

TENNESSEE REGULATORY AUTHORITY



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460 James Robertson Parkway
Nashville, Tennessee 37243-0505

VIA FAX AND US MAIL

November 12, 2010

T. Jay Warner
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202-0207

RE: Docket No. 10-00189 – PETITION OF TENNESSEE AMERICAN WATER
COMPANY FOR A GENERAL RATE INCREASE.

Dear Mr. Warner:

To further the Staff's investigation of the reasonableness of the rates filed with this Authority on September 17, 2010 by Tennessee American Water Company, it is requested that you furnish additional information on the attached Staff Data Request. If you have questions regarding any item number in the attached request, please contact Paul Greene (extension 156) or Pat Murphy (extension 178) for clarification before responding.

Thank you for your attention to this matter. Please provide all responses by November 29, 2010.

Sincerely,

David Foster

David Foster
Chief
Utilities Division

by p.m. with permission

Enclosure

TRA DATA REQUEST NO. 1

1. If TAWC is granted a rate increase, please discuss the benefits provided to both ratepayers and stockholders.
2. Please discuss the CAD's position regarding the implementation of a mechanism that would maintain the average revenue per customer by on annual basis. Specifically, a revenue per customer would be calculated for a customer class (e.g., residential by meter size) based upon the attrition year revenues and meters adopted in this proceeding. Each year, the actual revenue per customer (meter) would be compared to the benchmark revenue per customer (meter). If the revenue per customer declines, then rates would be adjusted to bring the revenue per customer back up to the benchmark. If the revenue per customer increases, then customers' rates would be adjusted to reduce the revenue per customer back to the benchmark.
3. Discuss which classes that such a mechanism should apply and whether a WNA would be necessary under this approach?
4. Discuss whether approval of the aforementioned mechanism should include a reduction to the Company's approved return on equity to reflect any associated reduced risk. If so, quantify the reduction to the approved return on equity.