

TENNESSEE REGULATORY AUTHORITY



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Nashville, Tennessee 37243-0505

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June 22, 2009

R. Dale Grimes, Counsel
George H. Masterson, Counsel
Bass, Berry & Sims PLC
315 Deaderick Street, Suite 2700
Nashville, TN 37238-0002

RE: Docket 09-00073: Petition of Tennessee-American Water Company for Approval of and Authority to Borrow Up to \$45,000,000 to Refinance Additions and Improvements to Facilities and Acquisitions and to Repay Short-Term Indebtedness

Dear Messrs Grimes and Masterson:

In order to fully analyze the above-referenced *Petition*, the Tennessee Regulatory Authority requires additional information. Please provide the information requested below by June 29, 2009, and refer to this correspondence as Data Request No. 1 in the response.

1. How much of the requested \$45,000,000 in debt does the company expect to use for refinancing existing debt? Does Tennessee-American expect to refinance short-term debt or long-term debt? How much does the company expect to use for acquiring additional facilities?
2. The *Petition* indicates that the expected interest rate on notes will bear an interest rate spread of 450 to 500 basis points above Treasury bills. In the financing request approved in Docket No. 06-00305 the spread over Treasuries was expected to be approximately 200 basis points. Explain why the expected interest rate spread over Treasuries has increased since Tennessee-American's last financing request.

If you have any questions or need further assistance, please call Carlos Black at 615-741-2904, ext. 196 or e-mail him at Carlos.Black@tn.gov. Please respond by sending the original and 13 copies either by U.S. Mail or express mail. Alternatively, you may send the original and four (4) copies along with an electronic file to:

Ms. Sharla Dillon, Docket Room Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505
Sharla.Dillon@tn.gov

Sincerely,

Jerry Kettles, Chief

Economic Analysis & Policy Division

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