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March 25, 2019

VIA ELECTRONIC FILING

Hon. David Jones, Chairman
c/o Tory Lawless
Tennessee Public Utilities Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: Petition of Tennessee-American Water Company for Approval of and Authority to Borrow Up to \$50,000,000 to Finance Additions and Improvements to Facilities and Acquisitions and to Repay Short-Term Indebtedness Pursuant to T.C.A. § 65-4-109, Docket No. 19- 00041

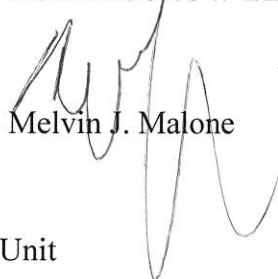
Dear Chairman Jones:

Attached for filing please find the *Petition of Tennessee-American Water Company for Approval of and Authority to Borrow Up to \$50,000,000 to Finance Additions and Improvements to Facilities and Acquisitions and to Repay Short-Term Indebtedness Pursuant to T.C.A. § 65-4-109*, along with exhibits.

As required, an original of this filing along with four (4) hard copies will follow. A check in the amount of \$25.00 for the required filing fee will also be delivered. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP


Melvin J. Malone

clw

Attachments

cc: Daniel Whitaker, Consumer Advocate Unit

*The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201*

MELVIN J. MALONE
615.651.6705
melvin.malone@butlersnow.com

T 615.651.6700
F 615.651.6701
www.butlersnow.com

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

**PETITION OF TENNESSEE-)
AMERICAN WATER COMPANY FOR)
APPROVAL OF AND AUTHORITY TO)
BORROW UP TO \$50,000,000 TO)
FINANCE ADDITIONS AND)
IMPROVEMENTS TO FACILITIES)
AND ACQUISITIONS AND TO REPAY)
SHORT-TERM INDEBTEDNESS)
PURSUANT TO T.C.A. § 65-4-109)**

DOCKET NO. 19- 00041

PETITION

Comes the Petitioner, Tennessee-American Water Company (“Tennessee American” or “Company”) and respectfully represents and shows to the Tennessee Public Utility Commission (“Commission”) as follows:

1. Tennessee American is a public utility as defined in T.C.A. § 65-4-101, and as of March 1, 2019, provides residential, commercial, industrial and municipal water service, including public and private fire protection service, to 80,491 customers in Chattanooga and surrounding areas. Tennessee American also serves customers in North Georgia. The rates for those customers are not regulated by the Public Service Commission of the State of Georgia, but are instead regulated by this Commission.

2. Tennessee American is a wholly-owned subsidiary of American Water Works Company, Inc. (“AWK”), which is the largest water holding company in the United States, providing water and wastewater services to fourteen (14) million people in forty-six (46) states and Ontario, Canada.

3. Tennessee American is a Tennessee corporation with its principal office and place of business located at 109 Wiehl Street, Chattanooga, Tennessee 37403.

4. The Company owns, operates, manages and controls plants, property, equipment and facilities having an original cost of \$335,115,768 as of December 31, 2018 within and adjacent to the City of Chattanooga which are used and useful in the collection, purification, pumping, distribution and furnishing of potable water for residential, commercial, industrial and governmental users in its service territory. The Company is subject to the jurisdiction, regulation and supervision of the Commission pursuant to Chapter 4 and Chapter 5 of Title 65 of the T.C.A.

5. The capitalization of the Company at December 31, 2018 is shown on Exhibit 1, attached hereto.

6. The long-term debt of the Company at December 31, 2018 includes one outstanding series of general mortgage bonds ("General Mortgage Bonds") issued under and secured by an Indenture of Mortgage dated as of May 1, 1968 from The City Water Company of Chattanooga (now the Company) to The Fidelity Bank (now U.S. Bank, National Association), as Trustee ("Trustee"), as supplemented and amended by thirteen supplemental indentures thereto dated, respectively, as of February 1, 1971; August 1, 1972; November 1, 1975; June 1, 1978; October 1, 1979; March 1, 1982; January 1, 1983; May 1, 1988; December 1, 1989; September 1, 1990; June 1, 1992; June 1, 1993; and September 1, 1996 (hereinafter collectively "the Indenture"), as follows:

DATE OF ISSUE	INTEREST RATE	MATURITY DATE	AMOUNT OUTSTANDING
October 4, 1996	7.84% Series	September 1, 2026	\$ 5,700,000

7. The series of General Mortgage Bonds and all classes of capital stock of the Company outstanding at December 31, 2018 were duly authorized by Orders of the Commission

(or its predecessors, the Tennessee Public Service Commission or the Tennessee Regulatory Authority) heretofore entered on the basis of previous proceedings conducted by it relative thereto.

8. As an alternative to the General Mortgage Bond financing described above, on June 15, 2000, the Company entered into a nonexclusive Financial Services Agreement (the "Services Agreement") with American Water Capital Corp. ("AWCC"), also a wholly-owned subsidiary of AWK, with Commission approval, in the form attached hereto as Exhibit 2. Pursuant to the Services Agreement, AWCC periodically solicits from the Company and each of AWK's other utility subsidiaries estimates of their needs for short-term and long-term financing. On the basis of that information, AWCC registers its own debt securities (the "AWCC Securities") for sale in the U.S. public/private capital markets. These debt securities are obligations of AWCC, but AWK issues a "support letter" for the benefit of the holders of such debt securities. From time to time thereafter, as the Company needs additional long-term financing, AWCC sells portions of the AWCC Securities in the U.S. public/private capital markets, or to an investor or lender, and loans the proceeds of the sale of those AWCC Securities to the Company. The loans from AWCC to the Company are on terms (e.g., interest rate, redemption premium, sinking fund requirement, maturity) identical to the terms of the securities sold in the public/private markets by AWCC and will be evidenced by a written note. In addition, the Services Agreement obligates the Company to pay all of its allocated portion of AWCC's costs related to the AWCC Securities issued to fund the loan to the Company, plus, along with the other participating operation subsidiaries, its proportionate share of AWCC's overhead.

