

**IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)
)
PETITION OF TENNESSEE)
AMERICAN WATER COMPANY TO)
CHANGE AND INCREASE CERTAIN)
RATES AND CHARGES SO FAR 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)

DOCKET NO. 12-00049

RECEIVED
2012 JUL -6 PM 4:26
T.R.A. DOCKET ROOM

**FIRST DISCOVERY REQUEST OF THE CONSUMER ADVOCATE AND
PROTECTION DIVISION TO TENNESSEE AMERICAN WATER COMPANY**

To: Tennessee American Water Company, Inc.
c/o Melvin J. Malone
Butler Snow
1200 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219

This Discovery Request is hereby served upon Tennessee American Water Company, ("TAWC", "Tennessee-American", or "Company"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. We request that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Ryan McGehee, on or before 4:00 p.m. (CDT), July 30, 2012.

PRELIMINARY MATTERS AND DEFINITIONS

Each discovery request calls for all knowledge, information and material available to TAWC as a party, including any of TAWC's parent companies, affiliates, agents, or assigns, whether it be TAWC's, in particular, or in the form of knowledge, information or material possessed or available to TAWC, it's attorney or other representative.

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by TAWC which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that TAWC supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the substance of the expert's testimony.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. The singular of any discovery request includes the plural and the plural includes the singular. To assist you in providing full and complete discovery, the Attorney General provides the following definitional guidelines.

The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

For purposes of these discovery requests, the term "you" shall mean and include: Tennessee American Water Company and all employees, agents and representatives thereof, as well as any subsidiary, affiliate or parent companies associated with TAWC.

The term "person" or "persons" as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all responses must include the company's response. Moreover, the company's designated person for responding must assure that the company provides complete answers. *A complete answer must provide a response which includes all matters known or reasonably available to the company.*

The term "identity" and "identify" as used herein, with respect to any person, means to provide their name, date of birth, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to an entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the nature of the document, the title of the document, the reference number (if any) of the document, and the current location of the document, including the identity of the person or entity in possession of the document.

The term "document" as used herein, means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, work paper, spreadsheet, note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter, note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter,

however produced or reproduced, which is in your possession, custody or control or which was, but is no longer, in your possession, custody, or control. If any such document was, but no longer is, in your possession or control, state what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

If you produce documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the “original” document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information

requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

In the event TAWC has a technical objection to a discovery request or cannot provide the specific information requested, the Consumer Advocate will make available the consultants it has employed for this docket to have discussions with the responding witnesses of TAWC in order to resolve any technical matter pertaining to the discovery requests.

Provide all responses in the format which they are maintained such as Microsoft Excel or Microsoft Word format with all formulas intact.

FIRST DISCOVERY REQUESTS

I. COST OF CAPITAL

1. Provide the actual capital structure including dollar amounts and percentages of short term debt, long term debt, preferred stock, and common equity for each of for the twelve months ending December 31, 2009, 2010, 2011, and forecasted for December 31, 2012, for:

- a. Tennessee American Water Company, subsidiary only;
- b. American Water Works Company, Inc., parent only;
- c. American Water Works Company, Inc., consolidated.

Also provide the accompanying cost rates for short term debt, long term debt, and preferred stock.

RESPONSE:

2. Provide the forecasted capital structure including dollar amounts and percentages of short term debt, long term debt, preferred stock, and common equity for the attrition year ending November 30, 2013, for:

- a. Tennessee American Water Company, subsidiary only;
- b. American Water Works Company, Inc., parent only;
- c. American Water Works Company, Inc., consolidated.

Also provide the accompanying cost rates for short term debt, long term debt, and preferred stock.

RESPONSE:

3. For each of Tennessee American Water Company's subsidiary-only capital structures for the twelve months ending December 31, 2009, 2010, 2011, forecasted for December 31, 2012, and forecasted for the attrition year ending November 30, 2013, identify the amounts of any short-term debt, long-term debt, preferred stock, and common stock, including paid in capital or other direct equity infusions, that were NOT issued or obtained through American Water Capital Corp., American Water Works Company, Inc., or any other American Water Works subsidiary.

