to calculation of or justification for the CPI Inflation Rate Adjustment of 3.23% (from 2005 to 2006), including, without limitation, all evidence (including CPI adjusted contracts, or leases) supporting the referenced inflation adjustment for the 2005-2006 AWWSC O&M spend.

Response:

Nominal cost figures from the AWWSC accounting system used to determine the cost trends were normalized to 2006 dollars using the Consumer Price Index data available at the U.S. Department of Labor Statistics, Bureau of Labor Statistics. The calculations are shown below based upon two different base periods (1982-1984 and 1967). Both calculations provide a 3.23% CPI Inflation Rate Adjustment. These tables can also be found on the website of the U.S. Department of Labor Statistics, Bureau of Labor Statistics.

Series Id: CUUR0000SA0			
Not Seasonally Adjusted			
Area: U.S. city average			
Item: All items			
Base Period: 1982-84=100			
Year	Annual		
6	162.3		
2003	184		
2004	188.9		
2005	195.3	A	BAH CALC (B/A) - 1 = 3.23%
2006	201.6	B	
2007	207.342		

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Series Id: CUUR0000AA0

Not Seasonally Adjusted

Area: U.S. city average

Item: All items - old base

Base Period: 1967=100

Year	Annual
2003	551.1
2004	565.8
2005	585
2006	603.9
2007	621.106
2008	

BAH CALC

(B/A) - 1 = 3.23%

Source: <http://data.bls.gov/cgi-bin/surveymost?cu>

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

28. Please provide a schedule that (i) lists all **AWWSC** O&M expenditures in years 2005 and 2006 that were specifically indexed by agreement to any inflation or escalation factor and (ii) all **AWWSC** O&M expenditures in years 2005 and 2006 that were not indexed to an inflation or escalation factor. The sum of these columns of the schedule should total to the total **AWWSC** O&M expenditures for 2005-2006.

Response:

No AWWSC expenditures were specifically indexed by agreement to any inflation or escalation factor. Please see attachment for non-indexed expenditures, which include the total costs of the service company.

83500
PL000USR
GNAFT12AJB
American Water Works Serv Co.
American Water Works Company
American Water Works Service Company
(USGAAP) 12 Periods AA
Income Statement
For the Period Ending 12/09/2005
05/20/08
19:20:17

Description	January	February	March	April	May	June	July	August	September	October	November	December	Total Year
1 OPERATING REVENUES													
2 Water													
3 Sewer													
4 Other													
5 Management													
6 Total Revenues	10,072,165	16,680,049	15,863,535	22,276,092	19,444,694	21,646,848	20,986,884	20,164,160	20,169,055	19,228,295	20,455,999	25,279,333	232,267,109
7 OPERATIONS & MAINTENANCE EXPENSE	10,072,165	16,680,049	15,863,535	22,276,092	19,444,694	21,646,848	20,986,884	20,164,160	20,169,055	19,228,295	20,455,999	25,279,333	232,267,109
8 Labor	6,751,319	5,787,543	10,699,025	7,602,646	7,540,311	9,106,913	7,644,213	8,903,505	7,772,543	7,790,478	8,320,904	9,608,318	97,527,718
9 Fuel & Power	7,480	17,609	38,596	7,738	36,333	53,542	87,163	54,085	108,333	60,929	52,241	45,547	569,596
10 Fuel & Power													
11 Chemicals													
12 Waste Disposal													
13 Management Fees													
14 Group Insurance	1,044,631	1,093,262	1,187,280	1,177,128	1,222,194	1,214,264	1,257,017	1,432,099	1,308,141	1,319,015	1,321,007	1,348,611	14,924,649
15 Pensions	113,589	86,168	466,734	209,868	211,572	224,573	224,573	218,430	263,611	170,381	218,277	183,364	2,591,140
16 Regulatory Expense													
17 Insurance Other Than Group	54,072	92,738	57,099	80,812	88,798	80,962	83,475	81,292	81,292	81,292	81,317	81,292	830,243
18 Customer Accounting													
19 Rents	468,149	267,392	959,282	640,390	1,090,206	406,966	710,455	657,383	913,771	635,126	655,830	787,109	8,192,059
20 General Office Expense	1,210,222	1,299,259	1,263,938	1,223,514	1,354,667	1,983,678	1,366,032	2,188,059	2,062,310	1,577,388	1,778,447	2,585,181	19,902,705
21 Miscellaneous	1,516,699	4,734,574	3,107,090	9,735,757	6,210,929	3,203,550	8,061,821	4,975,663	6,173,198	5,572,820	5,944,622	8,205,671	64,408,986
22 Other Maintenance	208,087	1,821,719	763,484	133,931	301,921	1,022,306	48,027	233,281	64,137	610,765	626,929	524,634	4,832,253
23 Total Maintenance & Operations Expense	8,340,850	15,200,274	16,901,423	20,811,784	18,056,931	17,296,754	19,482,805	18,743,797	18,747,336	17,818,194	18,999,574	23,379,727	213,779,449
24 Depreciation	526,089	561,575	419,372	556,377	558,574	576,860	579,817	720,471	734,189	723,557	724,962	713,250	7,395,093
25 General Taxes	974,070	1,035,188	1,079,121	745,950	651,480	809,534	686,214	486,574	519,222	503,743	526,217	998,447	9,016,440
26 State Income Taxes	3,126	7,424	8,386	6,332	12,131	8,739	9,286	10,382	11,516	5,753	13,794	26,487	123,135
27 Federal Income Taxes	12,563	29,850	40,450	27,704	53,088	36,727	40,632	45,429	17,123	41,541	97,594	74,506	478,177
28 Tax Savings Acquisition Adjustment													
29 Total Operating Expenses	9,856,698	16,834,311	18,448,752	22,148,127	19,332,204	18,730,123	20,798,754	20,006,653	20,030,086	19,092,788	20,322,101	25,192,197	230,792,796
30 Utility Operating Income	215,467	154,262	2,585,217	127,965	112,490	2,916,725	188,130	157,507	138,969	135,507	133,898	87,136	1,474,315
31 OTHER INCOME & DEDUCTIONS													
32 Non-Operating Rental Income													
33 Dividend Income-Common													
34 Dividend Income-Preferred													
35 Interest Income													
36 AFUDC Equity	34,910										847		34,910
37 M & J Miscellaneous Income													
38 Gain(Loss) on Disposition													
39 Total Other Income		34,910									847		847
40 Miscellaneous Amortization													
41 Tax Savings Acquisition Adjustment													
42 Misc. Other Deductions													
43 General Taxes	15	13,635	19,375	15,545	15,576	4,386	11,917	2,600	244	12,021	1,275	807	97,396
44 State Income Taxes													
45 Federal Income Taxes													
46 Total Other Deductions	15	13,635	19,375	15,545	15,576	4,386	11,917	2,600	244	12,021	1,275	807	97,396
47 Total Other Income	15	21,275	19,375	15,545	15,576	4,386	11,917	2,600	244	12,021	428	807	61,639
48 Income Before Interest Charges	215,452	132,917	2,604,592	112,420	96,914	2,912,339	176,213	154,907	138,725	123,485	133,470	86,329	1,412,676
49 INTEREST CHARGES													
50 Interest on Long-Term Debt	139,897		284,705	138,005	143,074	140,477	236,590	239,069	222,557	223,339	219,738	208,766	2,196,217
51 Amortization and Debt Expense	74,908	133,565	63,366	27,773	47,056	50,909	60,591	84,530	84,467	89,947	86,243	123,814	777,353
52 Interest-Short Term Bank Debt	171	577	160	6	896	101	215	369	635	126	24	1,376	3,834
53 Other Interest Expense													
54 AFUDC-Debt													
55 Total Interest Charges	214,976	132,988	221,179	110,238	96,914	89,467	176,214	154,908	138,725	133,266	133,471	86,328	1,422,698
56 Net Income	476	1	2,825,771	2,182	1	2,822,872	1	1	1	9,780	1	1	10,022
57 Preferred Dividend Declared													
58 Net Income to Common Stock	476	1	2,825,771	2,182	1	2,822,872	1	1	1	9,780	1	1	10,022

83500 American Water Works Serv Co.
FLOODUSR American Water Works Company
GRAP12AB (USGAAP) 12 Periods AA
Income Statement
For the Period Ending 12/31/2006

American Water Works Serv Co.