9. The Services Agreement also provides that the Company may utilize AWCC to meet its short-term (maturity of less than one-year) borrowing requirements through advances funded by a syndicated credit facility arranged by AWCC and its cash management needs.

10. The Company's participation in the AWCC borrowing program does not preclude it from borrowing from third parties. The Company is not required to borrow any amount from AWCC. Further, the Company may terminate its participation in the AWCC borrowing program upon ten days written notice.

11. Pursuant to the Company's petition, by order dated October 10, 2000, in Docket No. 00-00637, a copy of which is attached hereto as **Exhibit 3** (the "*Original Commission Order*"), the Commission approved the issuance by the Company to AWCC of notes or debentures (the "Company Securities") in an aggregate outstanding principal amount of \$30,100,000 from time to time prior to December 31, 2005, the proceeds of which were used to (a) refinance outstanding General Mortgage Bonds, (b) finance additions and improvements to the Company's plant, property, equipment and facilities and acquisitions and to (c) repay short-term borrowings.

12. Subsequent to the *Original Commission Order* in Docket No. 00-00637, the Company in Docket No. 06-00305 requested authorization to continue its participation in the AWCC program and to issue additional Company Securities not to exceed in aggregate \$44,900,000 between January 1, 2007 and December 31, 2008. The Commission authorized the Company's request in its Order dated June 14, 2007 ("*2007 Long-Term Debt Financing Order*"), a copy of which is attached hereto as **Exhibit 4**.

13. Subsequent to the *Original Commission Order* in Docket No. 06-00305, the Company in Docket No. 09-00073 requested authorization to continue its participation in the

AWCC program and to issue additional Company Securities not to exceed in aggregate \$45,000,000 between fourth quarter of 2009 and December 31, 2013. The Commission authorized the Company's request in its Order dated September 28, 2009 ("*2009 Long-Term Debt Financing Order*"), a copy of which is attached hereto as **Exhibit 5**.

14. Subsequent to the *Original Commission Order* in Docket No. 09-00073, the Company in Docket No. 14-00061 requested authorization to continue its participation in the AWCC program and to issue additional Company Securities not to exceed in aggregate \$60,000,000 between third quarter of 2014 and December 31, 2018. The Commission authorized the Company's request in its Order dated September 3, 2014 ("*2014 Long-Term Debt Financing Order*"), a copy of which is attached hereto as **Exhibit 6**.

15. Pursuant to the *Original Commission Order* and the *2014 Long-Term Debt Financing Order*, the Company has heretofore issued the following long-term Company Securities to AWCC:

DATE OF ISSUE	INTEREST RATE	MATURITY DATE	AMOUNT ISSUED
March 29, 2001	6.87%	March 29, 2011	\$ 2,040,000
March 1, 2004	4.75%	March 1, 2014	\$ 19,000,000 ¹
February 15, 2007	5.39%	December 21, 2013	\$ 15,000,000
March 29, 2007	5.62%	March 29, 2019	\$ 19,000,000 ²
December 4, 2009	6.00%	December 1, 2039	\$ 10,571,023 ³
December 15, 2010	6.00%	December 1, 2040	\$ 10,000,000 ⁴
May 19, 2011	5.90%	October 15, 2037	\$ 2,500,000
December 17, 2012	4.30%	December 1, 2042	\$ 2,000,000
November 20, 2013	3.85%	March 1, 2024	\$ 11,000,000
August 14, 2014	4.30%	December 1, 2042	\$ 10,500,000
August 13, 2015	4.30%	September 1, 2045	\$ 14,000,000

¹ This issue was refinanced on March 29, 2007

² This issue was refinanced on September 11, 2018.

³ This issue was refinanced on August 14, 2014.

⁴ This issue was refinanced on August 13, 2015.

November 17, 2016	4.00%	December 1, 2046	\$ 8,000,000
August 9, 2018	4.20%	September 1, 2048	\$ 5,000,000
September 11, 2018	3.75%	September 1, 2028	\$ 19,280,321

16. Subject to the authorization of the Commission, the Company proposes to continue its participation in the AWCC program and to issue Company Securities in an aggregate principal amount of up to \$50,000,000 from time to time to refinance outstanding indebtedness and to finance the acquisition of additional facilities. The terms of the Company Securities will include the following:

- a. Title of the Securities: AWCC Securities.
- b. Aggregate Principal Amount to be Issued: Up to an aggregate amount of \$50,000,000.
- c. Expected Date of Issue: It is anticipated that the first issue of Company Securities will occur during the second quarter of 2019 and as required thereafter through December 31, 2023.
- d. Date of Maturity: The maturity of the Company Securities will not be more than 50 years from the nominal date of issue, with the expectation that the maturity dates will be from 1 to 35 years, depending upon market conditions.
- e. Interest Rate(s): The interest rates on the Company Securities will be the same as those borne by the AWCC Securities from which the Company Securities were funded and will be determined by market conditions at the time of issuance. Based upon current market conditions, it is anticipated that the AWCC Securities will be sold carrying an interest rate spread of approximately 100-200 basis points above the interest rate borne by corresponding United States Treasury securities.
- f. Hedging Arrangements: To reduce borrowing costs in a rising interest rate environment, TAWC may, subject to the approval of this Petition, enter into one or more interest rate swap, hedge or other derivative agreements or arrangements ("Derivative Agreements") with respect to the Company Securities. TAWC may enter into these Derivative Agreements to lock in a specific interest rate and thereby manage the risk associated with interest rate fluctuations that may occur prior to the issuance of the Company Securities. If TAWC enters into a Derivative Agreement, the most likely technique the Company would utilize is a pre-issuance hedge. This hedge would lock the forward yield on a specific United States