For each amounts of short term debt, long term debt, or preferred stock so identified, also provide the associated cost rate.

RESPONSE:

4. For each dividend on common stock paid by Tennessee American Water Company from January 1, 2007, through June 30, 2012, please provide:

- a. the date on which each dividend was paid;
- b. the dollar amount per share of each dividend payment;
- c. the share price on the date of the dividend payment.

RESPONSE:

5. For each dividend on common stock paid by American Water Works Company from January 1, 2007, through June 30, 2012, please provide:

- a. the date on which each dividend was paid;
- b. the dollar amount per share of each dividend payment;
- c. the share price on the date of the dividend payment.

RESPONSE:

6. For all new issues of common stock since January 1, 2001, by Tennessee American Water Company, or American Water Works Company, Inc., please provide the date of the issue, the price per share, the number of shares issued, the gross and net amounts realized from the

issue, and whether the shares were sold to the public or distributed or sold to American Water Works Company, Inc., or any of its subsidiaries.

RESPONSE:

7. Provide the historical Total Returns and Income Returns of Common Stocks, Long Term Government Bonds, Intermediate-Term Government Bonds, and Treasury Bills as reported in Morningstar's *Ibbotson SBBI 2012 Valuation Yearbook* referenced by Dr. Vander Weide in his Direct Testimony on page 43.

RESPONSE:

8. Provide a copy of and a citation for the source document for Dr. Vander Weide's I/B/E/S growth rates.

RESPONSE:

II. REVENUES

9. Refer to the Company's response to the Minimum Filing Requirement, Item 20 regarding historical billing determinants for 2009, 2010 and 2011. Provide this same bill and sales analysis by month for 2006, 2007 and 2008 in Microsoft Excel format with all formulas intact.

RESPONSE:

10. Refer to the Company's response to the Minimum Filing Requirement, Item 19 regarding the 25 largest customers. For each customer identified in this response, provide the following information:

- a. The contact name and phone number of the individual at each company that is most familiar with their water consumption.
- b. All correspondence with these customers from January 2009 through the most recent date regarding their historical, projected or anticipated changes to their water consumption.
- c. The monthly sales volumes at each meter point for each customer from January 2008 through December 2011.
- d. A copy of each customer's monthly bill from January 2008 through December 2011.

RESPONSE:

11. Provide the contracts and or rates currently in effect by utility for purchasing water for resale from the Company: including but not limited to Ft. Oglethorpe, Catoosa Utility District, Walden's Ridge Utility District, Signal Mountain, and any other party.

RESPONSE:

12. Refer to Schedule REV 3.1, WP 14 that provides the source and support for the Company's Private Fire Service Revenue for 2011. Provide this same information for 2006, 2007, 2008, 2009 and 2010.

RESPONSE:

13. Refer to Schedule REV 2.1, WP 1 that provides the source and support for the Company's Forfeited Discount calculation for 2011. Provide the Company's monthly billed revenue and forfeited discounts by service area from January 2006 through December 2010.

RESPONSE:

14. Refer to Schedule REV 2.1, WP 1 that provides the source and support for the Company's Sewer Billing Revenues for 2011. Provide the source and support for the projected number of third-party shut-offs (18,516) on this schedule. In addition, provide the historic number and amount of third-party shut-offs for 2006 through 2011.

RESPONSE:

15. Refer to Schedule REV 2.1, WP 1 that provides the source and support for the Company's New Service Fees and Activity Service Fees for 2011. Provide the historic number and amount of the Company's monthly Activity Fees and New Service Fees from January 2006 through December 2011.

RESPONSE:

16. Refer to Schedule REV 2.1, WP 1 that provides the source and support for the Company's Disconnection/Reconnection Fees for 2011. Provide the historic number and amount of the Company's monthly Disconnection/Reconnection Fees from January 2006 through December 2011.