Description	January	February	March	April	May	June	July	August	September	October	December	Total Year
1 OPERATING REVENUES												
1 Water	15,832,882	20,791,577	19,322,821	17,770,712	20,971,369	22,814,586	17,438,513	16,848,076	24,743,598	19,628,424	21,220,875	264,834,574
2 Sewer	15,832,882	20,791,577	19,322,821	17,770,712	20,971,369	22,814,586	17,438,513	16,848,076	24,743,598	19,628,424	21,220,875	264,834,574
3 Other												
4 Management	8,191,491	7,798,283	7,773,872	7,876,716	10,288,321	10,844,288	8,005,979	7,655,064	10,560,712	8,378,100	10,408,126	108,664,106
5	52,836	4,494	24,789	22,641	104,761							1-
6 Total Revenues												
7 OPERATIONS & MAINTENANCE EXPENSE												
8 Labor	1,623,241	1,398,123	1,474,434	1,299,616	1,470,317	1,433,300	1,459,393	1,420,346	1,447,122	1,508,733	1,505,215	17,555,468
9 Purchased Water	2,684	1,256,383	772,646	931,220	764,022	811,793	718,565	724,341	714,382	715,732	734,590	30,315,970
10 Fuel & Power	79,165	144,988	9,347	145,677	235,255	150,760	148,250	148,518	66,503	152,538	148,370	1,611,902
11 Chemicals												
12 Waste Disposal												
13 Management Fees												
14 Group Insurance												
15 Pensions												
16 Regulatory Expense												
17 Insurance Other Than Group												
18 Customer Accounting												
19 Rentals	1,206,101	790,568	895,756	817,202	906,623	533,696	727,671	827,982	760,793	655,304	741,312	8,093,242
20 General Office Expense	857,386	2,058,735	1,255,623	1,162,347	1,760,736	1,697,554	1,316,968	1,292,302	1,563,549	1,508,540	1,475,067	17,110,156
21 Miscellaneous	1,337,101	4,379,826	4,496,663	2,612,039	4,221,904	5,067,224	3,171,843	2,496,285	6,644,890	4,373,631	3,772,855	49,727,784
22 Other Maintenance	932,834	429,906	119,113	451,398	246,009	505,978	230,956	578,340	383,130	656,470	617,831	5,679,329
23												
24 Total Maintenance & Operations Expense												
25	14,282,839	18,261,306	16,555,323	15,318,856	19,788,426	21,054,693	15,779,625	15,143,179	22,008,075	17,949,048	19,684,859	240,916,145
26												
27 Depreciation	711,508	908,317	464,421	1,342,667	812,614	905,402	842,163	860,498	883,465	837,792	759,992	10,161,971
28 Amortization												
29 General Taxes	532,253	1,303,795	1,187,196	713,170	1,025,381	592,550	563,362	603,008	952,625	827,473	525,540	10,164,813
30 State Income Taxes	7,708	7,708	8,404	4,326	7,603	7,917	7,320	2,754	13,140	6,056	6,881	115,698
31 Federal Income Taxes	29,551	29,551	32,225	16,587	29,148	30,349	28,069	10,556	63,701	24,425	27,750	466,628
32 Tax Savings Acquisition Adjustment												
33 Total Operating Expenses	15,563,859	20,510,677	18,257,569	17,395,606	21,663,172	22,590,911	17,220,539	16,619,995	23,921,006	19,644,794	21,005,022	261,825,255
34 Utility Operating Income	269,023	280,900	1,065,252	375,106	691,803	223,675	217,974	228,081	822,592	16,370	215,853	3,009,319
35 OTHER INCOME & DEDUCTIONS												
36 Non-Operating Rental Income												
37 Dividend Income-Common												
38 Dividend Income-Preferred												
39 Interest Income												
40 APUDC Equity												
41 M & J Miscellaneous Income												
42 Gain/(Loss) on Disposition												
43												
44 Total Other Income												
45												
46 Miscellaneous Amortization												
47 Tax Savings Acquisition Adjustment												
48 Misc. Other Deductions	12,150		313,681	314,822		2,500						15,791
49 General Taxes												
50 State Income Taxes												
51 Federal Income Taxes												
52 Total Other Deductions	12,150		313,681	314,822								15,791
53 Total Other Income	12,150		313,681	314,822								
54 Income Before Interest Charges	256,873	280,900	1,378,933	60,284	691,803	223,675	217,974	228,081	243,417	199,241	215,853	2,740,378
55 INTEREST CHARGES												
56 Interest on Long-Term Debt	318,717	323,598	313,629	301,210	322,695	331,915	332,464	333,878	336,913	338,082	342,249	3,921,421
57 Amortization and Debt Expense												
58 Interest-Short Term Bank Debt	62,789	42,553	64,354	62,569	62,428	109,320	115,060	105,648	93,354	138,742	126,250	1,191,017
59 Other Interest Expense	945	144	565	85	142	55	596	147	142	97	144	39
60 APUDC-Debt												
61 Total Interest Charges	256,873	280,901	248,710	238,556	260,125	213,650	218,002	228,083	243,417	199,243	215,855	2,730,365
62 Net Income												
63												
64 Preferred Dividend Declared		1-	1,130,223	178,272	951,928	10,035	28	2-		2-	2-	10,013
65 Net Income to Common Stock												
							</					

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19:24:35

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

29. Please provide all ***Documents*** constituting, referencing, containing, relating to, responding to, or referring to any agreement covering expenditures listed in the table referenced in the previous Request.

Response:

The Company objects to this question on the grounds that the request is overbroad and ambiguous.

Without waiving and subject to these objections, please refer to the Company's response to COC, Question 28. The 1989 Service Company Agreement incorporates no agreements associated with indexed inflationary costs in its allocations to operating subsidiaries, nor is the company aware of any such agreements that are incorporated in the costs incurred by the Service Company that are subsequently allocated. Please see a copy of the executed 1989 Service Company Agreement.

AGREEMENT

Agreement dated January 1, 1989, between AMERICAN WATER WORKS SERVICE COMPANY, INC., a Delaware corporation (hereinafter "Service Company"), and TENNESSEE-AMERICAN WATER COMPANY, a Tennessee corporation (hereinafter "Water Company").

The background of this Agreement is that:

1. Both Service Company and Water Company are subsidiaries of American Water Works Company, Inc., a Delaware corporation (hereinafter "American").
2. Water Company has been organized for and is presently engaged in the business of providing potable water as a public utility in the State of Tennessee.
3. Service Company maintains an organization whose officers and employees are familiar with all facets of the water utility business, including the development, business and property of Water Company, and are experienced in the efficient management, financing, accounting and operation of water utility properties and the extension and improvement thereof. The officers and employees of Service Company are qualified to aid, assist and advise Water Company in its business operations through the services to be performed under this Agreement.
4. Service Company has provided administrative and operating services to Water Company for many years, the past 17 years pursuant to an agreement dated January 1,

1971. Because Water Company is of the opinion that it cannot obtain the same quality and diversification of services on a comparable economic basis elsewhere, it proposes to enter into a new agreement with Service Company more specifically defining the types of services available to it.

5. Service Company has entered or proposes to enter into agreements similar to this agreement with other affiliated water companies (hereinafter collectively "Water Companies").
6. The services to be rendered under this agreement are to be rendered by Service Company to Water Companies at their cost to Service Company, as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the Water Company and Service Company agree that:

ARTICLE 1. PERSONNEL AND SERVICES TO BE PROVIDED

1.1 During the term of this agreement and upon the terms and conditions hereinafter set forth, Service Company shall provide corporate guidance for Water Company. In addition to the guidance provided by the officers and employees of Service Company through the coordination of functional activities for all subsidiaries of American, the officers and employees of Service Company shall furnish and Water Company shall purchase from Service Company, the following services: Accounting, Administration, Communication, Corporate Secretarial, Engineering, Financial, Human Resources,

Information Systems, Operation, Rates and Revenue, Risk Management and Water Quality, together with such other services as Water Company and Service Company may agree; provided, however, that Water Company may perform the service with its own personnel or engage another company or person to provide those services on its behalf. Service Company by mutual consent may engage another Company or person to provide such services on its behalf.

1.2 Service Company shall employ qualified officers and employees and those persons shall be available for election by Water Company to serve as officers of Water Company.

