

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

VIA FAX AND US MAIL

July 6, 2012

Melvin J. Malone
Butler, Snow, O'Mara, Stevens & Cannada PLLC
1200 One Nashville Place
150 Fourth Ave., North
Nashville, TN 37219-2433

RECEIVED
2012 JUL -6 PM 1:15
T.R.A. DOCKET ROOM

RE: Docket No. 12-00049 – 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. Malone:

To further the Staff's investigation of the reasonableness of the rates filed with this Authority on June 1, 2012 by Tennessee American Water Company, it is requested that you furnish additional information on the attached Staff Data Request No. 1. 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) for clarification before responding.

According to the procedural schedule in this case, please provide all responses no later than July 30, 2012. Thank you for your attention to this matter.

Sincerely,

David Foster
Chief
Utilities Division

Enclosure

C: Jean A. Stone

TRA DATA REQUEST NO. 1

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).
- ⇒All schedules requested as an electronic file are to be provided in Microsoft Excel (with working formulas) or Microsoft Word readable format.
- ⇒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.

MISCELLANEOUS:

1. In Kevin N. Roger's testimony on page 4, the Company states that it has never received a USEPA notice of violation of any type in its 125 year history. Has the Company received any advice, warnings or fines concerning water quality? If so, describe.

REVENUES:

2. Provide the monthly usage from December 2010 through June 2012 (by Company) for the twenty-five (25) largest customers identified in response to MFG-19 and identify the rate schedule applicable to each Company.
3. Provide an updated schedule TAW_R_TRAFAQ_020_Attachment 1 (Excel file) for MFG-20 titled "Customers by Classification" to include January – June 2012 in the same format as the monthly data provided for 2009 -2011.
4. In response to MFG-21 the Company states, "Copies of declining water usage work papers are provided in TAW_R_TRAFAQ_013_060112 under the Revenue and Declining Usage folders." Provide the amount of any WNA reflected in this analysis.
5. Provide the average water usage for 2009, 2010 and the total six months ending June 30, 2012 in the same format as provided for 2011 on the work sheet titled, "Average Usage Per Customer Per Month." (Exhibit REV-3-Revenue by Class-DJP, Schedule REV-3.1 WP20).
6. Update the response to MFG-27 (Excel files) to include 2009, 2010 and 2012 through June. (TAW_R_TRAFAQ_027_Attachment 2-SFR Adjustments and Attachment 1-Spl Contract Cust)
7. Provide an update to the Orcom Bill Analysis provided for 2009 and 2010 in MFG-20 to include monthly data for 2011 and 2012 through June. Also, explain why the Orcom Bill Analysis shows partial customers for a month (i.e., Chattanooga, 1/09, 5/8 in. = 60,055.43).
8. Provide a customer summary and a usage summary (taken separately from Orcom Bill Analysis) by city, by month, by customer class, by pipe size for January 2009 – June 2012. The enclosed disc (file name "Attachment A") provides a template to follow in Excel. Copy this template to a separate tab for each city to provide customer counts and save as your usage file. Complete a separate template with the requested usage information.
9. Notwithstanding the response to MFG-22, in simple terms including all calculations made, **explain** how customer growth was determined based on historical data. Your explanation should include all calculations used to produce all customer growth rates used in this case.
10. Notwithstanding the response to MFG-22, in simple terms including all calculations made, **explain** how volumetric growth was determined based on historical data.

Your explanation should include all calculations used to produce all customer volumetric growth rates used in this case. Cites to source data used should also be provided.