RESPONSE:

17. Refer to Schedule REV 1.1 that provides the projected amount of Miscellaneous Revenue (Line 32) projected by the Company for 2011. Provide the source and support for the remaining amount of Miscellaneous Revenue on the Company's books for 2011 (\$39,300) after the Company's adjustment for AWR billing is removed. If the remaining amount (\$39,300) is related to NSF Check Charges, please provide the monthly number and amount of NSF charges from January 2006 through December 2011. In addition, provide the monthly number and amount of AWR billing charges from January 2006 through December 2011.

RESPONSE:

18. Refer to Schedule REV 1.1 that provides the projected amount of Rents from Water Property (Line 28) projected by the Company for 2011. Provide a narrative of the source for this rental revenue as well as a copy of the lease agreements supporting the Company's projection of \$190,984. In addition, provide the monthly rental revenue from January 2006 through December 2011.

RESPONSE:

III. CLASS COST OF SERVICE STUDY

19. Provide the source and support of the individual cost of service detail amounts (by account number) shown in column 4 on Pages 1 - 7 of Schedule B in the Company's Cost of Service Study.

RESPONSE:

20. Provide source and support of the Average Daily Consumption (CCF) amounts for each customer class that are used to calculate Allocation Factor 1 as shown on Page 1 of Schedule C in the Company's Cost of Service Study.

RESPONSE:

21. Refer to Page 3 of Schedule C in the Company's Cost of Service Study for Allocation Factor 2. Provide the source and support for the weighting factors that are "...based on the maximum day ratio of 1.45 based on a review of the maximum day ratios experienced during the period 1995 through 2011." Also explain why this maximum day ratio of 1.45 did not change from the Company's last study when it was only based upon the maximum ratios experienced during the period 1995 through 2009.

RESPONSE:

22. Refer to Page 3 of Schedule C in the Company's Cost of Service Study for Allocation Factor 2. Explain why Private and Public Fire Protection service is not considered in this calculation.

RESPONSE:

23. Refer to Page 3 of Schedule C in the Company's Cost of Service Study for Allocation Factor 2. Provide the source and support for the individual "factors" contained in column 3.

RESPONSE:

24. Refer to Page 4 of Schedule C in the Company's Cost of Service Study for Allocation Factor 3. Provide the source and support for each component of the System Delivery (GPD) of 54,994,122.

RESPONSE:

25. Refer to Page 5 of Schedule C in the Company's Cost of Service Study for Allocation Factor 3. Provide the source and support for the "Number of Units" totaling 6,479 as shown in column 3.

RESPONSE:

26. Refer to Page 6 of Schedule C in the Company's Cost of Service Study for Allocation Factor 4. Provide the source and support for the average hourly consumption contained in column 2. Also explain why the average hour consumption factors in column 2 for Allocation Factor 4 do not match the average hour consumption factors in column 2 for Allocation Factor 5 on Page 8 of Schedule C.

RESPONSE:

27. Refer to Page 7 of Schedule C in the Company's Cost of Service Study for Allocation Factor 4. Provide the source and support for the individual "factors" contained in column 3.

RESPONSE:

28. Refer to Page 7 of Schedule C in the Company's Cost of Service Study for Allocation Factor 4. Provide the source and support for the maximum hour ratio of 1.90.

RESPONSE:

29. Refer to Page 7 of Schedule C in the Company's Cost of Service Study for Allocation Factor 4. Provide the source and support for the Total System Delivery of 52,397 GPM. Also explain why and how this amount changed from 51,397 GPM in the Company's last study.

RESPONSE:

30. Refer to Page 7 of Schedule C in the Company's Cost of Service Study for Allocation Factor 4. Provide the source and support for the Fire Protection System Delivery of 3,500 GPM.

RESPONSE:

31. Refer to Page 10 of Schedule C in the Company's Cost of Service Study for Allocation Factor 5. Provide the source and support for the 22,311,000 Total Storage Capacity (Gallons). Also explain why and how this amount changed from 22,811,000 Total Storage Capacity (Gallons) in the Company's last study.

RESPONSE:

32. Refer to Page 10 of Schedule C in the Company's Cost of Service Study for Allocation Factor 5. Provide the source and support for "6 hour demand of fire flow" used in the calculation.

