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A PROFESSIONAL LIMITED LIABILITY COMPANY

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June 25, 2008

VIA E-MAIL AND HAND DELIVERY

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

filed electronically in docket office on 06/25/08

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 Supplemental Response to Tennessee Regulatory Authority Data Request 1, Item 56. In addition, TAWC includes two compact disks. The first compact disk contains TAWC's Supplemental Responses in their native Word, Excel, or Adobe format. The second compact disk contains a pdf image of TAWC's Supplemental Response.

Please return three (3) copies of this Supplemental Response to me by way of our courier, which I would appreciate your stamping as "filed."

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,

Kathryn H. Walker eme

Kathryn Hannen Walker

Enclosures

Chairman Eddie Roberson, PhD

June 25, 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*)

TENNESSEE AMERICAN WATER COMPANY
Docket No. 08-00039
Tennessee Regulatory Authority Staff Data Request No. 1

Responsible Witness: Sheila Miller

RATE BASE (EXCLUDING WORKING CAPITAL)

Question:

56. Provide schedules showing the end of month balances for the first month prior to the beginning of the test period, monthly activity for each month and the resulting end of the month balances through the last month of the attrition period. Also provide the 13 end of month average balances for each month for the items listed below (i.e., the 13 end of month average balance for 12/07 is the average of the 12/06 – 12/07 ending balances).

- a. Plant in Service
- b. Construction Work in Progress
- c. Inventories
- d. Deferred debits
- e. Reserves
- f. Customer Deposits
- g. Interest on Customer Deposits
- h. Contributions in Aid on Construction
- i. Accumulated Deferred FIT
- j. Accumulated Depreciation
- k. Accounts Payable applicable to CWIP
- l. Accounts Payable applicable to Materials & Supplies
- m. Customer Advances
- n. Materials and Supplies
- o. Accounts Receivable – Other
- p. Prepaids

Response:

See attached schedule.

Supplemental Response:

See the attached schedule which details the above referenced items by month throughout the attrition period, any additions or retirements for each month of the attrition period and includes the 13 month average of the attrition period as of August 2009. The excel file is also included on the enclosed CD labeled as TN-TRA-01-Q056 supplemental.xls. Please note that the company did not calculate the accumulated deferred FIT on a monthly basis for the attrition period. The final calculation of the accumulated deferred FIT balance is included in the working papers provided with the response to TN-TRA-01-Q013 and referenced as TN-TRA-01-Q013-RATE BASE BACK-UP Page 5 of 52 and TN-TRA-01-Q013-INCOME TAXES Pages 16-20 of 20.