11. Provide a schedule showing the amount of "Other Revenues" for 2009, 2010, 2011 and January – June 2012, breaking the total down by source as shown for the test period and attrition period in the Company's response to MFG-25.
12. Provide financial statements for AWR for the year ending December 31, 2011, or the latest twelve months available. If not specifically detailed on these statements, provide the individual net earnings realized from the water line protection contracts, sewer line protection contracts and home plumbing contracts in Tennessee.
13. Does TAWC receive any royalties from AWR related to the sale or provision of water line protection contracts, sewer line protection contracts and home plumbing contracts in Tennessee (royalties related to the benefit derived from the use of TAWC's name, president's signature, logo, reputation, goodwill and corporate image, etc)? If so, please provide amount received for the twelve months ending December 31, 2011 or the latest twelve month period available. Please provide detailed justification if no royalties were assessed or received.
14. Provide copies of any written contracts between TAWC and AWR for the provisioning of water line protection contracts, sewer line protection contracts and home plumbing contracts to TAWC customers.
15. Quantify and provide the revenue effects of any billing and collection services that have been or will be discontinued. Provide the amount of such revenue included in the test period and provide a narrative explaining how the test period billing and collection amount was calculated. Cite all information used in this computation to an MFG response, a response to this request or provide such sources if not previously provided in this docket.
16. Provide the projected twelve month revenue to be generated by the provision of water usage data to third party utilities for billing purposes.
17. Identify the growth factor used for residential customer growth? Show in detail how the end of test period residential customer counts were grown to arrive at the 495 shown as "change in customers" in the attrition year. Provide the Company projected residential customers by month, beginning with the last month of the test period through the last month of the attrition period.
18. Reference Chelius Direct p. 10, $1.8 \times 360 = 648$ (residential), $17.6 \times 360 = 6,336$ not 6,415 (commercial). Please explain which amount is correct, which number was used in the forecast and adjust the forecast if necessary. Provide a reference to the

workpaper that contains the calculations regarding the usage numbers. If no workpaper has been provided, then your response should include one.

19. Cite the Company workpaper(s) that show the attrition period residential customers times the current rate to produce attrition period revenues at current rates. If this has not been provided, your response should also include the requested information.
20. Provide the Company's calculation of forecasted "Other Revenue," by source of revenue. Cite the source for each number used. Your response should begin with the booked test period amount and end with the amount forecasted for the attrition year at proposed rates (See TAW_TRAFAQ_025_Attachment 1).
21. Identify the uncollectible factor used by the Company. Provide the calculation of the uncollectible factor citing the source of all numbers used.
22. The Company directs the Authority's attention to the risk of spreading revenue deficiencies equally among customers, including special contracts. The Company states that since the last rate case Signal Mountain and Walden Ridge Utility District "have communicated to the Company their growing concern with how, and to what extent, the TRA increases the rates of their respective special contracts." TAWC maintains that these customers have the motive and ability to by-pass TAWC which would result in a significant loss of contribution to fixed costs. (See VerDouw Direct, pp.24-25.) Provide copies of all communications and/or narratives of communication regarding this issue.
23. Provide the actual volumetric residential usage billed divided by the actual number of residential meters billed by month from January 2002 through June 2012.
24. Many statistics are cited in Chelius' Exhibit JJC-1. Identify the factors that are actually used as inputs on Exhibit JJC-2a.
25. Is it correct that Exhibit JJC-2a is solely based on 4-months per year indoor water usage? Elaborate if necessary.
26. Does Exhibit JJC-2a ignore outdoor water usage? Elaborate on your answer.
27. Is it the Company position that winter usage is equal to or would follow the same trend line as spring, summer or fall usage? Explain.
28. Prepare a graph similar to Exhibit JJC-2a from January 2002 through June 2012 based on actual residential billed volumes and actual meters billed. A data point should be charted for each of the requested months.
29. Provide copies of all studies, presentations and articles referenced in the Direct Testimony of James Chelius.

30. Provide the data used to create Exhibits JJC-2a, JJC-2b, JJC-3a and JJC-3b contained in the Direct Testimony of James Chelius in an excel spreadsheet. Sales data should be broken into separate variables for usage and customer count. Data should be provided for each month in the time period used for the residential and commercial customer classes, respectively. If data is available on a monthly basis for a time periods longer than those used in the testimony, it should be provided in the spreadsheet.
31. Provide the results of all analysis, including results not included in his testimony, performed by James Chelius to explain changes in customer usage. Include all written analysis, workpapers and output of statistical software packages performed by James Chelius. Did any such analysis imply a greater or lesser degree of reduction in water usage?
32. Provide all workpapers, output of statistical software packages, studies, journal articles and similar materials used by James Chelius in developing the methodology used to determine declining usage.