1.3 Without limitation, services to be provided by the Service Company shall be rendered as follows:

A. Accounting: Service Company shall assist in the preparation and implementation of accounting methods and procedures to determine that they conform fully to the requirements, rules and regulations of governmental authorities having jurisdiction and review Water Company's monthly financial reports, annual reports and other reports to stockholders and to any governmental authorities. It shall advise and assist in the establishment and maintenance of current record keeping techniques; review accounting procedures, methods and forms; and evaluate systems of internal control for receipt and disbursement of funds, materials and supplies, and other assets. Service Company shall maintain accounting records as required by Water Company. When appropriate, Service Company shall cooperate and consult with Water Company's independent certified public accountants.

Service Company shall assist in the preparation of operating and construction budgets and monitor the control over such budgets by comparing experienced costs to the projections.

Service Company shall prepare or assist in the preparation of federal, state and local tax returns for and to the extent required by Water Company.

B. Administration: Service Company shall make qualified employees available to perform or assist in the performance of Water Company's corporate activities. Those employees shall keep themselves informed on all aspects of Water Company's operations and shall regularly visit Water Company's facilities. They shall make recommendations to Water Company for operating expenditures and for additions to and improvements of property, plant and equipment. They shall keep abreast of economic, regulatory, governmental and operational developments and conditions that may affect Water Company; and advise Water Company of any such developments and conditions to the extent that they may be important to Water Company. Service Company shall provide an internal audit staff for periodic audits of accounts, records, policies and procedures of Water Company and submit reports thereon.

C. Communications: Service Company shall recommend procedures to promote satisfactory relations with employees, customers, communities and the general public and assist in the preparation of communication materials, (including press releases, brochures, audio visual presentations and speeches) plant tours, public exhibits and displays and other related services to inform the public.

D. Corporate Secretarial: Service Company shall maintain, in such places and manner as may be required by applicable law, documents of Water Company, such as minute books, charters, by-laws, contracts, deeds and other corporate records, and shall administer an orderly program of records retention. It shall maintain, or arrange for the maintenance of, records of stockholders of Water Company, prepare or arrange for the preparation of stock certificates, perform duties relating to the transfer of stock and perform other corporate secretarial functions as required including preparation of notices of stockholder and director meetings and the minutes thereof.

Service Company shall review and may assist in the preparation of documents and reports required by Water Company such as deeds, easements, contracts, charters, franchises, trust indentures and regulatory reports and filings.

E. Engineering: Service Company shall advise, and provide engineering services to assist Water Company in planning for, operating, maintaining and constructing its facilities.

It shall conduct distribution system surveys and hydraulic analyses and prepare or review maps, charts, operating statistics, reports and other pertinent data.

It shall assist Water Company in the proper maintenance and protection of Water Company properties by periodic inspection of its structures, tanks, reservoirs, dams, wells and electrical and mechanical equipment.

The engineering services provided by Service Company shall also include the conduct of field investigations as necessary to

obtain engineering information and, when required, the preparation of studies, reports, designs, drawings, cost estimates, specifications, and contracts for the construction of additions to or improvements of Water Company's source of supply, treatment plant, pumping stations, distribution system, and such other facilities as Water Company may request. Service Company shall provide a Materials Management Program to arrange for the purchase of equipment, materials, and supplies in volume on a basis advantageous to Water Company and assist in the evaluation of new and existing products and application procedures.

F. Financial: Service Company shall assist in the development and implementation of financing programs for Water Company, including the furnishing of advice from time to time on securities market conditions and the form and timing of financing; advise concerning arrangements for the sale of its securities; and assist in the preparation of necessary papers, documents, registration statements, prospectuses, petitions, applications and declarations. It shall prepare reports to be filed with, and reply to inquiries made by, security holders and bond and mortgage trustees.

Service Company shall assist Water Company in cash management including arrangements for bank credit lines, establishment of collection policies, and development of temporary investment programs.

Service Company shall provide assistance to Water Company in the preparation of all financial reports.

G. Human Resources: Service Company shall assist in obtaining qualified personnel for Water Company; in establishing appropriate rates of pay for those employees; and in negotiating with bargaining units representing Water Company employees. It shall carry out training programs for the development of personnel and advise and assist Water Company regarding personnel. It shall also advise and assist Water Company in regard to group employee insurance, pension and benefit plans and in the drafting or revising of those plans when required. It will keep Water Company apprised of all employment laws and develop procedures and controls to assure compliance.

H. Information Systems: Service Company shall make available to Water Company electronic data processing services. Those services shall include customer billing and accounting, preparation of financial statements and other reports including those required by Federal and State agencies.

I. Operation: Service Company shall develop and assist in the implementation of operating procedures to promote the efficient and economic operation of Water Company. Periodic operational reviews will be performed by Service Company personnel and any deviations from adopted procedures will be reported to Water Company.

J. Rates and Revenue: Service Company personnel shall make recommendations for changes in rates, rules and regulations and shall assist Water Company in the conduct of proceedings before, and in its compliance with the rulings of, regulatory bodies having jurisdiction over its operation. These personnel

shall keep abreast of economic and regulatory developments and conditions that may affect Water Company; and advise Water Company of any such developments and conditions to the extent that they may be important to Water Company. Rates and Revenue personnel shall assist in the preparation of rate filings or applications and the supporting documents and exhibits requested or required by the Water Company and their respective regulatory commissions. Service Company shall also provide qualified personnel to testify on Water Company's behalf as required during any regulatory proceedings.

K. Risk Management: Service Company shall provide a Risk Management Program to review the exposures to accidental loss of the Water Company, recommend efficient methods of protection either through the purchase of insurance, self-insurance or other risk management techniques and arrange for the purchase of insurance coverage. It shall also supervise investigation procedures; review claims; and negotiate and assist in, and evaluate proposals for, settlement at the request of Water Company. It shall assist in the establishment of safety and security programs to avoid or minimize risk and loss.

L. Water Quality: Service Company shall assist Water Company to comply with standards of governmental agencies and establish and attain water quality objectives of the Water Company. It shall assist in providing design criteria for processes, coordinating with public agencies, developing approaches and solutions to water quality problems, and providing

technical assistance and general direction for Water Company personnel.

It shall also provide laboratory services for programmed analyses as required by drinking water regulations, and special analyses as required by Water Company.

ARTICLE II. PAYMENT FOR SERVICES

2.1 In consideration for the services to be rendered by Service Company as hereinabove provided, Water Company agrees to pay to Service Company the cost thereof determined as provided in this Article II and in Article III.

2.2 All costs of service rendered by Service Company personnel for Water Company or in common with other Water Companies shall be charged to Water Company based on actual time spent by those personnel as reflected in their daily time sheets or other mutually acceptable means of determination.

2.3 All costs of Service Company incurred in connection with services rendered by Service Company which can be identified and related exclusively to Water Company, shall be charged directly to Water Company.

2.4 All costs incurred in rendering services to Water Company in common with similar services to other Water Companies which cannot be identified and related exclusively to services rendered to a particular Water Company, shall be allocated among all Water Companies so served, or, in the case of costs incurred with respect to services rendered to a particular group of Water

Companies, among the members of such group, based on the number of customers served at the immediately preceding calendar year end.

2.5 Cost for support personnel (secretaries, clerical personnel, clerks, messengers, telephone operators, mail clerks, and other incidental support personnel of the Service Company) as well as the cost of lease payments, depreciation, utilities and other costs associated with leasing office space and equipment by Service Company shall be allocated among the Water Companies on the basis of the proportion of the aggregate cost allocated under Sections 2.3 and 2.4.

ARTICLE III. ALLOWANCE FOR OVERHEAD

3.1 In determining the cost to be assessed by Service Company for the rendering of services to Water Company as herein provided, there shall be added to the salaries of all officers and employees for whose services charges are to be made, a percentage sufficient to cover the general overhead of Service Company, as defined below, properly allocable thereto. Such percentage shall be calculated each month and shall be the ratio of the total general overhead of the Service Company for the month to the total salaries of the employees for whose service charges are to be made to the Water Companies. No general overhead of Service Company shall be added to costs incurred for services of non-affiliated consultants employed by Service Company.