TENNESSEE AMERICAN WATER COMPANY
AVERAGE ACCOUNT BALANCES
TRA DR 56

		Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07
	Description												
a	UPIS & Capital Leases												
	Less Warden's Ridge	181,434,793	188,944,500	188,435,291	188,872,625	190,886,422	192,248,713	192,508,675	192,838,206	193,232,000	194,822,092	196,046,079	196,568,293
	Less Reg Asset-ATUDC Debt												
b	CWIP	3,469,458	1,580,421	2,363,071	2,219,487	1,578,516	390,414	1,878,222	2,730,672	2,774,842	1,900,910	1,703,243	2,394,708
c	Materials & Supplies/Inventories	646,621	292,151	272,775	305,137	291,867	341,990	365,883	311,007	275,053	283,745	365,016	297,679
d	Deferred debts-inc'l reg asset-income tax recovery	14,739,647	14,646,047	14,801,551	14,516,777	14,646,946	14,513,846	14,420,984	15,154,262	15,094,238	15,025,661	14,830,612	14,890,194
	Less Reg asset-income tax recovery												
e	Reserves												
f	Customer Deposits												
g	Contributions on customer deposits	(7,312,160)	(8,280,830)	(8,239,889)	(8,239,059)	(8,234,959)	(8,236,196)	(8,280,380)	(8,285,789)	(8,322,093)	(8,327,799)	(8,334,192)	(8,336,954)
h	Contributions in Aid - Const.												
i	Accumulated deferred FIT	(21,390,040)	(21,838,555)	(21,838,555)	(21,663,670)	(21,666,574)	(21,662,957)	(21,616,679)	(21,641,766)	(21,643,342)	(21,483,334)	(21,201,387)	(20,804,789)
j	Accum. Deprec. & Amort	(52,960,163)	(53,399,996)	(53,916,586)	(54,241,236)	(54,492,688)	(54,897,149)	(55,307,243)	(55,705,683)	(56,102,356)	(56,209,203)	(56,620,209)	(57,024,025)
	Less Warden's Ridge Accum Depr												
	Plus Net Negative Salvage												
	Less Acc Depr reg asset												
k	Accounts Payable - CWIP	(91,629)	(268,625)	0	(16,625)	(25,024)	(28,900)	(10,575)	(3,668)	(58,947)	(5,311)	(128,608)	(8,003)
l	Accounts Payable - materials & supp	(18,040)	(38,256)	(66,200)	(42,800)	(72,819)	(37,813)	(44,500)	(41,302)	(54,837)	(51,015)	(60,838)	(52,566)
m	Customer Advances	(5,408,523)	(5,678,228)	(5,688,485)	(5,649,193)	(5,898,489)	(5,911,187)	(5,959,523)	(5,985,705)	(5,978,094)	(5,929,309)	(5,977,310)	(5,871,028)
n	Material & supplies (see above)												
o	Accounts receivable other	516,949	561,669	295,666	359,742	336,132	235,321	244,798	59,966	54,108	73,018	551,223	563,782
p	Prepays	332,436	224,933	472,722	297,548	507,866	413,159	213,300	232,003	172,846	637,352	525,965	555,782

TENNESSEE AMERICAN WATER COMPANY
AVERAGE ACCOUNT BALANCES
TRA DR 96

Description	Nov-02
a. UPIS & Capital Leases	197,159,678
Less Walden's Ridge	(4,455,819)
Less Reg Asset-AFUDC Debt	(46,099)
b. CWIP	2,829,032
c. Materials & Supplies/inventories	314,087
d. Deferred debts-incl reg asset-income tax recovery	14,833,766
Less Reg asset-income tax recovery	
e. Reserves	
f. Customer Deposits	
g. Interest on customer deposits	(8,258,501)
h. Contributions in Aid - Const.	(20,734,148)
i. Accumulated deferred FIT	(37,436,980)
j. Accum. Deprec. & Amort.	187,011
Less Walden's Ridge Accum Depr	
Plus Net Negative Salvage	
Less Acc Depr reg asset	17,782
k. Accounts Payable - CWIP	(91,629)
l. Accounts Payable - materials & supp	(18,040)
m. Customer Advances	(5,750,627)
n. Materials & supplies (see above)	571,695
o. Accounts receivable other	445,696
p. Prepaids	