Treasury security prior to the planned issuance, eliminating the risk that the Treasury yield may rise significantly between the date that the yield is locked and the issuance date. This technique could be used to lock in the base rate(s) on all or part of the up to \$50,000,000 principal amount.⁵ There is interest rate risk and counterparty credit risk inherent in all Derivative Agreements between financial providers and TAWC. The actual interest rate at the time of the debt issuance may be higher or lower than the locked in rate, causing either a gain or loss on the transaction.

- g. Interest Payment Dates: Interest on the Company Securities will be payable to coincide with the dates that AWCC must make its corresponding interest payment on the related AWCC Securities.
- h. Callability and Conversion Provisions: The Company Securities will have the same callability and conversion features as AWCC obtains in connection with related AWCC Securities, including provisions for redemption of the option of AWCC (and, therefore, of the Company) or tender at the option of the purchasers as may be negotiated with the agent or purchaser(s) of the AWCC Securities. The Company Securities will have no conversion features.
- i. Sinking or Other Fund Provisions: The Company Securities will reflect whatever terms AWCC can obtain in connection with the sale of the related AWCC Securities.
- j. Purpose: The purpose for which TAWC proposes to issue the Company Securities is to finance additions and improvements to the Company's plants, property, equipment and facilities and acquisitions, and to pay down short-term borrowings.

Specifically, as of December 31, 2018, the Company has outstanding short-term debt of \$4,155,920, which will be refinanced with long-term debt subsequent to approval of this petition by the Commission. The remaining balance of the \$50,000,000 borrowing authority requested in this case is \$45,844,080 and represents the internal cash requirement of the Company, which will be driven primarily by capital improvement spending for utility plant additions.

17. The program for financing set out in this petition:

- (a) the purposes for which the funds derived therefrom will be used are in the best interests of the Company and the customers that it serves;

⁵ The technique noted here is identical to that proposed by TAWC in its previous financing petition in Docket No. 14-00061.

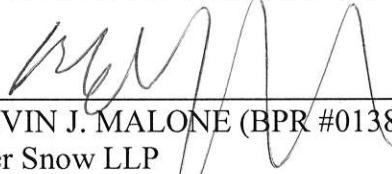
(b) provides terms and conditions for the financing that are the best available at this time; and

(c) is in accordance with and within the authority of the Commission pursuant to T.C.A. Section 65-4-109 and should, therefore, be approved.

PREMISES CONSIDERED, PETITIONER PRAYS THAT THE COMPANY BE AUTHORIZED TO:

1. Issue the Company Securities to AWCC from time to time, as described in this Petition;
2. Use the cash proceeds arising from such issuance for the purposes set forth in this Petition; and
3. Have such other relief as it might be entitled to in this cause.

RESPECTFULLY SUBMITTED,



MELVIN J. MALONE (BPR #013874)
Butler Snow LLP
150 3rd Avenue South, Suite 1600
Nashville, TN 37201
melvin.malone@butlersnow.com
(615) 651-6705

Attorneys for Petitioner, Tennessee-American
Water Company

Dated: March 25, 2019

Exhibit 1

**FINANCIAL STATEMENT
OF
TENNESSEE-AMERICAN WATER COMPANY**

(as of December 31, 2018 except where noted)

- (1) The Applicant's amount and type of stock authorized are as follows:

Common Stock, \$1 par value	20,000,000 Shares
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- (2) The Applicant's amount and type of stock issued and outstanding are as follows:

Common Stock, \$1 par value	13,754,234 Shares
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Note: The Applicant's 5% Class Cumulative Preferred Stock, par value \$100 per share, was retired on July 6, 2012. At the time of retirement, 13,816 shares were issued and outstanding, for a total face amount of \$1,381,600.

- (3) The following are the only mortgages on the property of the Applicant:

General Mortgage Indenture dated as of May 1, 1968, executed by the Applicant to The Fidelity Bank (now US Bank), as Trustee, and supplemental indentures thereto dated as of December 1, 1970 (as supplemented on December 17, 1970); September 1, 1974; November 1, 1977; December 1, 1982; June 1, 1983; August 1, 1985; January 1, 1987; September 1, 1988; October 1, 1989; November 1, 1990; December 1, 1991; December 1, 1992; December 1, 1993; September 1, 1995; February 1, 1997, and June 1, 1998.

The Indenture of Mortgage provides for the issue of General Mortgage Bonds which together with all other long-term debt cannot exceed 65% of Applicant's total capitalization, which percentage is 46.2% as of December 31, 2018. The amount of indebtedness actually secured by a lien on all the property owned or hereafter acquired by the Company is \$5,700,000. There are no sinking fund provisions associated with the General Mortgage Bonds.

- (4) At December 31, 2018, \$5,700,000 in General Mortgage Bonds were issued and outstanding.

General Mortgage Bonds:

Principal amount authorized by Indenture:

No maximum limit of bonds fixed

Name of utility issuing bonds:

All bonds were issued by Tennessee-American Water Company

Principal amount issued and outstanding:

<u>GMB:</u>	<u>Issued</u>	<u>Outstanding</u>
7.84% Series	\$5,700,000	\$5,700,000

Date of issue (nominal date):

7.84% Series	October 4, 1996
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Rate of interest:

7.84% Series	7.84%
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Date of maturity:

7.84% Series	September 1, 2026
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Security: All outstanding General Mortgage Bonds are secured by the lien of the General Mortgage Indenture upon all property of the Company.