EXPENSES:

33. The Company added the inflation factor of 2.2% (2012) and the inflation factor of 1.742% (2013) to calculate its 3.942% of growth rate. Using the Company's methodology, should the growth rate for the attrition period be 3.9803% (Attrition amount = $1.022 * 1.01742$)? If the answer is "yes", please provide corrected work papers and revised exhibits. If the answer is "no", please explain.
34. The attrition period salary and wage amount of \$5,549,827 includes Incentive Plan pay of \$214,915 (reference Schwarzell, direct testimony, p. 6). Explain the purpose of Incentive Plan and how the amount is calculated. Separate Incentive Plan costs for the attrition period into long term incentive plan and annual incentive plan.
35. Provide copies of the water invoices supporting the amount listed on "Worksheet to Support Purchased Water Adjustment Schedule Exp-2.1".
36. Provide documentation of the increase in the water usage rate for Walden's Ridge as of November 1, 2011 to \$1.624 per gallons. (Reference Keathley direct testimony, page 4).
37. Provide documentation from EPB that the rate increased 5% effective July 2011 and another 2% in October 2011.
38. Provide a summary of Total CCF of Water Treated; Total CCF of Water Billed; and Total CCF of Water Unaccounted For, by month, for the period January 2011 through December 2011.
39. Provide a copy of actual monthly bills from EPB for January 2011 through December 2011.
40. Provide copies of the chemical invoices for January 2011 through December 2011, by month.
41. Provide copies of monthly waste disposal invoices for January 2011 through December 2011.
42. Separate \$1,109,263 of rate case costs into actual costs to date and "estimated" costs to complete the case, by vendor and witness. Provide invoices supporting actual costs. Provide the Company's basis and calculation of any estimated costs.
43. Provide copies of invoices supporting the total Current Policy Amount of \$365,053.92 on "TAW_R_TRAFAQ_035_Attachment1-IOTG".

44. Provide a copy of the latest bid responses for chemicals listed below. Provide copies of the resulting contracts.

Chlorine ,100%-2000LB
HFS Acid,23%-Bulk
PAC/Polymer, CC901
Polymr,Non,2995 PWG - 50LB
Sodium Hydrox,50%-Bulk
Zn Ortho(Sulfate) ,(1:10)-Bulk
PACL,80% basicity-Bulk
Polymr,Non,Pol- EZ 652 50LB
Carbon - PAC,Lignite-Bulk
Sodium Hypochlorite
Sodium Hydroxide
Sodium Polyphosphate Sol.
Potassium Permanganate
Fluosilic Acid

45. In the last rate case (Docket 10-00189), the Company provided a worksheet TRA-02-Q123-ATTACHMENT page 1 showing a forecasted amount of \$7,300 for SSC Rates team. Provide an explanation for the significant increase for the current rate case to \$283,688.
46. The Company was awarded \$833,639 from 2006, 2008 and 2010 Rate Case Expense per Order in Docket No. 10-00189. Explain how the company arrived at \$257,195 for its unamortized balance of prior rate case expense, including amortization schedules to support the amount.
47. In the last rate case (Dkt. 10-00189), the Company provided a worksheet TRA-01-Q013-Sheila Miller – Misc Line 18-21 showing its projected amounts for the attrition period (12-months ended December 31, 2011) for the General Office accounts listed below. Provide an explanation for the significant increases experienced in these accounts for the actual normalized test year amounts (12-months ended December 31, 2011) as filed in the current case (See General Office Expense P20).