RESPONSE:

33. Refer to Page 11 of Schedule C in the Company's Cost of Service Study for Allocation Factor 6. Provide the source and support for the pump horsepower of 14,011. Also explain why and how this amount changed from 13,979 of pump horsepower in the Company's last study.

RESPONSE:

34. Refer to Page 12 of Schedule C in the Company's Cost of Service Study for Allocation Factor 7. Provide the source and support for the Transmission and Distribution total footage of mains of 6,832,081.

RESPONSE:

35. Refer to Page 13 of Schedule C in the Company's Cost of Service Study for Allocation Factor 8. Provide the source and support for the Transmission and Distribution Operating Labor by customer classification of \$522,948.

RESPONSE:

36. Refer to Page 13 of Schedule C in the Company's Cost of Service Study for Allocation Factor 9. Provide the source and support for the Transmission and Distribution Maintenance Labor by customer classification of \$1,442,331.

RESPONSE:

37. Refer to Page 14 of Schedule C in the Company's Cost of Service Study for Allocation Factor 10. Provide the source and support for the number of meters equivalents (by size and customer classification) of 94,025 that are used in the calculation.

RESPONSE:

38. Refer to Page 16 of Schedule C in the Company's Cost of Service Study for Allocation Factor 11. Provide the source and support for the number of services (by size and customer classification) of 84,667 that are used in the calculation.

RESPONSE:

39. Refer to Page 18 of Schedule C in the Company's Cost of Service Study for Allocation Factor 12. Provide the source and support for the number of bills by customer classification of 922,867 that are used in the calculation.

RESPONSE:

40. Refer to Page 18 of Schedule C in the Company's Cost of Service Study for Allocation Factor 13. Provide the source and support for the number of meter readings by customer classification of 906,087 that are used in the calculation.

RESPONSE:

41. Refer to Page 19 of Schedule C in the Company's Cost of Service Study for Allocation Factor 14. Provide the source and support for O&M Expenses (less power & chemicals) by customer classification of \$6,463,923 that are used in the calculation.

RESPONSE:

42. Refer to Page 19 of Schedule C in the Company's Cost of Service Study for Allocation Factor 15. Provide the source and support for O&M Labor Expenses by customer classification of \$5,549,821 that are used in the calculation.

RESPONSE:

43. Refer to Pages 21 – 23 of Schedule C in the Company's Cost of Service Study that provide support for Allocation Factors 16 and 17. Provide the source and support for the individual components of "Cost of Service" as shown in column 4.

RESPONSE:

44. Refer to Page 24 of Schedule C in the Company's Cost of Service Study for Allocation Factor 18. Provide the source and support for the Total Costs of Service by customer classification of \$50,860,809 that are used in the calculation.

RESPONSE:

45. Refer to Page 25 of Schedule C in the Company's Cost of Service Study for Allocation Factor 19. Provide the source and support for the Average Daily Consumption (CCF) of the Lookout Mountain service area by customer classification of 820 that are used in the calculation.

RESPONSE:

46. Refer to Page 25 of Schedule C in the Company's Cost of Service Study for Allocation Factor 20. Provide the source and support for the Average Daily Consumption (CCF) of the Lakeview service area by customer classification of 541 that are used in the calculation.

RESPONSE:

47. Refer to Page 26 of Schedule C in the Company's Cost of Service Study for Allocation Factor 22. Provide the source and support for the O&M Expenses (Excluding Regulatory Expense) by customer classification of \$24,437,277 that are used in the calculation.

RESPONSE:

48. Refer to Page 27 of Schedule C in the Company's Cost of Service Study for Allocation Factor 23. Provide the source and support for the net write-offs by customer classification of \$425,407 that are used in the calculation.

RESPONSE:

49. Provide the billing determinants used to compute the Company's proposed rates as shown on Schedule D of the Company's Cost of Service Study.

RESPONSE:

50. Refer to Page 10 of the direct testimony of Paul R. Herbert where he states the following:

The estimated demands were based on judgment which considered field studies of actual customer class demands conducted for other American Companies, field observations of the service areas of the Company, field studies of similar service areas, and generally-accepted class maximum day and maximum hour demand ratios.