3.2 The term "general overhead" shall include:

- (a) pension and insurance premiums paid for the benefit of Service Company employees,

- (b) legal and other fees for services rendered to the Service Company,
- (c) taxes,
- (d) other general office supplies and other similar expenses, and
- (e) interest on working capital.

ARTICLE IV. BILLING PROCEDURES AND BOOKS AND RECORDS

4.1 As soon as practicable after the last day of each month, Service Company shall render a bill to Water Company for all amounts due from Water Company for services and expenses for such month plus an amount equal to the estimated cost of such services and expenses for the current month, all computed pursuant to Articles II and III. Such bill shall be in sufficient detail to show separately the charge for each class of service rendered. All amounts so billed shall reflect the credit for payments made on the estimated portion of the prior bill and shall be paid by Water Company within a reasonable time after receipt of the bill therefore.

4.2 Service Company agrees to keep its books and records available at all times for inspection by representatives of Water Company or by regulatory bodies having jurisdiction over Water Company.

4.3 Service Company shall at any time, upon request of Water Company, furnish any and all information required by Water Company with respect to the services rendered by Service Company

hereunder, the costs thereof, and the allocation of such costs among Water Companies.

ARTICLE V. OTHER AGREEMENTS

5.1 It is understood by Water Company that Service Company has entered or may enter into similar agreements with other Water Companies that are affiliated with American to which similar services are to be furnished. Service Company will not enter into agreements to perform similar services for other companies on terms more favorable than those provided herein.

5.2 It is understood by Water Company that Service Company has entered or may enter into an agreement or agreements with American and certain other companies not engaged in the water or sewer service business to which limited services are to be furnished; Water Company consents to such additional agreements, provided, however, that no part of the cost of furnishing such services will be charged to Water Company.

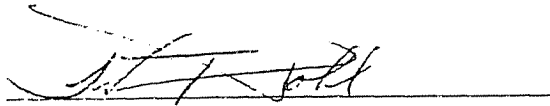
ARTICLE VI. TERM OF AGREEMENT

This agreement shall become effective as of the later of (a) the date first mentioned above or (b) the date the parties receive the last of any necessary approvals of governmental regulatory agencies having jurisdiction in the premises. Upon becoming effective, this agreement shall be the sole agreement between the parties concerning the subject matter hereof and shall supersede all prior agreements, written or oral, including the agreement dated January 1, 1971, which shall terminate on the date this

agreement becomes effective. This agreement shall continue in full force and effect until terminated by either of the parties hereto giving the other party hereto ninety day's notice in writing; provided, however, that this agreement shall terminate as of the date Water Company or Service Company ceases to be an affiliate of American.

IN WITNESS WHEREOF, Service Company and Water Company have caused this agreement to be signed in their respective corporate names by their respective Presidents or Vice Presidents, and impressed with their respective corporate seals attested by their respective Secretaries or Assistant Secretaries, all as of the day and year first above written.

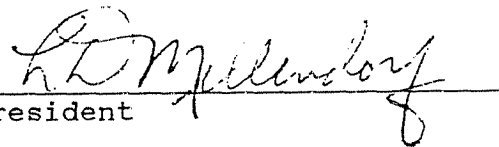
ATTEST:



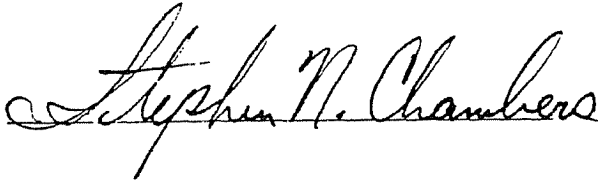
AMERICAN WATER WORKS SERVICE
COMPANY, INC.

By

President



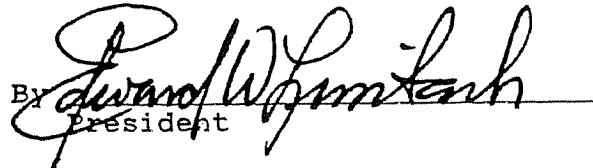
ATTEST:



TENNESSEE-AMERICAN WATER COMPANY

By

President



**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Joe Van den Berg

Question:

30. Referring to the Direct Testimony of Joe Van den Berg, Appendix 1, Section 8, Cost Trends, please state whether the 2005 "excluded extraordinary items" were adjusted by the 3.23% Inflation Rate Adjustment prior to reconciling the differences between 2005 and 2006 in both Figure 8.2 and the accompanying explanations. Please provide all ***Documents*** constituting, referencing, containing, relating to, responding to, or referring to any such adjustments.

Response:

"Excluded extraordinary items" were part of excluded costs and therefore are not part of the dollar amount that was ultimately analyzed within the Cost Trends section. Consequently, it is not important whether or not these dollars were inflated, with the exception of being able to reconcile numbers. Booz Allen ("BAH") used Real 2005 dollars throughout the Cost Trends section. BAH decided to start with a Total Cost Baseline based upon Real 2005 dollars as opposed to Nominal 2005 dollars. BAH then needed to show what was excluded from the analysis in its Excluded Items section. Because the entire Total Cost Baseline was inflated by the 3.23% Inflation Rate Adjustment, each item removed in the Excluded Items was also shown at the inflation adjusted number to properly show the reconciliation between Excluded Items and the Total Cost Baseline, both at 2005 Real Dollars. It would have caused added confusion if some of the values depicted were in nominal dollars, while some were in real dollars. Alternatively, BAH could have removed all excluded items for 2005 in nominal dollars and then inflation adjusted the remaining dollar amount that was later analyzed; however, once again, BAH felt this would create added confusion and ultimately had no effect on the analysis.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Joe Van den Berg

Question:

31. Regarding to the Direct Testimony of Joe Van den Berg, Appendix 1, Section 8, Cost Trends, Figure 8.3, were all of the Excluded Items in the 2005 Build Up inflated by the 3.23% Inflation Rate Adjustment? If so, please explain why it is appropriate to inflate Depreciation, Interest and Taxes in 2005 at this or any rate of inflation. Would the witness agree or disagree that these costs are not generally subject to inflation? Please explain your answer in detail.

Response:

Depreciation, Interest, and Tax were part of excluded costs and therefore were not part of the dollar amount that was ultimately analyzed within the Cost Trends section. Consequently, it is not important whether or not these dollars were inflated with the exception of being able to reconcile numbers. Booz Allen ("BAH") used Real 2005 dollars throughout the Cost Trends section. BAH decided to start with a Total Cost Baseline based upon Real 2005 dollars as opposed to Nominal 2005 dollars. BAH then needed to show what was excluded from the analysis in its Excluded Items section and, to avoid confusion, each item removed in the Excluded Items was also depicted at the inflation adjusted number to properly show the reconciliation between Excluded Items and the Total Cost Baseline, both at 2005 Real Dollars. BAH thought it would cause added confusion if some of the values depicted were in nominal dollars, while some were in real dollars. Alternatively, BAH could have removed all excluded items for 2005 in nominal dollars and then inflation adjusted the remaining dollar amount that was later analyzed; however, once again, BAH felt this would create added confusion and ultimately had no effect on the analysis.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

32. Please provide a schedule indicating for calendar years 2004 through 2007 (i) the number of employees, by function, of **AWWSC**, (ii) the original approved budget FTE's for each functional category of employees, and (iii) the actual FTE's for each functional category of employees for these periods.

Response:

Attached is a schedule that provides the number of employees and actual FTE's by function as of December 31, 2005, 2006 and 2007, and the budgeted FTE's for 2007. The actual number of employees and FTE's at December 31, 2004 and the budgeted employees and FTE's at December 31, 2004, 2005 and 2006 are not readily available.

