

# TENNESSEE REGULATORY AUTHORITY



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VIA FAX AND US MAIL

November 12, 2010

David C. Higney  
Grant, Konvalinka & Harrison, P.C.  
Ninth Floor, Republic Centre  
633 Chestnut Street  
Chattanooga, TN 37450-0900

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

Dear Mr. Higney:

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

C: Henry M. Walker

**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 CMA'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.