TENNESSEE AMERICAN WATER COMPANY
AVERAGE ACCOUNT BALANCES
TRA DR 56

	Description	Net adds & ret Dec-07	Dec-07	Jan-08	Jan-08	Feb-08	Feb-08	Mar-08	Mar-08	Apr-08	Apr-08	May-08	May-08
a	UPIS & Capital Leases	1,576,771	198,736,448	293,798	199,030,246	537,801	199,568,047	401,549	199,989,596	591,738	200,661,334	779,284	201,340,618
	Less Walden's Ridge	(4,455,819)	(46,099)	(4,455,819)	(46,099)	(4,455,819)	(46,099)	(4,455,819)	(46,099)	(4,455,819)	(46,099)	(4,455,819)	(46,099)
b	CWIP	2,000,000	4,829,032	(533,980)	4,295,072	56,799	4,361,871	158,151	4,510,022	196,962	4,706,974	207,816	4,914,790
c	Materials & Supplies/inventories	314,087	314,087	314,087	314,087	314,087	314,087	314,087	314,087	314,087	314,087	314,087	314,087
d	Accrued debts-and reg asset-income tax recovery	(53,384)	14,780,382	(53,384)	14,726,998	(53,384)	14,673,614	(43,382)	14,630,232	(43,382)	14,586,850	(43,382)	14,534,468
e	Less Reg asset-income tax recovery		(9,949,678)		(9,949,678)		(9,949,678)		(9,949,678)		(9,949,678)		(9,949,678)
f	Reserves												
g	Customer Deposits												
h	Interest on customer deposits												
i	n.Contributions in Aid - Const.	(830)	(8,259,331)	(10,572)	(8,269,903)	(10,542)	(8,280,445)	(10,513)	(8,290,959)	(10,484)	(8,301,442)	(10,455)	(8,311,897)
j	Accumulated deferred FIT	0	(20,734,148)	0	(20,734,148)	0	(20,734,148)	0	(20,734,148)	0	(20,734,148)	0	(20,734,148)
k	l.Accum. Depr.ec. & Amort.	668,615	(56,768,365)	(420,160)	(57,186,525)	(420,957)	(57,609,482)	(421,761)	(58,031,243)	(425,676)	(58,456,919)	(425,987)	(58,882,906)
	Less Walden's Ridge Accum Depr		187,011		187,011		187,011		187,011		187,011		187,011
	Plus Net Negative Salvage		(2,221,847)		(2,221,847)		(2,221,847)		(2,221,847)		(2,221,847)		(2,221,847)
	Less Acc Depr reg asset		17,782		17,782		17,782		17,782		17,782		17,782
k	Accounts Payable - CWIP		(91,629)		(91,629)		(91,629)		(91,629)		(91,629)		(91,629)
m	Accounts Payable - materials & supp		(18,040)		(18,040)		(18,040)		(18,040)		(18,040)		(18,040)
n	Customer Advances	14,801	(5,735,826)	(75,256)	(5,811,082)	(75,257)	(5,886,339)	(75,257)	(5,961,596)	(75,257)	(6,036,853)	(75,257)	(6,112,110)
o	Materials & supplies (see above)												
p	Accounts receivable other		571,695		571,695		571,695		571,695		571,695		571,695
r	Prepaids		445,686		445,686		445,686		445,686		445,686		445,686

TENNESSEE AMERICAN WATER COMPANY
AVERAGE ACCOUNT BALANCES
TRA DR 56

	Description	Net adds & net Jun-08	Jun-08	Net adds & net Jul-08	Jul-08	Net adds & net Aug-08	Aug-08	Net adds & net Sep-08	Sep-08	Net adds & net Oct-08	Oct-08	Net adds & net Nov-08	Nov-08
a.UPI's & Capital Leases													
Less Walden's Ridge		944,816	202,285,434	960,959	203,246,393	1,675,075	204,921,468	838,875	205,760,343	859,962	206,620,305	612,145	207,232,750
Less Reg Asset-AFUDC Debt			(4,455,819)		(4,455,819)		(4,455,819)		(4,455,819)		(4,455,819)		(4,455,819)
b.CWIP		224,264	(146,039)	712,141	(146,039)	(546,075)	5,305,140	339,225	(146,039)	196,738	5,841,103	993,655	(146,039)
c.Materials & Supplies/Inventories			5,139,074		5,851,215		5,305,140		5,644,365		6,834,758		6,834,758
d.Deferred debits-and reg asset-income tax recovery			314,087		314,087		314,087		314,087		314,087		314,087
Less Reg asset-income tax recovery		(43,382)	14,500,086	(43,382)	14,456,704	(43,382)	14,413,322	(547,874)	13,865,448	(547,874)	13,317,574	(547,874)	12,769,700
e.Reserves			(9,949,678)		(9,949,678)		(9,949,678)		(9,949,678)		(9,949,678)		(9,949,678)
f.Customer Deposits													
g.Interest on customer deposits													
h.Contributions in Aid - Const		(10,426)	(8,322,323)	(10,397)	(8,332,720)	(10,368)	(8,343,088)	(9,378)	(8,362,466)	(9,347)	(8,361,813)	(9,316)	(8,371,129)
i.Accumulated deferred FIT		0	(20,734,149)	0	(20,734,149)	3,802,378	(16,931,770)	0	(16,931,770)	0	(16,931,770)	0	(16,931,770)
j.Accum. Deprec. & Amort		(427,951)	(59,310,857)	(429,683)	(59,740,548)	(445,086)	(60,185,636)	(386,043)	(60,571,679)	(388,419)	(60,960,098)	(389,851)	(61,349,949)
Less Walden's Ridge Accum Depr			187,011		187,011		187,011		187,011		187,011		187,011
Plus Net Negative Salvage			(2,221,847)		(2,221,847)		(2,221,847)		(2,221,847)		(2,221,847)		(2,221,847)
Less Acc Depr reg asset			17,782		17,782		17,782		17,782		17,782		17,782
k.Accounts Payable - CWIP			(91,629)		(91,629)		(91,629)		(91,629)		(91,629)		(91,629)
l.Accounts payable - materials & supp			(18,040)		(18,040)		(18,040)		(18,040)		(18,040)		(18,040)
m.Customer Advances		(75,257)	(6,181,367)	(75,257)	(6,222,624)	(75,257)	(6,237,881)	(75,257)	(6,413,138)	(75,257)	(6,488,395)	(76,074)	(6,564,469)
n.Materials & supplies (see above)													
o.Accounts receivable other			571,695		571,695		571,695		571,695		571,695		571,695
p.Prepaids			445,686		445,686		445,686		445,686		445,686		445,686