Account No.	Account Name	Projected Attrition Period	Normalized Test Year Balance
575340.16	Employee Expenses AG	26,872.05	74,748.00
575342.16	Empl Exp Conf/Registration AG	4,340.00	12,138.05
575350.16	Meals Deduct	6,922.45	21,045.00
575351.16	Meals Non Deduct	6,894.62	13,148.00
575780.16	Trash Removal AG	0.00	1,518.00
575830.16	Wtr & Waste Wtr Exp AG	3,111.82	8,342.00

48. Of the \$74,748.00 booked to Account No. 575340.16 (Employee Expenses AG), \$11,888 is associated with employee Kino Becton. How much of this expense is related to his lobbying activities? Please itemize.
49. Of the \$21,045 booked to Account No. 575350.16 (Meals Deduct), \$3,308 is associated with Kino Becton. How much of this expense is related to his lobbying activities? Please itemize.
50. Exhibit Exp-14-Miscellaneous Expense-DJP contains an adjustment for lobbying expenses of \$60,106. Provide supporting calculations for this amount including wages by employee, number of hours, meals and travel by date if available.
51. Provide a detailed schedule identifying all lobbying expenses for the period January 1, 2012 through May 30, 2012. Support should include calculations for this amount including wages by employee, number of hours, meals and travel by date if available.
52. Regarding the \$12,138 booked to Account No. 575342.16 (Empl Exp Conf/Registration AG), explain why the Company apparently booked the following transactions for Virginia Scealf and Deron E. Allen twice.

575342	16	11/10/2011	950.00	VIRGINIA SCEALF	NATL ASSN OF WATER CO
575342	16	11/10/2011	950.00	VIRGINIA SCEALF	NATL ASSN OF WATER CO
575342	16	11/10/2011	720.00	DERON E ALLEN	NATL ASSN REG UTIL COMM
575342	16	11/10/2011	720.00	DERON E ALLEN	NATL ASSN REG UTIL COMM

53. Regarding General Office Expense, the Company made a normalizing adjustment to Account No. 575342.16 (Empl Exp Conf/Registration AG) of \$6,345 to reclassify expenses originally charged to Rents Expense. See itemization below. Please explain the purpose for these expenses related to the Chattanooga Convention Center and Doubletree Hotel and whether they are ongoing expenses.

ObjAcct	Sub	Date	Amount	Explanation	Explanation2
541000	16	6/16/2011	4,272.62	DERON E ALLEN MEETING ROOM	CHATTANOOGA CONVENTION
541000	16	11/2/2011	153.00	US	Greater Chattanooga Assoc of R
541000	16	11/10/2011	229.43	VIRGINIA SCEALF	DOUBLETREE HOTEL
541000	16	11/10/2011	500.00	VIRGINIA SCEALF	CHATTANOOGA CONVENTION
541000	16	12/8/2011	<u>1,190.00</u>	CUST ID: 111009	Chattanooga Convention Center
			<u>6,345.05</u>		

54. \$150,000 of legal expense (Account No. 533000.16) for the normalized test period is based on the budget for 2012. It appears that the Company used \$53,256 of actual expense through April of 2012 to determine 2012 estimated level of expense. The \$53,256 of actual expense includes \$45,224 owed to Miller & Martin PLLC (see chart below). Describe the services the Miller & Martin invoices cover. Further explain why these charges should not be included in Rate Case Expense.

ObjAcct	Sub	Date	Amount	Explanation	Explanation2
533000	16	4/18/2012	657.00	ACCT# 24912.000	Miller & Martin PLLC
533000	16	4/18/2012	20,035.80	24912.0001 MM1	Miller & Martin PLLC
533000	16	4/18/2012	984.00	24912.0003 MM1 GENERAL	Miller & Martin PLLC
533000	16	4/18/2012	10,683.20	MATTERS	Miller & Martin PLLC
533000	16	4/18/2012	384.00	MATTER: KLEIN E	Miller & Martin PLLC
533000	16	4/30/2012	<u>12,480.58</u>	MILLER & MARTIN	TN LEGAL ACCRUAL
Total			<u>45,224.58</u>		

55. Explain why the Company booked the following transaction for Virginia Scealf three times.

ObjAcct	Sub	Date	Amount	Explanation	Explanation2
575340	16	3/31/2011	508.80	VIRGINIA SCEALF	DELTA AIR
575340	16	3/31/2011	508.80	VIRGINIA SCEALF	DELTA AIR
575000	16	3/31/2011	505.80	VIRGINIA SCEALF	DELTA AIR

56. Explain why the Company booked the following expenses totaling \$12,808 to Miscellaneous Expense rather than to Purchased Water Expense.