Tennessee American Water Company
Docket No. 08-00039
COC DR 1 Question 32

Corporate and Southeast Region

Number of Employees

	As of December 31,					
	2005		2006		2007	
	Corporate	SER	Corporate	SER	Corporate	SER
Accounting	115	3	153	3	158	2
Administration	32	6	30	5	32	3
Audit	8		11		8	
Communications	6	1	6	2	9	2
Customer Service	608	29	662	31	665	34
Engineering		2		2		1
Finance	56	14	67	17	73	18
Human Resources	39	6	39	5	38	6
Information Systems	97	1	106		122	
Legal	8	4	9	3	10	6
Operations	40	23	40	23	43	21
Rates & Revenue	14		19		18	
Risk Management	10	2	9	4	9	3
Water Quality	12	3	13	3	14	1
	1,045	94	1,164	98	1,199	97

Budget FTE's

	As of December 31,					
	2005		2006		2007	
	Corporate	SER	Corporate	SER	Corporate	SER
Accounting					150.0	0
Administration					33.0	19
Audit					9.0	0
Communications					9.0	6
Customer Service					578.0	32
Engineering						24
Finance					72.0	21
Human Resources					45.0	7
Information Systems					132.0	0
Legal					12.0	11
Operations					43.0	23
Rates & Revenue					18.0	0
Risk Management					11.0	5
Water Quality					50.0	9
	0.0	0.0	0.0	0.0	1,162.0	157

NOT READILY
AVAILABLE

Actual FTE's

	As of December 31,					
	2005		2006		2007	
	Corporate	SER	Corporate	SER	Corporate	SER
Accounting	113.0	3.0	151.5	3.0	156.5	2.0
Administration	31.5	6.0	30.0	5.0	32.0	3.0
Audit	8.0		11.0		8.0	
Communications	6.0	1.0	6.0	2.0	9.0	2.0
Customer Service	606.0	29.0	660.5	31.0	663.5	34.0
Engineering		2.0		2.0		1.0
Finance	56.0	14.0	66.5	17.0	72.5	18.0
Human Resources	39.0	6.0	39.0	5.0	38.0	6.0
Information Systems	97.0	1.0	106.0		122.0	
Legal	8.0	4.0	9.0	3.0	10.0	6.0
Operations	40.0	23.0	40.0	23.0	43.0	21.0
Rates & Revenue	14.0		18.0		18.0	
Risk Management	10.0	2.0	9.0	4.0	9.0	3.0
Water Quality	12.0	3.0	13.0	3.0	13.5	1.0
	1,040.5	94.0	1,159.5	98.0	1,195.0	97.0

*Corporate includes all service company offices other than the regional offices.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

33. Please provide a schedule **Identifying** for each of calendar years 2004 through 2007 (i) the number of FTE's provided by contractors, by function, by **AWWSC**; (ii) the original approved budgeted FTE's for each functional category of employees, and (iii) the actual FTE's for each functional category of employees for these periods.

Response:

(i) Below is the actual number of AWWSC FTE's provided by contractors by function as of December 31, 2005, 2006 and 2007. (ii) The budget information is not available by FTE

	As of December 31,		
	2005	2006	2007
Accounting	25	25	32
Administration	7	2	6
Audit			
Communications	2	1	1
Customer Service	6	5	22
Engineering			
Finance	10	8	9
Human Resources	1	1	2
Information Systems	6	9	9
Legal	1	1	1
Operations			
Rates & Revenue			
Risk Management			
Water Quality	2	2	1
Total Service Company	60	54	83

Please note that the vast majority of FTE's provided by contractors relates to special projects such as Sarbanes Oxley implementation, STEP projects, Large Construction Projects, etc. The Company eliminated all charges in the historical test management fees related to SOX implementation, STEP and Business

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Changes and did not include any charges for those items in its attrition year management fees. The historical test-year management fees were reduced by \$729,713 for those costs. Please refer to TRA-DR-01-Q13-MANAGEMENT FEES, pages 1 through 4 for the working papers related to this normalization adjustment for the historical test-year.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

34. Please provide a schedule ***Identifying*** for each of calendar years 2004 through 2007 (i) each ***Operating Company*** or ***TAWC Parent of Affiliate*** to which ***AWWSC*** provided services or any kind during each of calendar years 2004 through 2007; (ii) the total amount paid by each such company to ***AWWSC*** and (iii) the number of end-user customers for each identified company at the beginning and end of each calendar year.

Response:

The Company objects to this request on the grounds of relevancy as to the information requested regarding other AWW subsidiaries, and to the relevancy of 2004 data to this proceeding. The expenses of other AWW subsidiaries are not part of the Company's cost of service or the expenses included in TAWC's filing in this case.

Subject to and without waiving its objections, TAWC provides the following response. Please see attached schedules. The schedule does not contain 2004 due to a change in the Service Company Accounting System changed at the beginning of 2005, and the 2004 information is not readily available.

Tennessee-American Water Company
Docket No. 08-00039
COC Dr 1 Question 34-2
Payments made by Related Party
Companies to AWWSC

Company	2005	2006	2007
American Water Works Company	(4,042,252)	(5,032,597)	(3,100,528)
California-American Water Co.	(13,683,913)	(16,520,310)	(15,431,005)
Illinois-American Water Co.	(18,728,493)	(22,662,211)	(23,296,052)
Indiana-American Water Co.	(17,408,233)	(20,224,274)	(20,347,682)
Iowa-American Water Company	(3,604,609)	(4,244,020)	(4,308,408)
Kentucky-American Water Co.	(7,108,965)	(8,101,065)	(8,181,054)
Maryland-American Water Co.	(413,139)	(425,941)	(545,014)
Michigan-American Water Co.	(204,438)	(265,888)	(228,706)
Missouri-American Water Co.	(29,138,580)	(33,817,517)	(33,518,312)
New Jersey-American Water Co.	(22,172,696)	(27,729,587)	(26,315,169)
New Mexico-American Water Co.	(1,242,095)	(1,575,620)	(1,438,682)
American Water Resources, Inc	(526,196)	(1,853,999)	(2,520,320)
Ohio-American Water Co.	(3,886,914)	(4,673,550)	(4,464,588)
Arizona-American Water Co.	(10,518,573)	(13,889,999)	(13,288,468)
Pennsylvania-American Water Co	(40,262,069)	(44,059,700)	(43,930,495)
Tennessee-American Water Co.	(4,422,702)	(5,244,675)	(4,996,171)
Virginia-American Water Co.	(3,591,995)	(4,372,019)	(3,979,690)
West Virginia-American Water	(10,965,152)	(11,938,223)	(11,611,191)
Hawaii-American Water Co.	(905,675)	(960,805)	(792,975)
AWE AW Enterprises Group	(17,700,554)	(15,498,423)	(10,618,814)
Long Island Water Company	(4,102,269)	(4,885,283)	(4,853,089)
Virginia American Eastern Dist	(136,864)	(153,295)	(156,571)
American Water Capital Corp	(83,834)	(224,451)	(537,972)
Texas American Water Company	(361,737)	(531,551)	(499,649)
E'town Water Company	(16,316,378)	(14,606,667)	(13,048,860)
Mt. Holly Water Company	(694,624)	(970,113)	(1,012,857)
Edison Water Co.	(956)	(119,024)	(217,533)
Liberty Water Co.	(3,199)	(203,799)	(352,941)
Etown Services LLC	(386)	(46,758)	(62,948)
Etown Properties Inc			(31,556)
Total	(232,225,483)	(264,829,359)	(253,685,292)

Tennessee-American Water Company
Docket No. 08-00039
COC Dr 1 Question 34-2
Number of End-User Customers

**AWWSC
CUSTOMER COUNT**

<u>COMPANY NAME</u>	<u>AS OF 12/31/2004</u>	<u>AS OF 12/31/2005</u>	<u>AS OF 12/31/2006</u>
<u>REGULATED</u>			
CALIFORNIA-AMERICAN	171,783	171,783	176,961
ILLINOIS-AMERICAN	290,409	296,439	304,072
INDIANA-AMERICAN	276,611	280,325	281,125
IOWA-AMERICAN	59,002	59,438	59,986
KENTUCKY-AMERICAN	110,790	112,954	116,865
MARYLAND-AMERICAN	4,766	4,772	4,778
MICHIGAN-AMERICAN	3,820	3,062	3,741
MISSOURI-AMERICAN	454,506	459,564	464,365
NEW JERSEY-AMERICAN	387,703	401,749	398,608
NEW MEXICO-AMERICAN	16,145	16,372	16,556
OHIO-AMERICAN	58,129	57,917	57,811
ARIZONA-AMERICAN	131,241	141,115	150,902
PENNSYLVANIA-AMERICAN	627,403	637,847	646,099
TENNESSEE-AMERICAN	72,013	72,660	73,701
VIRGINIA-AMERICAN	53,642	54,233	54,551
WEST VIRGINIA-AMERICAN	165,857	165,801	166,477
HAWAII-AMERICAN	10,393	9,212	9,256
LONG ISLAND-AMERICAN	73,754	73,500	73,495
UNITED WATER VIRGINIA	2,209	2,316	2,422
TEXAS-AMERICAN	5,190	5,409	5,164
ELIZABETHTOWN WATER Co	203,130	206,850	208,731
Mt HOLLY WATER Co	15,185	16,135	16,415
TOTAL	3,193,681	3,249,453	3,292,081

NON-REGULATED

NOT ALLOCATED BASED ON CUSTOMER COUNT

AMERICAN WATER WORKS COMPANY
AMERICAN WATER RESOURCES, INC.
AWE AW ENTERPRISES GROUP
AMERICAN WATER CAPITAL CORP
EDISON WATER COMPANY
LIBERTY WATER COMPANY
ETOWN SERVICES LLC
ETOWN PROPERTIES, INC.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: John Watson

Question:

35. Please provide a schedule indicating the number of customers serviced by **TAWC** for each of the years ending 2004-2007.