TENNESSEE AMERICAN WATER COMPANY
AVERAGE ACCOUNT BALANCES
TRA DR 56

	Description	Net adds & rel Dec-08	Dec-08	Net adds & rel Jan-09	Jan-09	Net adds & rel Feb-09	Feb-09	Net adds & rel Mar-09	Mar-09	Net adds & rel Apr-09	Apr-09	Net adds & rel May-09	May-09
a.	U.P.I.S. & Capital Leases												
	Less Walden's Ridge	1,912,842	209,145,692	316,035	209,461,627	534,901	209,996,528	492,522	210,489,050	641,166	211,130,236	802,284	211,932,520
		(4,455,819)	(4,455,819)	(4,455,819)	(4,455,819)	(4,455,819)	(4,455,819)	(4,455,819)	(4,455,819)	(4,455,819)	(4,455,819)	(4,455,819)	(4,455,819)
b.	CWIP	(1,216,204)	(46,099)	1,181,798	6,800,352	962,932	7,763,284	1,021,977	8,786,261	873,313	9,659,574	737,215	10,395,789
c.	d.Materials & Supplies/inventories		5,618,954		314,087		314,087		314,087		314,087		314,087
d.	e.Derived debts-and reg asset-income tax recovery	(547,874)	12,221,826	(547,874)	11,673,952	(547,874)	11,126,078	(547,254)	10,578,824	(547,254)	10,031,037	(547,254)	9,484,316
e.	f.Less Reg asset-income tax recovery		(9,949,678)		(9,949,678)		(9,949,678)		(9,949,678)		(9,949,678)		(9,949,678)
f.	Reserves												
g.	Customer Deposits												
h.	i.Interest on customer deposits												
i.	j.Contributions in Aid - Const.	(9,285)	(8,380,414)	(9,377)	(8,389,791)	(9,346)	(8,399,137)	(9,315)	(8,408,453)	(9,284)	(8,417,737)	(9,253)	(8,426,990)
j.	k.Accumulated deferred FIT	0	(16,931,770)	0	(16,931,770)	0	(16,931,770)	0	(16,931,770)	0	(16,931,770)	0	(16,931,770)
k.	l.Acaccum. Deprec. & Amort.	(398,211)	(61,748,160)	(397,061)	(62,145,221)	(398,529)	(62,545,750)	(399,032)	(62,942,782)	(405,621)	(63,346,403)	(408,003)	(63,756,406)
l.	m.Less Walden's Ridge Account Depr		187,011		187,011		187,011		187,011		187,011		187,011
m.	n.Plus Net Negative Salvage		(2,221,847)		(2,221,847)		(2,221,847)		(2,221,847)		(2,221,847)		(2,221,847)
n.	o.Less Acc Depr reg asset		17,782		17,782		17,782		17,782		17,782		17,782
o.	p.Accounts Payable - CWIP		(91,629)		(91,629)		(91,629)		(91,629)		(91,629)		(91,629)
p.	q.Accounts Payable - materials & supp		(18,040)		(18,040)		(18,040)		(18,040)		(18,040)		(18,040)
q.	r.Customer Advances		(76,074)		(76,454)		(76,455)		(76,455)		(76,455)		(76,455)
r.	s.Materials & supplies (see above)		(6,640,543)		(6,716,997)		(6,793,452)		(6,869,907)		(6,946,362)		(7,022,817)
s.	t.Accounts receivable other		571,695		571,695		571,695		571,695		571,695		571,695
t.	u.Prepaids		445,686		445,686		445,686		445,686		445,686		445,686