ObjAcct	Sub	Date	Amount	Explanation	Explanation2
575000	16	1/3/2011	1,004.36	LONEOAKUTILDEBTRELI	Lone Oak Utility District
575000	16	2/1/2011	1,004.36	LONEOAKUTILDEBTRELI	Lone Oak Utility District
575000	16	3/1/2011	995.92	LONEOAKUTILDEBTRELI	Lone Oak Utility District
575000	16	3/16/2011	300.00	TN AW INV# 2010	Lone Oak Utility District
575000	16	4/1/2011	1,029.68	LONEOAKUTILDEBTRELI	Lone Oak Utility District
575000	16	4/29/2011	1,055.00	LONEOAKUTILDEBTRELI	Lone Oak Utility District

575000	16	6/1/2011	1,071.88	LONEOAKUTILDEBTRELI	Lone Oak Utility District
575000	16	7/1/2011	1,063.44	LONEOAKUTILDEBTRELI	Lone Oak Utility District
575000	16	8/1/2011	1,055.00	LONEOAKUTILDEBTRELI	Lone Oak Utility District
575000	16	9/1/2011	1,055.00	LONEOAKUTILDEBTRELI	Lone Oak Utility District
575000	16	10/5/2011	1,063.44	LONEOAKUTILDEBTRELI	Lone Oak Utility District
575000	16	11/1/2011	1,055.00	LONEOAKUTILDEBTRELI	Lone Oak Utility District
575000	16	12/1/2011	<u>1,055.00</u>	LONEOAKUTILDEBTRELI	Lone Oak Utility District
			<u>12,808.08</u>		

57. Reference the Company's Excel file Labor & Labor Related (schedule EXP 1.1 Labor Attrition). Provide a schedule for the 12-months ended May 2012 (corresponding to the May "Report on Headcount" filed by TAWC in Docket 10-00189, and include the employee names associated with each employee number. Include total salaries and wages, total overtime hours, total capitalized salaries and wages, and group insurance by employee.
58. In the aforementioned May "Report on Headcount" please explain in detail the duties of the External Affairs Specialist and whether these duties overlap those of existing employees. Has this position been filled? If so, please provide the employee name, number, total salary and wages, total overtime hours, total capitalized salaries and wages, and group insurance.
59. Provide the name(s) of any employee(s) who the Company knows or suspects will resign, retire or otherwise leave TAWC's employ prior to the end of the attrition period. If an expected date is known, please provide.
60. Did the Company include in its case any expenses associated with community outreach and initiatives (Reference Allen direct testimony, page 14-22)? If so, itemize and explain the rationale for including these expenses in regulated operations.
61. For the test period ended December 2011, provide the total number of employee hours, labor dollars and overhead dollars billed to TAWC by AWWSC for the preparation of this rate filing.