Interest paid during the 12 months ended December 31, 2018:

7.84% Series	\$446,880.00
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Interest paid during the 12 months ended December 31, 2017:

7.84% Series	\$446,880.00
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(5) Notes are payable to AWCC, bear interest as listed below.

<u>Payee</u>	<u>Date of Issue</u>	<u>Interest Rate*</u>	<u>Amount Outstanding at 12/31/18</u>	<u>Maturity Date</u>	<u>Interest paid 12 mos. ended 12/31/18</u>
AWCC	January 1, 2018	Variable	\$4,155,920	Revolver	\$ 147,725

* Interest is calculated at the market rate at which AWCC obtained the short-term debt. The interest expense for the period 1/1/17 – 12/31/17 was \$47,707.

Inter-Company Long-Term Debt:

<u>Payee</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding At 12/31/18</u>	<u>Maturity Date</u>	<u>Interest paid 12 mos. ended 12/31/18</u>
AWCC	May 19, 2011	5.90%	\$ 2,500,000	Oct 15, 2037	\$ 147,500
AWCC	Dec 17, 2012	4.30%	\$ 2,000,000	Dec 1, 2042	\$ 86,000
AWCC	Nov 20, 2013	3.85%	\$11,000,000	Mar 1, 2024	\$ 423,500
AWCC	Aug 14, 2014	4.30%	\$10,500,000	Dec 1, 2042	\$ 451,500
AWCC	Aug 13, 2015	4.30%	\$14,000,000	Sept 1, 2045	\$ 602,000
AWCC	Nov 17, 2016	4.00%	\$ 8,000,000	Dec 1, 2046	\$ 320,000
AWCC	Aug 9, 2018	4.20%	\$ 5,000,000	Sep 1, 2048	\$ 210,000
AWCC	Sep 11, 2018	3.75%	\$19,280,321	Sep 1, 2028	\$ 723,012

(6) There is no other indebtedness of the Applicant, but there are liabilities shown on its Balance Sheet attached hereto, consisting of, as of December 31, 2018, current and accrued items on which no interest is payable.

- (7) Dividends were paid by the Applicant during the most recent five fiscal years as follows:

Common Stock

<u>12 Mos. Ended December 31</u>	<u>Rate per Share</u>	<u>Number of Shares Outstanding</u>	<u>Amount</u>
2014	.31	13,754,234	\$ 4,263,813
2015	.35	13,754,234	\$ 4,813,982
2016	.45	13,754,234	\$ 6,189,405
2017	.40	13,754,234	\$ 5,501,694
2018	.50	13,754,234	\$ 6,877,117

- (8) Applicant's Balance Sheet as of December 31, 2018 and a statement of Applicant's earnings and expenses for the twelve months ended on such date are attached hereto. For comparison, the previous twelve-month period is also shown.

TENNESSEE-AMERICAN WATER COMPANY
Balance Sheets (Unaudited)
December 31, 2018 and 2017
(Dollars in thousands)

<u>Assets</u>		
	2018	2017
Property, plant and equipment, net		
Utility plant - at original cost, net of accumulated depreciation of \$95,457 in 2018 and \$89,806 in 2017	\$ 239,647	\$ 226,604
Total property, plant and equipment	239,647	226,604
Current assets		
Cash	37	312
Accounts receivable	4,560	4,830
Allowance for uncollectible accounts	(533)	(557)
Unbilled utility revenues	2,501	2,357
Federal income tax receivable - affiliated company	-	2,008
State income tax receivable	1,149	-
Materials and supplies	894	914
Other	363	448
Total current assets	8,971	10,312
Regulatory and other long-term assets		
Regulatory assets	8,477	6,167
Prepaid pension expense	1,000	1,298
Other	71	41
Total regulatory and other long-term assets	9,548	7,506
Total assets	<u>\$ 258,166</u>	<u>\$ 244,422</u>
 <u>Capitalization and Liabilities</u>		
Capitalization	2018	2017
Common stock	\$ 13,754	\$ 13,754
Paid-in capital	41,573	38,501
Retained earnings	35,221	33,297
Common stockholder's equity	\$ 90,548	\$ 85,552
Long-term debt, excluding current portion	77,688	72,399
Total capitalization	168,236	157,951
Current liabilities		
Notes payable - affiliated company	4,156	3,045
Accounts payable	4,779	4,109
Accounts payable - affiliated company	560	1,597
Accrued state income tax	-	71
Other accrued taxes	4,297	4,159
Interest accrued	888	856
Refunds due to customers	377	334
Other	4,008	2,798
Total current liabilities	19,065	16,969
Regulatory and other long-term liabilities		
Regulatory liabilities	21,086	20,530
Advances for construction	3,450	3,282
Deferred income taxes	27,659	27,293
Deferred investment tax credits	276	353
Accrued pension expense	-	-
Accrued postretirement benefit expense	421	835
Other tax liabilities	157	76
Other	18	14
Total regulatory and other long-term liabilities	53,067	52,383
Contributions in aid of construction	17,798	17,119
Commitments and contingencies	-	-
Total capitalization and liabilities	<u>\$ 258,166</u>	<u>\$ 244,422</u>

TENNESSEE-AMERICAN WATER COMPANY
Income Statement (Unaudited)
December 31, 2018 and 2017
(Dollars in thousands)