Response:

The customer count below is the total customers in all customer classifications.

2004	72,013
2005	72,660
2006	73,701
2007	74,540

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

36. Please provide the cost allocation factor used by **AWWSC** for **TAWC** for the calendar years 2005-2007.

Response:

Formula	Description	2005		2006		2007	
		TN (%)age	Others (%)age	TN (%)age	Others (%)age	TN (%)age	Others (%)age
100001	CP-ALL REGULATED CO'S (W & WW)	2.25	97.75	2.24	97.76	2.24	97.76
100002	CP-PLANT/REV/EMPLOY W/CHILE	2.04	97.96				
100003	CP-PLANT/REV/EMPLOY W/O CHILE	2.00	98.00	1.96	98.04	2.04	97.96
100004	CP-REV/EMPLOY W/ CHILE	1.95	98.05				
100005	CP-REV/EMPLOY W/O CHILE	1.88	98.12	1.83	98.17	1.95	98.05
100006	CP-REVENUE	1.97	98.03	1.94	98.06	1.97	98.03
100007	CP-BILLED PREMISES	2.43	97.57	2.41	97.59	2.24	97.76
100008	CP-EMPLOYEES	2.01	97.99	1.87	98.13	1.93	98.07
100010	CP-CAPEX	2.14	97.86	2.20	97.80	2.22	97.78
100012	CP-PURCHASE ORDERS	2.02	97.98	1.79	98.21		
100013	CP-INVOICES	2.02	97.98	1.79	98.21	2.01	97.99
100052	SE-ALL REGION REGULATED	6.95	93.05	6.92	93.08	6.92	93.08
100053	SE-ALL REGION REGULATED-NO O/H	6.95	93.05	6.92	93.08	6.92	93.08
100054	SE-PLANT/REV/EMPLOY	6.61	93.39	6.69	93.31	6.69	93.31
100055	SE-PLANT/REV/EMPLOY-NO O/H	6.61	93.39	6.69	93.31	6.69	93.31
100056	SE-REV/EMPLOY	6.44	93.56	6.58	93.42	6.58	93.42
100057	SE-REV/EMPLOY-NO O/H			6.58	93.42		
100058	SE-CAPEX	6.95	93.05	6.92	93.08	6.92	93.08
100059	SE-CAPEX-NO O/H	6.95	93.05	6.92	93.08	6.92	93.08
100066	CO 26 (TN) DIR CHG EXP	100.00	0.00	100.00	0.00	100.00	0.00
100067	CO 26 (TN) DIR CHG EXP-NO O/H	100.00	0.00	100.00	0.00	100.00	0.00
100103	TN 2004 RATE CASE AU0185	100.00	0.00				
100107	SEASONAL CHLORINATION AU0213	2.54	97.46				
100109	EPA TEST SURFACE H2O AU0216	2.55	97.45	2.55	97.45	2.55	97.45
100110	CAP PROG MGT/ASSET PLAN AU0221	2.42	97.58				
100111	SUPPLY CHAIN CAPEX-ALL REG'S	2.42	97.58	2.24	97.76	2.24	97.76

**TENNESSEE AMERICAN WATER COMPANY
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Formula	Description	2005		2006		2007	
		TN (%)age	Others (%)age	TN (%)age	Others (%)age	TN (%)age	Others (%)age
100113	KNOWLEDGE SHARE PRJ AU0258	2.42	97.58	2.24	97.76		
100114	SOP-DECON PIPELINE SYS AU0259	2.54	97.46	2.33	97.67		
100115	IMPROVED DETECT E COLI AU0297	2.56	97.44				
100122	VOICE RECOGNITION AU0360	2.24	97.76				
100124	BUSINESS CHANGE TEAM AU0400	2.25	97.75	2.25	97.75		
100127	GROW BUSINESS PROGRAM AU0402	2.25	97.75				
100129	INTEGRATING REG/NONREG AU0410	2.25	97.75				
100130	PERF,BONUS,ASSET SALE AU0412	2.25	97.75				
100131	PARTNERSHIP APPROACH AU0417	2.25	97.75	2.25	97.75		
100132	LICENSE TO MANAGE AU0422	2.25	97.75	2.25	97.75		
100133	PHASE 4 REORGANIZATION AU0427	2.25	97.75				
100134	RESTOCKING BD POSITIONS AU0431	2.25	97.75				
100135	RESTRUC MISC PROPLE CST AU0433	2.25	97.75	2.25	97.75		
100136	BUS CHNG-REORG. RESOURCING	2.25	97.75	2.25	97.75		
100137	SEVERANCE AU0434	2.25	97.75	2.24	97.76		
100138	WEBSITE MAKE OVER AU0439	2.25	97.75	2.25	97.75		
100139	STEP -MANAGEMENT AU0440	2.25	97.75				
100140	SERV CO SPECIAL RES FND AU0443	2.25	97.75				
100144	STEP EAM2 T&D MAXIMO AU0506	2.25	97.75	2.25	97.75		
100145	STEP EAM1 PLANT MAXIMO AU0507	2.25	97.75				
100146	STEP-GIS AU0508	2.25	97.75	2.25	97.75		
100147	STEP TAX/FA MG MT AU0509	2.25	97.75	2.25	97.75		
100148	STEP-FICO AU0510	2.25	97.75	2.25	97.75		
100149	STEP-HRIS AU0511	2.25	97.75	2.25	97.75		
100150	STEP MATERIAL MGMT AU0512	2.25	97.75	2.25	97.75		
100151	STEP-INVENTORY BARCODE AU0513	2.25	97.75				
100152	STEP-REG/CCS AU0514	2.25	97.75	2.25	97.75		
100153	STEP-WO DIAGNOSTIC AU0515	2.25	97.75	2.25	97.75		
100154	STEP-BUS INFORMATION AU0516	2.25	97.75	2.25	97.75		
100155	STEP-PORTAL AU0517	2.25	97.75	2.25	97.75		
100156	STEP-BUS INTELLEIGENCE AU0518	2.25	97.75	2.25	97.75		
100157	STEP-EAI AU0519	2.25	97.75	2.25	97.75		
100158	STEP-DOCUMENT MGMT AU0520	2.25	97.75				