62. Provide a schedule showing actual Tennessee Support Service Fees by function, business unit and object account excluding capital costs for each month of the test year ended December 2011.
63. Does the test period Support Service Fee amount of \$5,081,165 include Incentive Plan pay? If the answer is "yes", please explain the purpose of Incentive Plan and how the amount is calculated. Provide the amounts by function, business unit, JDE and NARUC accounts for long term incentive plan and annual incentive plan for the test years ended December 2011.
64. Regarding the Support Service Fee, explain the Company's rationale for increasing the normalized test period amount by \$27,755 for BT Related Labor Expected in 2013, \$260,087 for additional Depreciation, interest, and BT Maintenance & Consulting through 2012, and \$326,940 for additional Depreciation, interest, and BT Maintenance & Consulting through 2013. Provide a schedule(s) showing how these amounts were calculated. (See TRA_R_TRAFAQ_13, Petitioner's Exhibit EXP-6-Support Services-LCB, Support Service Expense page 1 of 7.)
65. Table 2 on page 39 of Gary M. VerDouw's testimony details BT expenditures by year from 2009 through 2014. Identify the accounts that these expenditures were booked in 2009, 2010, 2011 and 2012. Were any of these amounts included in the rate case filed Docket No. 10-00189. If so, were they expensed?
66. Describe the Company's process of purchasing chemicals:
 - a. Does the Company issue RFPs? If yes, how does the Company select the chemicals it buys? If no, explain the alternative methods the Company uses to purchase chemicals.
 - b. Does AWWC buy the chemicals? If not, please explain why the parent does not.
 - c. How does the Company utilize its economies of scale to purchase chemicals?
 - d. Does the Company have a purchasing team that analyzes the chemical market and negotiates contracts with suppliers?
 - e. Are there indexes associated with the chemicals that the Company buys?
67. Explain how the Company accounts for inventory:
 - a. What type of inventory system does the Company maintain?
 - b. How does the Company determine when and what quantity of chemicals to reorder?
 - c. Does the Company have a real time inventory system that accounts for chemicals purchased, on hand, and used?

68. If a tracker is approved for chemicals, please explain what incentive(s) that the Company has to purchase chemicals prudently.
69. Does the Company have registered lobbyists in Tennessee other than Keno Becton? If yes, provide a detailed list inclusive of employee number, job description and what percentage of their time is spent on lobbying activities.

RATE BASE:

70. Provide a monthly itemized breakdown (project, date, and amount) of the proposed capital construction expenditures for each of the four (4) budgeted projects listed in Linda Bridwell direct testimony, page 25, totaling \$14,293,911 for 2012 and \$14,592,032 for 2013.
71. Provide CWIP balances from January 2012 through May 30, 2012.
72. Provide a schedule by month, including amounts by project, of all plant additions from January 2012 through May 2012
73. Reconcile the following CWIP balances for January 2012:

Line				WP Reference
1	December 2011 Balance	Chattanooga	4,118,034.46	RB-3-CWIP
2		Suck Creek	13,285.46	
3		Lone Oak	251.97	
4	Total		4,131,571.90	RB-3-CWIP
5	Capital Additions	January 2012	1,082,990.37	RB-3.1
6	Placed in Service	January 2012	1,100,522.35	RB-2.1
7	Net Additions	January 2012	-17,531.98	
8	Dec. 2011 + Jan. 2012 Net Additions		4,114,039.92	
9	Grand Total CWIP	January 2012	4,114,291.89	RB-3-CWIP
10	Difference		251.97	

74. Project IP 2602-4 is projected to spend \$275,000 in 2012 and \$1,800,000 in 2013 for a total cost of \$2,100,538 (Bridwell direct testimony, page 32). Since \$275,000 plus \$1,800,000 totals \$2,075,000, please explain the difference/additional amount of \$25,538.
75. Provide copies of all RFPs sent out for all projects covered within the CWIP testimony, all proposals that were returned and indicate which proposals were accepted.
76. For each of the Centrally Sponsored Projects (CS 2602-1, CS 2602-3 and CS 2602-4 - Business Transformation Project ("BTP")), provide the amount(s) expended since inception to January 2013, (approximately \$7.8 million). Complete the following

spreadsheet demonstrating expenditures for BTP recorded to CWIP, completion of phase and removal from CWIP:

CWIP

<u>Date</u>	<u>Description</u>	<u>Amount</u>
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PLANT IN SERVICE (PIS) (This should demonstrate completion and movement to PIS)

<u>Date</u>	<u>Description</u>	<u>Amount</u>
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Ensure that the spreadsheet reflects all of the below, or answer in text format any of the following questions that don't fit the spreadsheet.

