

TENNESSEE REGULATORY AUTHORITY

July 19, 2009

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460 James Robertson Parkway
Nashville, Tennessee 37243-0505
T.R.A. DOCKET ROOM

DOCKET NO. 09-00106

This letter is to remind you that pursuant to state law Tennessee Code Annotated § 67-7-222, your company is required to revise its business rates effective October 1, 2009 to reflect the actual tax equity payment sent by the Comptroller's Office in June 2009.

State law requires that rates be revised to reflect the difference in the amount that rates were reduced in 2008 and the actual amount of the equity payment received in June 2009. This is to ensure that your Company flows through a current amount under the laws. The filing should include all supporting calculations of the true-up and price-outs that reflect the flow through of savings to business customers including revised tariff pages. Following is an example of the process to be followed for determining this year's rate adjustment.

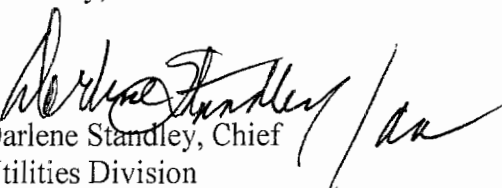
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|----|--|--------|
| 1. | Total Equity Payment Received June 2009 | XXXXXX |
| 2. | Jurisdictional Separations Impact (part 36/69). Line 1 * separations factor | XXXXXX |
| 3. | Impact to USF support, if applicable (include supporting calculations) | XXXXXX |
| 4. | Net Tax Savings to Company to be flowed through to business customers (Line 1 less lines 2 and 3) | XXXXXX |
| 5. | Total Rate Reductions from October 1, 2008 through September 30, 2009 | XXXXXX |
| 6. | Difference (Line 4 less Line 5)
If line 4 is greater than line 5, then the difference represents the additional amount that existing rates need to be reduced. If line 5 is greater than Line 4, the difference represents the amount by which existing rates may be increased. | XXXXXX |

Please file the revised tariff sheets implementing the required rate changes with an effective date of October 1, 2009. Further all rate-of-return regulated companies that accrued the anticipated ad valorem tax equity refund payment onto its books for 2007 should provide the accounting entries used, USOA account numbers and amounts booked to each account.

In order to allow adequate time for review and meet the statutory effective date of October 1, 2009, please submit your calculations as prescribed herein, including revised total rate adjustments no later than 2:00 P.M. August 19, 2009 and reference Docket No. on the response. In accordance with TRA rules, submit either thirteen (13) written copies of your response or four (4) written copies and an electronic version.

Should you have any questions regarding this request, please contact Patsy Fulton at 615-741-2904 ext. 193 or Roger Knight at extension 166.

Sincerely,


Darlene Standley, Chief
Utilities Division

C: Docket File