

Darlene Standley - Re: American Water Company - proposed management audit

From: Darlene Standley
To: Carlito.P.Caliboso@hawaii.gov; Roberson, Eddie
Date: 6/25/2009 8:36 AM
Subject: Re: American Water Company - proposed management audit
CC: Brooke.K.Kane@hawaii.gov; Frierson, Shirley; Kyle, Sara; Nelson, Vicky; Pearson, Thomas; Stone, Jean.A
Attachments: Final Version RFP (Company's File).DOC

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Chairman Caliboso:

Chairman Roberson requested that I respond to your inquiry.

In its 2006 (Docket 06-000290) rate case TN American Water requested \$4,064,421 for management fees, and was granted \$3,979,825.

In its 2008 (Docket 08-00039) rate case TN American Water requested \$4,335,190 for management fees, and was granted \$3,529,933.

The amount requested in 2008 was a 6.7% increase from the amount requested in 2006 ($4,335,190 - 4,064,421 / 4,064,421$).
The amount requested in 2008 was an 8.9% increase from the amount approved in 2006 ($4,335,190 - 3,979,825 / 3,979,825$).

A copy of the proposed RFP is attached. We do not have an estimate of the cost for a management audit at this time. A docket has been established for issuance of the RFP and comments. You can track this docket at www.state.tn.us/tra Under TRA Proceedings, select docket index and chose Docket 09-00086. Any changes to the proposed RFP or estimated cost will be posted to this site.

Should you have further questions just email me at Darlene.Standley@state.tn.gov or call (615) 741-2904 ext. 149.

Thank You

Darlene Standley, Utilities Division Chief
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505
darlene.standley@state.tn.us

>>> Eddie Roberson 6/25/2009 7:31 AM >>>
Chairman Caliboso,

Thank you for your response. I will have Darlene Standley of our staff respond to your specific questions.

Hope to see you in Seattle.

ER

Eddie Roberson, Ph.D.
Director
Tennessee Regulatory Authority
615-741-3939, ext. 121

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>>> <Carlito.P.Caliboso@hawaii.gov> 6/23/2009 3:23 PM >>>

Chairman Roberson,

Thank you for your letter dated June 19, 2009, and your inquiry to participate in a multi-state management audit, which we are starting to consider.

Would you have any information you could share concerning the amount allocated from the parent company and how much it increased or has been increasing? I'm trying to gauge whether the amount allocated to our utility was also significant to warrant an inquiry into this issue for us.

Also, would you have any preliminary indication of costs for such an audit and how it would be structured? Perhaps a draft of your RFP (if it is currently available) might help.

Thank you,
Carl

Carlito P. Caliboso
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