	2018	2017
Operating revenues	<u>\$ 52,768</u>	<u>\$ 53,295</u>
Operating expenses		
Operation and maintenance	24,574	22,805
Depreciation	7,773	7,354
Amortization	598	564
General taxes	5,072	5,646
(Gain) loss on asset dispositions	16	-
Total operating expenses, net	<u>38,033</u>	<u>36,369</u>
Operating income	<u>14,735</u>	<u>16,926</u>
Other income (expenses)		
Interest on long-term debt	(3,695)	(3,607)
Allowance for other funds used during construction	185	120
Allowance for borrowed funds used during construction	150	83
Amortization of debt issuance costs	(87)	(76)
Non-operating benefits costs, net	442	(331)
Other, net	(7)	31
Total other expenses	<u>(3,012)</u>	<u>(3,780)</u>
Income before income taxes	<u>11,723</u>	<u>13,146</u>
Provision for income taxes	<u>2,922</u>	<u>5,097</u>
Net income	<u>\$ 8,801</u>	<u>\$ 8,049</u>

Exhibit 2

FINANCIAL SERVICES AGREEMENT

THIS AGREEMENT, dated as of June 15, 2000, by and between Tennessee-American Water Company (the "Company") and American Water Capital Corp. ("AWCC").

B A C K G R O U N D

The Company currently performs its own financial services.

However, the Company has determined that it can obtain these services more efficiently through the consolidation of certain necessary management and staff functions with those performed for other entities that may enter into agreement with AWCC substantially similar to this one ("Co-Participants").

AWCC is dedicated to performing such consolidated functions.

Accordingly, the parties have determined to enter into this Agreement for the provision of financial services by AWCC to the Company and for the proper determination and allocation of the costs of providing such services.

Therefore, the parties agree as follows:

A G R E E M E N T

1. Services. AWCC will provide, either directly or through arrangements with third parties for the benefit of the Company, such financial services as the Company and AWCC may from time to time agree, including but not limited to those more fully described in Appendix I attached to this Agreement.

2. Costs. In consideration of the provision of the services contemplated by paragraph 1, the Company agrees to pay AWCC a portion of the costs and appropriate overhead incurred by AWCC in providing those services, as follows. The costs incurred by AWCC in connection with its bank credit lines and short-term public borrowings will be divided among the Co-Participants in proportion to the maximum principal amount that each Co-Participant requests be made available to it during the course of a year. The costs incurred by AWCC in connection with each long-term borrowing by AWCC will be divided among each Co-Participant in proportion to the principal amount of that borrowing that is loaned to that Co-Participant. AWCC's overhead will be allocated among the Co-Participants in the same proportion as each Co-Participant's long-term and maximum, requested short-term borrowings and investments in a calendar year bear to all of the long and maximum short-term borrowings and investments by all Co-Participants during the same year.

3. Statements. AWCC will prepare and deliver to the Company monthly statements of the services provided by AWCC and amounts payable to AWCC, giving effect to

all the provisions of this Agreement. The Company shall pay the net amount shown on its statement within thirty (30) days after the billing date.

4. Inspection. Upon reasonable notice, AWCC will make available to the Company for its inspection AWCC's books, records, bills, accounts and any other documents which describe or support the costs allocated to the Company under this Agreement.

5. Obligations Not Joint. AWCC and the Company expressly agree: (a) that the obligations of the Company and each Co-Participant to AWCC are several and not joint; (b) that the Company will not be responsible to any Co-Participant, to AWCC or to any assignee or creditor of AWCC for any payment in excess of payments due by the Company to AWCC under this Agreement or a Note in the form attached to this Agreement; and (c) that no Co-Participant will be responsible to the Company, to any other Co-Participant, to AWCC or to any assignee or creditor of AWCC for any payment in excess of payments due by that Co-Participant to AWCC under any agreement substantially similar to this Agreement or under any Note attached to that other agreement. AWCC covenants and agrees that it will require, as a condition to its entering into any such other agreement with a Co-Participant, that such other agreement contains the same provision as that contained in the immediately preceding sentence.

6. Notes. The Company's borrowings under this Agreement will be evidenced by one or more promissory notes in the form of Exhibit A or Exhibit B attached to this Agreement.

7. Non-Exclusivity. Nothing in this Agreement prohibits or restricts the Company from borrowing from third parties, or obtaining services described in this Agreement from third parties, whenever and on whatever terms it deems appropriate.

8. Effectiveness. This Agreement shall be effective as of June 15, 2000, provided that, if prior approval by the regulatory commission of any jurisdiction is required before this Agreement may become effective as to the Company, or before AWCC may provide a particular service hereunder to the Company, this Agreement shall not be effective as to the Company or as to that service, as the case may be, unless and until the required approval has been obtained. Unless and until this Agreement becomes effective as to the Company in whole or in part, the Company shall not be entitled to the benefits of, nor shall it have any rights or duties under, this Agreement. This Agreement may be amended or rescinded only by written instrument signed by the Company and AWCC.

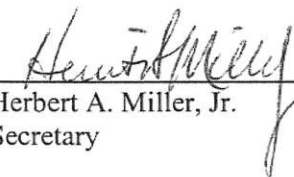
9. Termination. The Company may terminate its participation in this Agreement by giving ten (10) days prior written notice of such termination to AWCC; and (b) AWCC may terminate this Agreement by giving ninety (90) days prior written notice of such termination to the Company. Termination of this Agreement will not affect: (a) the Company's obligations under any Promissory Notes; (b) any party's obligations with respect to any amounts owing under Sections 2 and 3 of this Agreement (including such amounts attributable to obligations of any terminating party under any Promissory Notes that remain outstanding after this Agreement is terminated as to that party); or (c) AWCC's obligations to repay any investments made by a Company pursuant to Appendix I.