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Formula	Description	2005		2006		2007	
		TN (%)age	Others (%)age	TN (%)age	Others (%)age	TN (%)age	Others (%)age
100159	STEP-SERVICE FIRST AU0521	2.25	97.75	2.25	97.75		
100160	STEP-MDSI PHASE 3 AU0522	2.25	97.75	2.25	97.75		
100161	STEP-SCADA DATA WHSE AU0523	2.25	97.75				
100199	ADVICE ON SRP, SERP AU0404	2.25	97.75				
100205	DIVERSITY COUNCIL AU0413	2.25	97.75				
100206	2003 SURVEY FOLLOW UP AU0414	2.25	97.75				
100207	PULSE SURVEY 2004 AU0415	2.25	97.75				
100209	LEGAL- COLL AGRMNTS AU0418	2.25	97.75	2.24	97.76		
100210	BENEFITS & IMPLEMENT AU0419	2.25	97.75				
100211	HR & UNION LEADER TRAIN AU0420	2.25	97.75				
100212	LEADERSHIP DEVELOPMENT AU0421	2.25	97.75	2.24	97.76		
100214	ATLANTA CONFERENCE 2004 AU0424	2.25	97.75				
100215	MGMT CONFERENCE IN 2005 AU0425	2.25	97.75				
100216	PHASE 3 REORGANIZATION AU0426	2.25	97.75	2.24	97.76		
100217	REVIEW OF POLICIES AU0428	2.25	97.75	2.24	97.76	2.24	97.76
100220	VIDEO/COMMUNICATIONS AU0435	2.25	97.75				
100225	BUS CHG-TOTAL REWARDS AU0446	2.25	97.75	2.24	97.76		
100503	SE-EMPLOYEES	6.49	93.51	6.42	93.58	6.42	93.58
100511	SE-PURCHASE ORDERS	6.61	93.39	6.65	93.35	6.65	93.35
100523	CP-ALL REGULATED CO-NO O/H			2.24	97.76		
100524	CP-CUST CALL CNTR REG CO.'S	2.43	97.57	2.43	97.57		
100526	UV DISINFECT WW PLANTS AU0212	2.56	97.44	2.56	97.44		
100527	ENDOCRINE DISRUPT SUBST AU0217	2.54	97.46	2.33	97.67	2.34	97.66
100528	NEG. PRESSURE TRANSIENT AU0218	2.54	97.46	2.33	97.67	2.34	97.66
100529	EVALUATE ORTHOPHOSPHATE AU0256	12.02	87.98	12.02	87.98	12.02	87.98
100530	R&D-GEN PROGRAM OPER AU0257	2.24	97.76				
100531	BURIED INFRASTR. MODEL AU0292			2.41	97.59		
100533	CP-ALL REGULATED WATER CO'S	2.35	97.65	2.33	97.67	2.34	97.66
100534	DATABASE-WST WTR PLANTS AU0204	2.25	97.75			2.24	97.76
100535	CROSS-CONNECT&BACKFLOW AU0208	2.35	97.65	2.33	97.67	2.34	97.66
100563	CO 26 (TN) DIR CHG CAPEX	100.00	0.00	100.00	0.00	100.00	0.00
100569	SEVERANCE - CORPORATE	2.25	97.75	2.24	97.76	2.24	97.76
100571	SEVERANCE-SOUTHEASTERN REGION	6.95	93.05	6.92	93.08		

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Formula	Description	2005		2006		2007	
		TN (%)age	Others (%)age	TN (%)age	Others (%)age	TN (%)age	Others (%)age
100579	STANDARD OPERATING PROCEDURE	2.25	97.75	2.24	97.76		
100590	FAIL ANLY ORIEN PIPE ASM STUDY	4.46	95.54	4.46	95.54	4.46	95.54
100591	AUTO METER READING MGT STUDY	1.34	98.66	1.34	98.66	1.34	98.66
100595	SUPPLY CHAIN SE-CAPEX ALL REG	6.95	93.05	6.92	93.08	6.92	93.08
100599	BUS CHNG- HR ACTION PLAN	2.25	97.75	2.24	97.76	2.24	97.76
100600	BUS CHNG-ANALYSIS INTO ACTION	2.25	97.75				
100601	BUS CHNG-IDEAS INTO ACTION	2.25	97.75	2.24	97.76		
100658	SE-BUS DEVELOPMENT GENERAL	2.99	97.01	2.99	97.01	2.98	97.02
100666	STEP-PROJECT MGT OFFICE	2.25	97.75				
100667	STEP-DESIGN AUTHORITY	2.25	97.75				
100694	CP-BUS DEVELOPMENT GENERAL	1.13	98.88	1.12	98.88	1.12	98.88
100709	MERCURY ITG TOOL	2.25	97.75	2.24	97.76	2.24	97.76
100710	ENVIROMENTAL REPORTING	1.97	98.03				
100713	EXTENDED KNOWLEDGE SHARING PRG	2.42	97.58				
100722	ON DEMAND SOFTWARE	2.25	97.75	2.24	97.76		
100736	CP-CAPEX REGULATED CO'S ONLY	2.24	97.76	2.24	97.76	2.24	97.76
100757	VOICE RECOGNITION (OLD 100122)	2.24	97.76	2.24	97.76	2.24	97.76
100768	STEP-CSC REPORTING	2.25	97.75	2.25	97.75		
100774	ENVIRONMENTAL REPORTING RECHRG	2.24	97.76	2.24	97.76		
100781	AF SEC REPORTING (REG/NONREG)			1.96	98.04		
100784	AF DIVESTITURE SUPPORT RECOVER			2.24	97.76	2.24	97.76
100785	AF REGULATORY APPROVAL RECOVER			2.24	97.76	2.24	97.76
100786	AF SARBANES OXLEY (REG)			2.24	97.76		
100788	AF SARBANES OXLEY (REG/NONREG)			2.04	97.96		
100792	CP-CUST CALL CNTRS COMBINED			2.24	97.76	2.24	97.76
100793	SSC & STEP RENT WRITE-OFF			2.25	97.75	2.25	97.75
100797	MARY MONIODES (O&M EXPENSES)			2.24	97.76		
100827	AF SARBANES-OXLEY IAS-REG/NONR			1.96	98.04	2.04	97.96
100851	CSC-2004 AWR FACILITY/OVERHEAD			2.43	97.57		
100852	CSC-2005 AWR FACILITY/OVERHEAD			2.43	97.57		
100856	POWERPLANT DATA CONVERSION			9.00	91.00	9.00	91.00
100858	MANAGE COLIFORMS & E.COLI			2.24	97.76	2.24	97.76
100859	LEAK REPAIR STUDY			2.24	97.76	2.24	97.76

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Formula	Description	2005		2006		2007	
		TN (%)age	Others (%)age	TN (%)age	Others (%)age	TN (%)age	Others (%)age
100864	AF DIVESTITURE SUPPORT - SER			6.92	93.08	6.92	93.08
100866	TENNESSEE 2006 RATE CASE			100.00	0.00	100.00	0.00
100867	MONTH END CLOSE PROJECT			1.96	98.04		
100885	MIDDLEWARE COST- CAPTURE&MANAGE			2.24	97.76		
100886	TELECOM INV ADM COST-CAP & MAN			2.24	97.76		
100887	TIVOLI SOLUTIONS MGMT COST			2.24	97.76	2.24	97.76
100888	PERFORMANCE REVIEW-CBS COSTS			2.24	97.76	2.24	97.76
100890	DESKTOP SERVICE COSTS			2.24	97.76	2.24	97.76
100892	AD DESIGN COST			2.24	97.76	2.24	97.76
100894	VOIP ARCHITECTURE COSTS			2.24	97.76	2.24	97.76
100895	MICROSOFT PRODUCTIVITY TOOL			2.24	97.76	2.24	97.76
100896	MERCURY INITIATIVE COSTS			2.24	97.76	2.24	97.76
100897	PERFORMANCE REVIEW-INFR&OPS			2.24	97.76	2.24	97.76
100898	RECLAIMED WATER STUDY			2.34	97.66	2.34	97.66
100900	POWERPLANT DATA CONV/TRAINING			2.24	97.76	2.24	97.76
100902	BUSINESS CASE WITH NO PROJ DEV			2.24	97.76	2.24	97.76
100903	AWWARF AM WORKSHOP			2.24	97.76	2.24	97.76
100908	SECURITY REPLACEMENT PROGRAM			5.00	95.00		
100918	RAPID AOC METHODS					2.34	97.66
100919	CLIMATE LEADERS PROGRAM (EPA)					2.24	97.76
100921	SCADA INTEGRATION/HYDR. MODELS					2.34	97.66
100924	PRESSURE MANAGEMENT WORKGROUP					2.34	97.66
100925	ENVIRONMENTAL MANAGEMENT					2.24	97.76
100926	PREPARATION & STD CONTR. DOC.					2.24	97.76
100928	COST ESTIMATING MANAGEMENT					2.24	97.76
100929	ENGINEERING SUPERVISION					2.24	97.76
100931	MATERIALS MGT. COMMITTEE					2.24	97.76
100935	AMR GUIDANCE & GOVERNANCE					2.34	97.66
100937	GIS GOVERNANCE & PLANNING					2.24	97.76
100938	MONITORING FOR WATER SECURITY					2.34	97.66
100939	PIPE CONDITION ASSESSMENT					2.34	97.66

