

TENNESSEE REGULATORY AUTHORITY



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U.S. DISTRICT COURT

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

VIA FAX AND US MAIL

February 15, 2011

R. Dale Grimes
Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, TN 37201

RE: Docket No. 10-00189 – PETITION OF TENNESSEE AMERICAN WATER COMPANY TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES SO AS TO PERMIT IT TO EARN A FAIR AND ADEQUATE RATE OF RETURN ON ITS PROPERTY USED AND USEFUL IN FURNISHING WATER SERVICE TO ITS CUSTOMERS

Dear Mr. Grimes:

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 No. 5. Please pay particular attention to the directions provided in the first section labeled "Administrative." 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 no later than February 22, 2011.

Sincerely,

David Foster

David Foster

Chief

Utilities Division

by Pat Murphy

Enclosure

C: John S. Watson

TRA DATA REQUEST NO. 5

ADMINISTRATIVE

⇒The Tennessee Regulatory Authority ("TRA") requires an original and thirteen (13) copies of the filing (an original and four (4) copies of electronic filings), in .pdf for the Docket manager.

⇒All schedules requested as an electronic file are to be provided in Microsoft Excel (with working formulas) or Microsoft Word readable format, on two discs labeled "Deliver to Pat Murphy." Have the Docket Room clerk call Pat Murphy or Paul Greene immediately to take possession of the disks before the filer leaves the Docket Room.

⇒Please respond fully to each question, even if the data has been partially supplied in prior filings or dockets. Do not simply reference data provided in response to other data requests.

⇒Each copy of the responses should be placed in loose-leaf binders with each item tabbed. Each response should begin by restating the item request. If several sheets are required to answer an item, each sheet should be appropriately labeled and indexed, for example, Item 1(a), Sheet 1 of 4.

⇒For each item responded to, indicate the witness whose testimony would encompass the information requested, where applicable.

⇒For data requested that is also supplied in summary form on the PSC 3.06 reports for the test period only, please reconcile your response to these reports if a variance exists.

⇒Unless otherwise specifically requested, information shall be required for the Tennessee operations only.

153. Provide an Excel spreadsheet listing all bargaining and non-bargaining employees **from the latest payroll register** with their individual annual salary amounts or hourly rates. This information should be provided in a format similar to that used in John Watson's confidential rebuttal testimony, pages 9 and 10.

154. Provide a copy of TAWC's latest payroll register.

155. Provide a copy of the acceptance letters from the three employees who have accepted offers, but have not yet reported to work. If no such letters exist, obtain letters or provide other documentation to support their acceptance. Faxed or electronic signatures are acceptable.

156. Provide a list of all employees included in the latest payroll register who are no longer employed by TAWC due to recent resignations, terminations, etc.
157. Provide the names of any employees who the Company knows or suspects will resign or be terminated or otherwise leave TAWC's employ prior to the end of the attrition period.
158. Provide the entry level salary or hourly rate for the positions occupied by those persons identified in questions 156 and 157 above.
159. Provide a breakdown of the \$1,240,492 in rate case costs shown on Mr. Miller's Rebuttal Exhibit MAM-11 by vendor. Separate costs into actual costs to date and "estimated" costs to complete the case, by vendor. Provide the Company's basis and calculation of any estimated costs.
160. Regarding the City of Chattanooga Sewer rate increases as reflected on TRA-01-Q13-WASTE DISPOSAL, please provide a copy of City ordinances 12288 and 12410 supporting the 3% increase on January 1, 2010 and 2.75% increase on October 1, 2010. Additionally, provide the City ordinance or other documentation supporting the 2.75% increase expected on April 1, 2011.
161. Provide the Company's calculation of the \$1,569 in understated group insurance expense, as shown in Sheila Miller's rebuttal testimony on page 5.
162. Reference Company response to TRA-01-Q13, does the forecasted Incentive Expense amount of \$146,640 include \$11,403 in Equity Compensation (known as LTIP)?
163. Reference the Company's Revised Exhibit No. 2, Schedule 3, Page 1 of 1 (emailed to Staff on 2/15/11). The attrition year amount for Group Insurance on line 7 is \$2,249,399. As shown in the table below, the Company revised Group Insurance in its response to TRA Data Request Question 121. In Mr. Miller's Rebuttal Exhibit MAM-13, he used the original filed amount for Group Insurance and updated the OPEB amount. Mr. Miller's revised total was used on the Company's revised Exhibit No. 2, Schedule 3 referenced above. Please clarify which amount of Group Insurance is correct.

	Original 1/	First Revised 2/	Second Revised 3/
Group Insurance	1,075,184	1,260,708	1,075,184
OPEB	959,573	959,573	1,174,215
Total	2,034,757	2,220,281	2,249,399

1/ TAWC Original Filing.

2/ Data Response TN-TRA-02-Q121-ATTACHMENT 2.

3/ Rebuttal Exhibit MAM-13.

164. Reference the Company's Revised Exhibit No. 2, Schedule 3, Page 1 of 1 (emailed to Staff on 2/15/11). The attrition year amount shown for Chemicals on line 4 is \$1,069,369. TAWC response to TN-TRA-02-Q117-ATTACHMENT 3, Page 3 of 3 an updated Chemicals Expense of \$971,922. Why did the Company not use the updated amount in its final Revised Exhibits?
165. Please provide the final contract amendments for the 2011 cost of chlorine and sodium hydroxide, which became available in late December 2010 according to the Company's response to TN-TRA-02-Q117.
166. Reference the Company's Revised Exhibit No. 2, Schedule 3, Page 1 of 1. The attrition year amount for Waste Disposal on line 5 is \$194,993. The amount for Waste Disposal in the original filing was \$197,386. We can find no rebuttal testimony or Exhibit that addresses this difference. Please explain the adjustments made by the Company.
167. How much revenue and expense did TAWC receive from or incur on behalf of AWR in 2008, 2009, and 2010? To what accounts were these amounts booked?
168. For the same years, what was the net effect on TAWC's financial results from the agreement with AWR?
169. For the same years, how much was earned by TAWC for "other" services provided to AWR at 15% over cost (reference Mike Miller Rebuttal testimony, page 100, line 20). Describe the "other" services provided by TAWC.
170. Reference the Company's Revised Exhibit No. 1, Schedule 3, Page 1 of 6. Please provide an itemized breakdown of the Deferred Regulatory Expense totaling \$1,228,535.