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December 1, 2010

Mary Freeman, Chairman
Tennessee Regulatory Authority
c/o Sharla Dillon, Docket Clerk
460 James Robertson Parkway
Nashville, TN 37243

filed electronically in docket office on 12/01/10

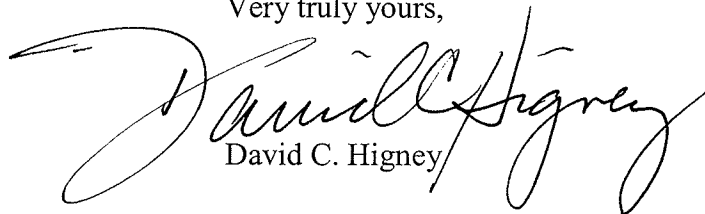
Re: In re Petition of Tennessee American Water Company for a General Rate Increase
TRA Docket No. 10-00189

Dear Chairman Freeman:

Enclosed are the original and five (5) copies of Chattanooga Regional Manufacturers Association's Responses to the Tennessee Regulatory Authority Staff's First Set of Data Requests. Please return a file-stamped copy to us in the enclosed, self-addressed envelope.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



David C. Higney

Enclosure

cc: Counsel for All Parties
Henry M. Walker, Esq. (via email)
Timothy L. Spires (via email)

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

PETITION OF TENNESSEE-
AMERICAN WATER COMPANY TO
CHANGE AND INCREASE CERTAIN
RATES AND CHARGES

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DOCKET NO. 10-00189

**CHATTANOOGA REGIONAL MANUFACTURERS ASSOCIATION'S
RESPONSES TO THE TENNESSEE REGULATORY AUTHORITY
STAFF'S FIRST SET OF DATA REQUESTS**

The Chattanooga Regional Manufacturers Association ("CRMA"), by and through its attorneys, submits the following responses to the Tennessee Regulatory Authority (the "TRA") Staff's First Set of Data Requests propounded upon CRMA, as follows:

STAFF REQUEST NO. 1:

If TAWC is granted a rate increase, please discuss the benefits provided to both ratepayers and stockholders.

CRMA – 1 RESPONSE:

A rate increase would benefit stockholders through the opportunity to earn an authorized return or a reasonable opportunity to earn a fair return on their invested capital. A rate increase, if demonstrated by the Company to be appropriate and found by the TRA to be justified, would benefit ratepayers through the knowledge that the ratepayer will be charged an amount TRA considers to be just and reasonable rates, which should support quality water service.

STAFF REQUEST NO. 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.

CRMA – 2 RESPONSE:

At this time, CRMA has not formulated a position on an automatic mechanism that would maintain average revenue per customer. CRMA has concerns with such a mechanism including, but not limited to, its ability (or inability) to quantify in an appropriate manner the customers' efforts to conserve, unaccounted for water loss, changes in weather and other factors that may affect customer usage.

STAFF REQUEST NO. 3:

Discuss which classes that such a mechanism should apply and whether a WNA would be necessary under this approach?

CRMA – 3 RESPONSE:

At this time, CRMA has not formulated a position on an automatic mechanism that would maintain average revenue per customer. CRMA has concerns with such a mechanism including, but not limited to, its ability (or inability) to quantify in an appropriate manner the customers' efforts to conserve, unaccounted for water loss, changes in weather and other factors that may affect customer usage. CRMA has not formulated a position on which classes such a mechanism should apply, if such a mechanism is developed. Recognizing no such mechanism addressing the above CRMA concerns has been developed or provided for review, if such a mechanism is adopted then - considering CRMA's present limited understanding - CRMA does believe that the average usage per customer probably should reflect normal weather.

STAFF REQUEST CRMA - NO. 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.

CRMA – 4 RESPONSE:

At this time, CRMA has not formulated a position on an automatic mechanism that would maintain average revenue per customer. CRMA has concerns with such a mechanism including, but not limited to, its ability (or inability) to quantify in an appropriate manner the customers' efforts to conserve, unaccounted for water loss, changes in weather and other factors that may affect customer usage. CRMA has not formulated a position on whether there should be a reduction to the authorized return; however, CRMA does believe that any regulatory decisions or mechanisms that lower the operating risk of a utility should be reflected appropriately in the approved authorized return granted to the utility.

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By: 

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- and -

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By:  *w/ express permission by DCH*

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CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of December, 2010, a true and correct copy of the foregoing document was served either by fax, overnight delivery service or first class mail-postage prepaid, to all parties of record at their addresses shown below:

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