- a. Specifically identify all areas in the current TAWC cost of service study that were based on judgment.
- b. Provide a copy of all field studies of actual customer class demands for other American Companies that Mr. Herbert relied upon to base his judgment for the current TAWC cost of service study.
- c. Provide a copy of all field observations of the service areas of the Company that Mr. Herbert relied upon to base his judgment for the current TAWC cost of service study.
- d. Provide a copy of all field studies of similar service areas that Mr. Herbert relied upon to base his judgment for the current TAWC cost of service study.
- e. Provide a copy of all generally-accepted class maximum day and maximum hour demand ratios that Mr. Herbert relied upon to base his judgment for the current TAWC cost of service study.
- f. Provide a quantification of how the judgments used by Mr. Herbert in the responses to Items B through E above produced the results for use in the current TAWC cost of service study.

RESPONSE:

51. Provide a copy of any electronic spreadsheets (with formulas intact) in Microsoft Excel format of the Company's cost of service study and all supporting workpapers that were not included in the Company's response to Item 41 of the TRA's Minimum Filing Requirement.

RESPONSE:

52. Provide a copy of the electronic spreadsheets (with formulas intact) in Microsoft Excel format of the Company's development of their attrition period billing determinants as shown in Company Exhibit REV-1 and summarized on Schedule A of the Company's Cost of Service Study. These spreadsheets should include the development and documentation of the Company's adjustments for customer growth and any other pro forma adjustments made to the test period billing determinants.

RESPONSE:

IV. EXPENSES

53. Provide the hourly pay rate by TAWC employee (union, non-union, and salary) as of December 31, 2011, as well as a payroll distribution by NARUC account for the 12 months ended December 31, 2011.

RESPONSE:

54. Provide the hiring date and termination date by employee from October 2010 through December 2011. Include in your response the amount of any employment separation payments

and the account charged for terminated employees.

RESPONSE:

55. Provide the number of employees (union, non-union, and salary) by month from October 2010 through December 2011. Include in your answer the name, position, business contact information for each employee, and identify each employee as either full-time or part-time for the 12 months ended December 2011 by month.

RESPONSE:

56. Provide the payroll capitalization rate for the 60 months ended December 2011 by month.

RESPONSE:

57. Provide the shift differential pay for the 12 months ended December 2011 by employee.

RESPONSE:

58. Provide the total salaries and wages, exclusive of AIP compensation, by employee for the twelve months ended December 2011. Include in your response the total salaries and wages by employee, total overtime hours by employee, and total capitalized salaries and wages for the twelve months ended December 2011.

RESPONSE:

59. Provide a mapping of all amounts Per Books for the 12 Months ended December 31, 2011 to the TRA 3.06 Surveillance Report, 12 months to date, lines 6 through 11 by line by NARUC account.

RESPONSE:

60. Provide the amount of Purchased Water for the twelve months ended December 31, 2011.

RESPONSE:

61. Provide the monthly amount of Fuel and Power Expense for the test year ended December 31, 2011 and the attrition year ending November 30, 2013.

RESPONSE:

62. Provide the monthly amount of Chemicals Expense for the test year ended December 31, 2011 and the attrition year ending November 30, 2013.

RESPONSE:

63. Provide the monthly amount of Waste Disposal Expense for the test year ended December 31, 2011 and the attrition year ending November 30, 2013.

RESPONSE:

64. Provide the monthly amount of Insurance Other than Group Expense for the test year ended December 31, 2011 and the attrition year ending November 30, 2013.

RESPONSE:

65. Provide the monthly amount of Support Services i.e., Management Fees for the test year ended December 31, 2011 and the attrition year ending November 30, 2013.

RESPONSE:

66. Provide the Total Plant in Service, Number of customers, and Total Operations and Maintenance Expense (exclusive of Support Services, i.e., Management Fees) at December 31, 2011, for each operating company subject to charges from American Water Works Service Company ("AWWSC"), American Water Capital Corporation ("AWCC"), and American Carbon Services ("ACS").