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Formula	Description	2005		2006		2007	
		TN (%)age	Others (%)age	TN (%)age	Others (%)age	TN (%)age	Others (%)age
100940	PIPE REPLACEMENT NEEDSENT					2.34	97.66
100941	DAYLIGHT SAVING TIME					2.24	97.76
100944	CRYPTOSPORIDIUM INFECTIVITY					2.24	97.76
100946	DISTRIBUTION MAINTENANCE					2.34	97.66
100947	DISTRIBUTION REPLACEMENT					2.33	97.67
100948	LEARNING COUNCIL					2.34	97.66
100949	BPM PROJECT OPS LEAD					2.34	97.66
100954	AW ASSET NAMING HIERARCHY					2.24	97.76
100959	CORPORATE LEGAL-CODE OF ETHICS					2.04	97.96
100960	EPA PEER REVIEW PTA COST MODEL					2.34	97.66
100964	CMMS IMPLEMENTATION PROJECT					2.24	97.76
100967	IDSE					2.34	97.66
100972	SECURITY REPLACEMENT PROGRAM					4.71	95.29
100978	AWWARF #4152 - PRESSURE/WQ					2.34	97.66
100979	OPTIMIZED DISTRIBUTION SYSTEMS					2.34	97.66
100984	ZINC VS NON-ZINC P04					2.34	97.66
100985	TENNESSEE 2008 RATE CASE					100.00	0.00
100986	TN 2008 DEPRECIATION STUDY					100.00	0.00
50073227	INS (1) HYDRANT, WHITEHALL RD						
50089981	PAINTING NORTH END TANK			100.00	0.00		
50105482	PUR SCADA SYS JENKINS RD TANK					100.00	0.00
50112360	TIME & LABOR PROGRAMMING			100.00	0.00	100.00	0.00
50115530	TN SECURITY OVERALL			100.00	0.00	100.00	0.00
50121016	WATER TREATMENT PLANT STUDY					100.00	0.00

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Michael Miller

Question:

37. Please **Identify** how and when new allocation factors are established and implemented and provide a projection utilizing the latest approved budget information to generate an **AWWSC** cost allocation factor for **TAWC** that reflects 2007 year-end customer totals.

Response:

The Company objects to this question on the grounds that the request is unduly burdensome to the extent that it seeks data not readily available in the format requested. Subject to and without waiving its objections, the Company provides the following response:

All costs of the Service Company incurred in connection with services rendered by the Service Company that can be identified and relate exclusively to a water company, shall be charged directly to that that water company.

For costs incurred in rendering services that cannot be exclusively attributed to one particular water company, but rather to a group of water companies, the allocation factors shall be determined at the immediately preceding calendar year-end in accordance with Article II, section 2.4 of the Service Agreement.

The Company did not use its 2008/2009 budget to determine the attrition year revenues and expenses in its filing. Instead, the Company used the historical test-year ended November 2007, adjusted for known adjustments required to normalize the historical test-year for the base on which to develop the attrition year revenues and expenses in the filing. A combination of known and measurable adjustments and appropriate inflation factors were then applied to

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normalized historical test-year data to arrive at the attrition year revenues and expenses. This process incorporates the filing requirements for the Company under the TRA procedures. However, the 2007 year-end customer counts are provided in the attachment.

COC DR 1 Question 37

**AMERICAN WATER WORKS SERVICE COMPANY, INC.
CUSTOMER COUNT-AMERICAN SYSTEM
AS OF 12/31/2007**

CO. NO.	COMPANY NAME	WATER	WASTEWATER	TOTAL	%
05	CALIFORNIA-AMERICAN	169,196	2,248	171,444	5.18%
09	ILLINOIS-AMERICAN	284,593	22,147	306,740	9.27%
10	INDIANA-AMERICAN	282,632	454	283,086	8.56%
11	IOWA-AMERICAN	60,403	-	60,403	1.83%
12	KENTUCKY-AMERICAN	117,088	705	117,793	3.56%
13	MARYLAND-AMERICAN	4,833	-	4,833	0.15%
16	MICHIGAN-AMERICAN	3,891	-	3,891	0.12%
17	MISSOURI-AMERICAN	463,999	1,088	465,087	14.06%
18	NEW JERSEY-AMERICAN	606,572	28,385	634,957	19.19%
19	NEW MEXICO-AMERICAN	16,774	-	16,774	0.51%
22	OHIO-AMERICAN	51,000	6,578	57,578	1.74%
23	ARIZONA-AMERICAN	102,683	50,835	153,518	4.64%
24	PENNSYLVANIA-AMERICAN	630,132	14,588	644,720	19.48%
26	TENNESSEE-AMERICAN	74,540	-	74,540	2.25%
27	VIRGINIA-AMERICAN	54,253	-	54,253	1.64%
28	WEST VIRGINIA-AMERICAN	167,909	-	167,909	5.08%
30	HAWAII-AMERICAN	-	9,273	9,273	0.28%
38	LONG ISLAND-AMERICAN	73,873	-	73,873	2.23%
42	UNITED WATER VIRGINIA	2,535	-	2,535	0.08%
50	TEXAS-AMERICAN	4,026	1,063	5,089	0.15%
Total		3,170,932	137,364	3,308,296	100.00%

**AMERICAN WATER WORKS SERVICE COMPANY, INC.
CUSTOMER COUNT - SOUTHEAST REGION
AS OF 12/31/2007**

CO. NO.	COMPANY NAME	WATER	WASTEWATER	TOTAL	%
12	KENTUCKY-AMERICAN	117,088	705	117,793	11.04%
13	MARYLAND-AMERICAN	4,833	-	4,833	0.45%
24	PENNSYLVANIA-AMERICAN	630,132	14,588	644,720	60.44%
26	TENNESSEE-AMERICAN	74,540	-	74,540	6.99%
27	VIRGINIA-AMERICAN	54,253	-	54,253	5.09%
28	WEST VIRGINIA-AMERICAN	168,060	-	168,060	15.75%
42	UNITED WATER VIRGINIA	2,535	-	2,535	0.24%
Total		1,051,441	15,293	1,066,734	0.00%

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served via the method(s) indicated, on this the 29th day of May, 2008, upon the following:

☒ Hand-Delivery	Timothy C. Phillips, Esq.
☐ U.S. Mail	Consumer Advocate and Protection Division
☐ Facsimile	Office of Attorney General
☐ Overnight	2nd Floor
☒ Email	425 5th Avenue North
	Nashville, TN 37243-0491
☐ Hand-Delivery	David C. Higney, Esq.
☐ U.S. Mail	Counsel for Chattanooga Manufacturers Association
☐ Facsimile	Grant, Konvalinka & Harrison, P.C.
☒ Overnight	633 Chestnut Street, 9th Floor
☒ Email	Chattanooga, TN 37450
☒ Hand-Delivery	Henry M. Walker, Esq.
☐ U.S. Mail	Counsel for Chattanooga Manufacturers Association
☐ Facsimile	Boult, Cummings, Conners & Berry, PLC
☐ Overnight	Suite 700
☒ Email	1600 Division Street
	Nashville, TN 37203
☐ Hand-Delivery	Michael A. McMahan, Esq.
☐ U.S. Mail	Special Counsel
☐ Facsimile	City of Chattanooga (Hamilton County)
☒ Overnight	Office of the City Attorney
☒ Email	Suite 400
	801 Broad Street
	Chattanooga, TN 37402
☐ Hand-Delivery	Frederick L. Hitchcock, Esq.
☐ U.S. Mail	Harold L. North, Jr., Esq.
☐ Facsimile	Counsel for City of Chattanooga
☒ Overnight	Chambliss, Bahner & Stophel, P.C.
☒ Email	1000 Tallan Building
	Two Union Square
	Chattanooga, TN 37402



BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

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. 08-00039

AFFIDAVIT

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

I, MICHAEL MILLER, Treasurer/Comptroller for Tennessee American Water Company, do hereby certify that the foregoing response to the City of Chattanooga's First Discovery Requests to Petitioner Tennessee American Water Company was prepared by me or under my supervision and are true and accurate to the best of my knowledge and information.

DATED this 27th day of May, 2008.

Michael A. Miller
(signature)

Michael A. Miller
(printed name)

Sworn to and subscribed before me this 27th day of May, 2008.

Vanessa S. Turner
NOTARY PUBLIC

My Commission Expires:

July 6, 2012