- a. List the component parts of each project, by project number.
 - b. Detail the costs, by month and year and component part, reconciling the total to \$7.8 million and any amounts remaining in CWIP.
 - c. The name of each system/product as it applies to Tennessee American.
 - d. The date of inception and completion for each system applicable to Tennessee American.
 - e. The function of each part of the system as it applies to Tennessee American.
 - f. Provide approval (sign off) documentation related to the Business Transformation Projects. Provide all documentation that covers the five stage process as discussed in Linda Bridwell's Testimony, pp. 23-24. (The Company's response to MFG #53 did not include this documentation.)
77. Provide a copy of the Master Service Agreement with Accenture associated with the Business Transformation Project.
78. Provide a schedule that shows total Business Transformation Project costs allocated to each state. This schedule should provide all numbers and calculations made to arrive at the 2.42% allocation factor to Tennessee American Water Company as provided by Mr. VerDouw in his Pre-filed Direct Testimony, pp. 28, 37 & 38.
79. Provide support for TAWC's allocation percentages of BT costs for the years 2009 through 2014 as referenced on page 38 of Mr. VerDouw's Pre-filed Direct Testimony. Include total customers by state by year including assumptions used in forecasting customers beyond historical data.
80. Will the ECIS system be sold? What is the salvage value of ECIS?

81. Provide the following regarding Special Project IP-2602-4 (6000 linear feet of 24" Ringold Rd. under I-75 Water Main): (MFG No. 53 provides information (Funding Project Justification-IP-2602-4) for this project, pp. 45-50.)

- a. Provide copies of permits obtained from TDOT for the project. If the Company does not have permits, explain the reason, since the critical date for completion of this project is listed as December 31, 2008. (MFG No. 53 pg. 45.)
- b. Explain why the critical date of installation of December 31, 2008 has not been met.
- c. Provide copies of easements, or in the alternative, provide any documentation obtained to determine if easements can be obtained for the proposed waterline.
- d. Provide current documentation from CCUD requesting renegotiations of the existing bulk water sales agreement from 1.674 mgd to 2.5 mgd. (as stated in the Funding Project Justification-IP-2602-4) worksheet provided as MFG No. 53, pg. 45.
- e. Provide a **current CTI Engineering Study** recommending that the immediate need to increase in usage to 2.5 mgd will be resolved with the installation of approximately 5,933 feet of minimum 20" south of Ringgold Rd. under I-75 to Scruggs Rd. Or in the alternative, advise where the study document (noted as attached) on the project worksheet (pg. 54 of AW_R_TRAFAQ_53_Attachment) under recommended solution can be found.
- f. Provide current costs estimates for all expenditures associated with this project.
- g. Has CCUD continued to restrict water usage since 2008, as stated in the project worksheet? How has this restriction affected the "public need"? Has the Company received any customer complaints?
- h. Provide a recent signed authorization by the CIMC and/or Board of Directors for this project.

82. Regarding Special Project IP-2602-16 (Metershop Building Additions):

- a. Provided funding justification.
- b. Has land been purchased or will the structure be built on TAWC property that already exists?
- c. Has the Company issued any RFPs for this project?
- d. If so, provide copies of RFPs and any responses.
- e. Provide cost estimates for the project.
- f. Provide "sign-off" approval(s) for the project.

83. Explain the methodology used by TAWC to arrive at the amount used for monthly retirement activity during the attrition period of \$34,549.27. (See Schedule RB 2.2.)

84. Does the Shared Services allocation include Tennessee American Water's portion of the hardware for the Business Transformation Project?

COST OF CAPITAL/RATE OF RETURN:

85. Update MFG Number 066 to reflect the consolidated capital structure of American Water Works Company.
86. In response to Staff Data Request Number 1, Question 82 in Docket No. 10-00189, the company indicated that it will issue \$0.622 million in equity in 2011. Provide all documentation, including general ledger entries and bank statements, related to the equity issuance. Has the \$2.5 million equity issuance referenced in response to Question 82 in the instant docket for 2012 occurred? If yes, please provide all documentation, including general ledger entries and bank statements, related to the equity issuance. If no, please indicate when the equity issuance will occur.