RESPONSE:

67. Provide the actual and forecasted number of AWWSC employees as of December 2010, December 2011, December 2012, and November 2013 in the format of Exhibit IV-13 in the Schumaker & Company, Management Audit Report, August 2010, pages 106-110.

RESPONSE:

68. From October 2010 through December 2011, provide the total monthly amount of charges, by affiliated entity, subject to allocation or direct charge from AWWSC. In addition, provide the total monthly amount of direct charges and allocated charges to each affiliate from AWWSC for this same time period.

RESPONSE:

69. Provide the total budgeted amount of charges subject to allocation or direct charge to all affiliates from AWWSC, AWCC, and ACS by month, by affiliated entity, as well as the total amount of budgeted direct charges and budgeted allocated charges to each affiliate from AWWSC, AWCC, and ACS by month, by direct amount, by allocated amount, by affiliated entity for the 23 months ending November 2013

RESPONSE:

70. Provide the actual percentages used in Tier One allocation of AWWSC charges to each American Water affiliate for the test period ending December 31, 2011. Indicate in your response the date of the factors used to develop the actual percentages.

RESPONSE:

71. Provide the monthly and year to date reports of AWWSC charges to American Water subsidiaries from October 2010, through December 2011.

RESPONSE:

72. Provide the amount of hours, labor dollars, and overhead dollars by AWWSC employee billed to TAWC from AWWSC for the twelve months ended December 31, 2011.

RESPONSE:

73. Provide the actual percentages used in Tier Two allocation of AWWSC charges to each American Water affiliate for the twelve months ended December 31, 2011. Indicate in your response the date of the factors used to develop the actual percentages.

RESPONSE:

74. Provide TAWC's portion of AWWSC's Operating Expenses from Each of the AWWSC departments for the twelve months ended December 31, 2011 in the format of Exhibit II-10 per the Schumaker & Company, Management Audit Report, August 2010, page 25.

RESPONSE:

75. Provide the amount of AWWSC operating expenses charged to TAWC from the Western Region, Central Region, and Northeast Region for the twelve months ended December 31, 2011.

RESPONSE:

76. Provide the monthly amount of AIP charged to TAWC from its affiliates, by affiliate for the twelve months ended December 31, 2011 and the attrition period ending November 30, 2013.

RESPONSE:

77. Provide the monthly amount of Rent Expense for the twelve months ended December 31, 2011.

RESPONSE:

78. Provide the monthly ERISA pension contributions (Total and TAWC shares) from October 2010 through December 2011.

RESPONSE:

79. Provide documentation from Tower/Watson supporting the projected FAS 106 costs for 2012 and 2013, as well as the minimum ERISA contribution to the Defined Benefit Pension Plan for 2012 and 2013.

RESPONSE:

80. Provide the monthly Uncollectible Expense from October 2010 through December 2011.

RESPONSE:

81. Provide the monthly TAWC Customer Accounting Expense amounts from October 2010 through December 2011.

RESPONSE:

82. Provide the monthly TAWC General Office Expense amounts from October 2010 through December 2011.

RESPONSE:

83. Provide the monthly TAWC Miscellaneous Expense from October 2010 through December 2011.

RESPONSE:

84. Provide the monthly TAWC Postage Expense from October 2010 through December 2011.

RESPONSE:

85. Provide the monthly TAWC Maintenance Expense from October 2010 through December 2011.

RESPONSE:

V. TAXES

86. Provide a copy of the Tennessee Department of Revenue Gross Receipts Tax Return for the taxable period July 1, 2010, through June 30, 2011, and due on August 1, 2011, for the reporting period ended December 31, 2010. Also provide a copy of the Tennessee Department of Revenue Gross Receipts Tax Return due on August 1, 2012.

RESPONSE:

87. Provide the 2010 and 2011 American Water federal income tax returns and all supporting schedules.

RESPONSE:

VI. RATE BASE

88. Provide the amounts by JDE account for the balance of CWIP at December 31, 2011. Include in your response the forecasted in service dates and retirement dates by amount by JDE account for the balance of CWIP at December 31, 2011.