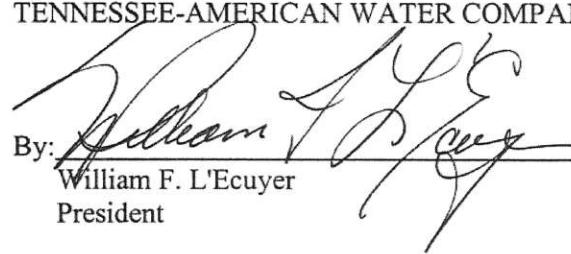
10. Copies. This Agreement may be executed by the parties in one or more copies and each executed copy shall be considered an original.

In witness of the foregoing, each of the Company and AWCC has caused its respective corporate seal to be affixed to this Agreement and has caused this Agreement to be signed on its behalf by its duly authorized officers.

ATTEST:

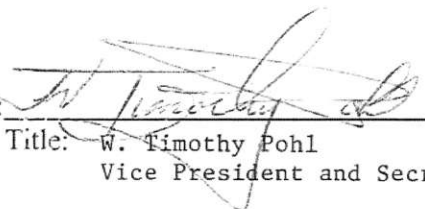
TENNESSEE-AMERICAN WATER COMPANY

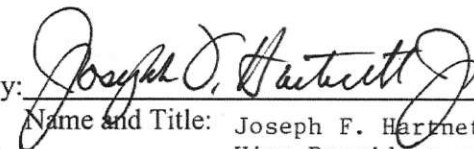
By: 
Herbert A. Miller, Jr.
Secretary

By: 
William F. L'Ecuyer
President

ATTEST:

AMERICAN WATER CAPITAL CORP.

By: 
Title: W. Timothy Pohl
Vice President and Secretary

By: 
Name and Title: Joseph F. Hartnett, Jr.
Vice President and Treasurer

APPENDIX I

DESCRIPTION OF FINANCIAL SERVICES

Set forth below is a list of the services which AWCC agrees to provide to the Company upon its request pursuant to the Agreement to which this Appendix is attached.

1. Short-Term Loans. AWCC will provide Short-Term Loans to the Company pursuant to the terms set forth in the promissory notes to be issued by the Company to AWCC, each substantially in the form attached to this Agreement as Exhibit A.

2. Long-Term Borrowings. AWCC will provide loans other than Short-Term Loans to the Company pursuant to the terms set forth in the promissory notes to be issued by the Company to AWCC, each substantially in the form attached hereto as Exhibit B.

3. Cash Management. Cash not required by the Company to pay its daily disbursements or to pay when due the principal of and interest on, the Company's borrowings from AWCC other than Short-Term Loans will be used by AWCC first to reduce the outstanding principal balance of the Company's Short-Term Loans owing to AWCC and any excess will be deemed to be invested with AWCC and will earn a daily rate of interest that is equal to the interest income earned by AWCC on those funds. Upon the request of that Company, AWCC shall execute one or more promissory notes in favor of the Company, in form and substance substantially similar to the Promissory Note attached as Exhibit A to the Agreement as evidence of such investment.

PROMISSORY NOTE
FOR SHORT-TERM LOANS

\$xx,xxx,xxx

Date Effective

FOR VALUE RECEIVED, Tennessee-American Water Company, a Tennessee corporation (herein "Borrower") hereby promises to pay ON DEMAND to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at Voorhees, New Jersey or such other place as Lender may from time to time designate, the principal sum of _____ dollars (\$xx,xxx,xxx) (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower (other than loans evidenced by a promissory note under which the principal amount is due and payable in one or more scheduled installments more than one year after the date of its issue), together with interest thereon from the date hereof until paid in full. Interest will be charged on the unpaid outstanding principal balance of this Note at a rate per annum equal to Lender's actual cost of funds to make such loan, such rate to change as Lender's actual cost of funds changes. Interest on borrowings shall be due and payable on the first business day of each month, commencing with the first business day of the month after the month in which this Note is executed. In the absence of manifest error, the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Borrower may borrow, repay and reborrow hereunder in amounts which do not, in the aggregate outstanding at any time, exceed the Maximum Principal Sum.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefor shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

Tennessee-American Water Company

By: _____

PROMISSORY NOTE
FOR LONG-TERM BORROWINGS
x.xxx% Maturity due xxx xx, 20xx

\$xx,xxx,xxx

Date Effective

FOR VALUE RECEIVED, Tennessee-American Water Company, a Tennessee corporation (herein "Borrower") hereby promises to pay to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at 1025 Laurel Oak Rd. Voorhees, NJ 08043 or such other place as Lender may from time to time designate, the principal sum of _____ dollars (\$xx,xxx,xxx), together with interest thereon from the date hereof until paid in full. Interest shall be charged on the unpaid outstanding principal balance hereof at a rate per annum, in accordance with the terms attached, a rate equal to or less than equal to the rate paid and to be paid by Lender with respect to the borrowings it made in order to provide funds to Borrower hereunder. Interest on borrowings shall be due and payable in immediately available funds on the same business day on which the Lender must pay interest on the borrowings it made in order to provide funds to the Borrower hereunder. The principal amount hereof shall be due and payable hereunder at such times and in such amounts and in such installments hereunder as the Lender must pay with respect to the borrowings it made in order to provide funds to the Borrower hereunder. Lender has provided Borrower with a copy of the documentation evidencing the borrowings made by Lender in order to provide funds to Borrower hereunder. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefore shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of Lender and Borrower.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