TENNESSEE AMERICAN WATER COMPANY
AVERAGE ACCOUNT BALANCES
TRA DR 56

Description	Net adds & rel		Net adds & rel		Net adds & rel		Total	
	Jun-09	Jun-09	Jul-09	Jul-09	Aug-09	Aug-09	Aug 08 thru Aug 09	13 mo avg
a.) PHS & Capital Leases								
Less Walden's Ridge	964,560	212,897,080	1,071,903	213,968,983	3,655,075	217,624,058	2,731,180,542	210,090,811
Less Reg Asset-AFUDC Debt:		(4,455,819)		(4,455,819)		(4,455,819)	(57,925,653)	(4,455,819)
b) CWIP	574,943	(46,099)		(46,099)		(46,099)	(599,287)	(46,099)
c) Materials & Supplies/inventories		10,970,732	325,930	11,296,662	(2,257,242)	9,039,420	103,953,994	7,996,481
d) Deferred debts-inc'd reg asset-income tax recovery		314,087		314,087		314,087	4,063,131	314,087
Less Reg asset-income tax recovery	(547,254)	8,537,062	(547,254)	8,389,808	(547,254)	7,842,554	144,652,034	11,127,080
e) Reserves		(9,949,678)		(9,949,678)		(9,949,678)	(129,345,814)	(9,949,678)
f) Customer Deposits							0	0
g) Interest on customer deposits							0	0
h) Contributions in Aid - Const.							0	0
i) Accumulated deferred FIT	(9,221)	(8,436,212)	(9,191)	(8,445,493)	(9,160)	(8,454,563)	(109,187,196)	(8,399,015)
j) Accum. Deprac. & Amort.	0	(16,931,770)	0	(16,931,770)	0	(16,931,770)	(220,113,010)	(16,931,770)
Less Walden's Ridge Accum Depr	(407,569)	(64,163,975)	(413,105)	(64,577,060)	(439,728)	(65,016,808)	(813,309,952)	(62,562,304)
Plus Net Negative Salvage		187,011		187,011		187,011	2,431,143	187,011
Less Acc Depr reg asset		(2,221,847)		(2,221,847)		(2,221,847)	(28,884,011)	(2,221,847)
		17,782		17,782		17,782	231,166	17,782
k) Accounts Payable - CWIP		(91,629)		(91,629)		(91,629)	(1,191,177)	(91,629)
l) Accounts Payable - materials & supp		(18,040)		(18,040)		(18,040)	(234,520)	(18,040)
m) Customer Advances	(76,455)	(7,099,272)	(76,455)	(7,175,727)	(76,455)	(7,252,182)	(86,321,146)	(6,793,934)
n) Materials & supplies (see above)		571,695		571,695		571,695	7,432,035	571,695
o) Accounts receivable other		445,696		445,696		445,696	5,793,918	445,696
p) Prepaids							0	0

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 25th day of June, 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
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