RESPONSE:

89. Provide the information for Plant in Service and Accumulated Depreciation by JDE account in the following format as of December 31, 2011:

(1)	(2)	(3)	(4)	(5)	(6)
JDE	Account	Plant in Service	Accu. Depr.	Depreciation	Net
Acct #	Description	Balance	Balance	Rate	Book Value

RESPONSE:

90. Refer to the Company's response to Minimum Filing Requirement 51 regarding historic monthly plant additions and retirements. Provide this same monthly information on plant additions and retirements for 2008, 2009, 2010, and 2011.

RESPONSE:

91. Provide the amount of FAS 71 regulatory assets and liabilities and the amount of FAS 109 regulatory assets and liabilities at December 31, 2011, by JDE account for TAWC.

RESPONSE:

92. Provide the actual and or forecasted Customer Advances for Construction by JDE account, by month from January 2011 through November 2013.

RESPONSE:

VII. OTHER ITEMS

93. Provide the total number of TAWC customer calls received by the 24/7 call center from October 2010 through December 2011; provide the total number of TAWC customer call received by the 24/7 call center between the hours of 5 PM to 8 AM Monday through Friday from October 2010 through December 2011; and provide the total number of TAWC customer calls received by the 24/7 call center on Saturday and Sunday from October 2010 through December 2011. Identify in each response the number of customer calls by call center, Alton, Illinois and Pensacola, Florida.

RESPONSE:

94. Provide a historical and a forecast summary of Total Gallons of Water Treated; Total Gallons of Water Billed; and Total Gallons of Water Unaccounted For, by month for the period October 2010 through November 2013. Identify in your response the actual month amounts and the forecasted month amounts.

RESPONSE:

95. Provide the 2012 and 2013 budget for AWWSC. Include in your response a written narrative describing the budgeting guidelines and procedures employed by AWWSC.

RESPONSE:

96. Provide the number of customers and the amount of revenue received for the Water Line Protection Plan, as well as the Sewer Line Protection Plan (separately stating each by plan) for the twelve months ended December 31, 2011. Include in your response the account and company, e.g. American Water Resources, for which the revenue is recorded.

RESPONSE:

97. Provide the number of customers and the amount of revenue received for the In Home Plumbing Protection Plan for the twelve months ended December 31, 2011. Include in your response the account and company, e.g. American Water Resources, for which the revenue is recorded.

RESPONSE:

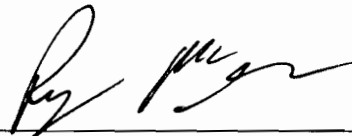
98. Provide the total revenues and total costs (separately stating each) incurred for the Water Line Protection Plan, Sewer Line Protection Plan, In Home Plumbing Protection Plan, and all mixes of the Plans for the twelve months ended December 31, 2011. Include in your response the account and company, e.g. American Water Resources, for which the costs and/or revenues are recorded. Also, provide documentation for costs by labor, overheads, and other.

RESPONSE:

99. Please provide, in Microsoft Excel or comparable format with formulas intact, the detailed general ledgers as of December 31, 2011 for TAWC and AWWSC.

RESPONSE:

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read 'Ryan L. McGehee', is written over a horizontal line.

RYAN L. MCGEHEE, BPR #25559
Assistant Attorney General
Office of the Attorney General and Reporter
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202-0207
615-532-5512
ryan.mcgehee@ag.tn.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

Melvin J. Malone
Butler, Snow, O'Mara, Stevens & Cannada, PLLC
1200 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2433
(615) 503-9105
mmalone@millermartin.com

Lindsey W. Ingram III
Stoll Keenon Ogden PLLC
300 West Vine Street
Suite 2100
Lexington, KY 40507
(859) 231-3982
l.ingram@skofirm.com

Kevin Rogers
Operations Manager
Tennessee-American Water Company
1101 Broad Street
Chattanooga, TN 37402
(423) 755-7622
Kevin.n.rogers@amwater.com

on this the 6th day of July, 2012.



RYAN L. MCGEHEE