Tennessee-American Water Company

By: _____

Exhibit 3

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE
October 10, 2000

IN RE:)	
)	
PETITION OF TENNESSEE-AMERICAN)	DOCKET NO.
WATER COMPANY FOR APPROVAL OF)	00-00637
AND AUTHORITY TO BORROW UP TO)	
\$30,100,000 TO REFINANCE OUTSTANDING)	
INDEBTEDNESS AND FINANCE ADDITIONS)	
AND IMPROVEMENTS TO FACILITIES AND)	
ACQUISITIONS AND TO REPAY SHORT-TERM)	
INDEBTEDNESS PURSUANT TO T.C.A. § 65-4-109)	

ORDER APPROVING DEBT ISSUANCE

This matter came before the Tennessee Regulatory Authority (the "Authority") upon the Petition (the "Petition") of Tennessee-American Water Company ("TAWC" or the "Company") for Approval of and Authority to Borrow up to \$30,100,000 to Refinance Outstanding Indebtedness and Finance Additions and Improvements to Facilities and Acquisitions and to Repay Short-Term Indebtedness Pursuant to Tenn. Code Ann. § 65-4-109. TAWC filed its Petition with the Authority on July 18, 2000. The Directors of the Authority considered the Petition at a regularly scheduled Authority Conference held on August 15, 2000. Upon consideration of the Petition and the exhibits thereto, the Directors made the following findings of fact and conclusions of law:

1. TAWC is a Tennessee corporation with its principal office and place of business in the City of Chattanooga, Hamilton County, Tennessee. The Company is a wholly-owned subsidiary of American Water Works Company, Inc. ("AWWC").

2. TAWC is a public utility as defined in Tenn. Code Ann. § 65-4-101 and is engaged in the business of providing water utility services in and adjacent to the City of Chattanooga and in other municipalities in Hamilton and Marion Counties in Tennessee, and in certain areas in Catoosa, Dade, and Walker Counties in Georgia.

3. The Petition states that the long-term debt of the Company as of May 31, 2000 is represented by seven outstanding series of general mortgage bonds (the "General Mortgage Bonds") issued under and secured by an Indenture of Mortgage dated as of May 1, 1968 from the City Water Company of Chattanooga (now TAWC) to The Fidelity Bank (now First Union National Bank), as Trustee, as supplemented and amended by thirteen supplemental indentures thereto. As of May 31, 2000, TAWC had no outstanding indebtedness other than the General Mortgage Bonds and a capital lease for TAWC's offices, except current liabilities (including short-term bank debt.)

In its Petition, TAWC seeks authority approval to issue securities to American Water Capital Corp., also a wholly-owned subsidiary of AWWC, in the form of notes or debentures in an aggregate outstanding principal amount of \$30,100,000 from time to time prior to December 31, 2005, the proceeds of which will be used to (a) refinance the following General Mortgage Bonds: (i) the 9.43% Series maturing on September 1, 2000, in the principal amount of \$5,000,000; (ii) the 8.28% Series maturing June 1, 2002 in the principal amount of \$10,000,000; and (iii) the 6.77% Series maturing on June 1, 2003 in the principal amount of \$9,000,000; and (b) finance additions and improvements to the TAWC's plants, property, equipment and facilities, and acquisitions; and (c) repay short-term borrowing.

4. Under Tenn. Code Ann. § 65-4-109, the Authority shall approve the proposed assumption of debt obligations if it finds that it will be made in accordance with law and that the Authority approves the purpose of the assumption of debt obligations.

5. The Authority concluded after careful consideration of the entire record and all applicable rules and statutes, particularly the provisions of Tenn. Code Ann. § 65-4-109, that this Petition should be approved. The Authority finds that this assumption of debt obligations is in accordance with law and is for a proper purpose.

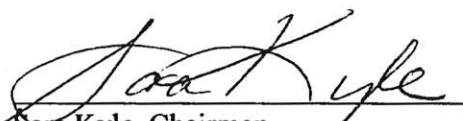
IT IS THEREFORE ORDERED THAT:

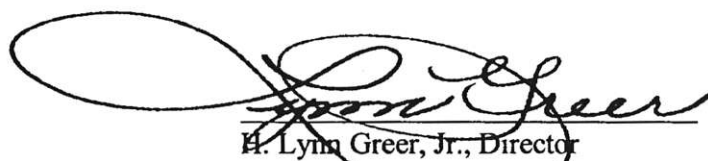
1. Tennessee-American Water Company is authorized to assume certain debt obligations under various agreements in an aggregate principal amount not to exceed \$30,100,000;

2. The terms of said debt obligations shall be as described in the Petition of Tennessee-American Water Company and exhibits thereto on file with the Authority;

3. The authorization and approval given hereby should not be used by any party, including, but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risk involved to a purchaser of any notes or debentures issued as described in the Petition of Tennessee-American Water Company. Nothing contained herein creates or is intended to create any liability on the part of the Tennessee Regulatory Authority or the State of Tennessee or any political subdivision thereof for the transaction approved herein;

4. Any party aggrieved with the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin L. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary

Exhibit 4

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

June 14, 2007

IN RE:

**PETITION OF TENNESSEE-AMERICAN WATER
COMPANY FOR APPROVAL OF AND AUTHORITY
TO BORROW UP TO \$44,900,000**

)
)
)
)
)

**DOCKET NO.
06-00305**

ORDER APPROVING FINANCING TRANSACTION

This matter came before Chairman Sara Kyle, Director Pat Miller and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on February 5, 2007 for consideration of the petition of Tennessee-American Water Company for approval of and authority to borrow up to \$44,900,000 ("*Petition*") pursuant to Tenn. Code Ann. § 65-4-109 (2004).

The *Petition*

Tennessee-American Water Company ("TAWC" or "Company"), a Tennessee corporation with principal offices in Chattanooga, Tennessee, provides water utility services to municipalities in Hamilton and Marion Counties, Tennessee, and certain areas in Catoosa, Dade and Walker Counties, Georgia. TAWC has a rate case proceeding pending before the Authority in Docket No. 06-00290

On December 7, 2006, TAWC filed its *Petition* requesting authorization to borrow up to \$44,900,000 to refinance outstanding indebtedness and finance additions and improvements to

its facilities and acquisitions. Specifically, TAWC requests approval to issue up to an aggregate of \$44,900,000 in securities to American Water Capital Corporation ("AWCC"). Both TAWC and AWCC are wholly-owned subsidiaries of American Water Works Company, Inc. ("AWWC").

On October 10, 2000, TAWC obtained Authority approval in Docket No. 00-00637 to enter into a non-exclusive Financial Services Agreement with AWCC pursuant to which AWCC periodically solicits from TAWC estimates of its needs for long-term financing. On the basis of that information, AWCC registers its debt securities for sale in the US public/private capital markets.

From time to time thereafter, as TAWC needs a portion of its long term financing needs funded, AWCC sells portions of its securities in the capital markets or to an investor or lender, and loans the proceeds of the sale to TAWC. The loans from AWCC to TAWC are on terms identical to the terms of the securities sold in public markets by AWCC and are evidenced by written notes. The Financial Services Agreement obligates TAWC to pay all of AWCC's costs related to the AWCC securities issued to fund loans to TAWC. The Company will also bear its proportionate share of AWCC's overhead, along with other participating operating subsidiaries. The Agreement is non-exclusive and provides TAWC with cash management and short-term debt financing services.

Pursuant to the October 10, 2000 Authority Order in Docket No. 00-00637, the Authority approved the issuance by TAWC to AWCC of notes or debentures in an aggregate outstanding principal amount of \$30,100,000 from time to time prior to December 31, 2005. The proceeds were used to refinance outstanding general mortgage bonds, finance additions and improvements to the company's plants, equipment and facilities and to repay short term borrowings.

In the present *Petition*, TAWC proposes to continue its participation in the AWCC program and issue Company securities in an aggregate principal amount of up to \$44,900,000 from time to time to refinance outstanding indebtedness and to finance the acquisition of additional facilities.

The February 5, 2006 Authority Conference

Tenn. Code Ann. § 65-4-109 (2004) states:

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

On February 2, 2007, the City of Chattanooga, a municipal corporation, filed a petition to intervene in this docket. At a regularly scheduled Authority Conference held on February 5, 2007, staff advised that some issues raised in this docket overlap issues pending in Docket No. 06-00290. The panel recessed the docket in order for TAWC representatives and City of Chattanooga representatives ("Parties") to discuss the issues. Upon reconvening the docket, the panel was advised that the Parties had agreed to the following:

1. Any questions regarding the reasonableness and cost of refinancing of the total debt of TAWC still remains an open issue in Docket No. 06-00290.
2. An approval for the issuance of this debt will have no res judicata, claim preclusion or issue preclusion, with respect to any concerns the City of Chattanooga may desire to raise in the ratemaking case, Docket No. 06-00290.
3. The City of Chattanooga will withdraw its request to intervene and pursue the issues of concern in Docket No. 06-00290.

Thereafter, the panel voted unanimously to approve the *Petition* and made the following findings:

1. the proposed financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004);
2. the transaction is being made in accordance with laws enforceable by this agency; and
3. the purpose of this transaction is in the public interest because it allows TAWC to finance additions and improvements to its water system.

IT IS THEREFORE ORDERED THAT:

1. Tennessee-American Water Company is authorized to enter into the financing transaction as described in the *Petition* and discussed herein.
2. The authorization and approval given hereby shall not be used by any party for the purpose of inferring an analysis or assessment of the risks involved nor is this decision intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.


Sara Kyle, Chairman


Pat Miller, Director


Ron Jones, Director

Exhibit 5

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

September 28, 2009

IN RE:

**PETITION OF TENNESSEE-AMERICAN WATER
COMPANY FOR APPROVAL OF AND AUTHORITY
TO BORROW UP TO \$45,000,000 TO REFINANCE
ADDITIONS AND IMPROVEMENTS TO FACILITIES
AND ACQUISITIONS AND TO REPAY SHORT-TERM
INDEBTEDNESS PURSUANT TO T.C.A. § 65-4-109**

**DOCKET NO.
09-00073**

ORDER APPROVING FINANCING TRANSACTIONS

This matter came before Chairman Sara Kyle, Director Eddie Roberson and Director Kenneth C. Hill of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on August 4, 2009 for consideration of the *Petition* filed on May 28, 2009 by Tennessee-American Water Company (the "Company") for approval to borrow up to \$45,000,000 to refinance outstanding indebtedness, finance additions and improvements to facilities, and to repay short-term indebtedness.

The Company is a wholly-owned subsidiary of American Water Works Company, Inc. ("AWWC") and is engaged in the business of rendering water utility services in and adjacent to the City of Chattanooga and in other municipalities in Hamilton and Marion Counties in Tennessee, and in certain areas of Catoosa, Dade, and Walker counties in Georgia. The Company also owns, operates, manages, and controls plants, property, equipment, and facilities within and adjacent to the City of Chattanooga which are used and useful in the collection, purification, pumping, distribution, and furnishing of potable water for residential, commercial,

industrial, and governmental users in Tennessee and Georgia. The Company currently serves approximately 75,000 customers in Tennessee and Georgia.

THE PROPOSED TRANSACTION

The Company proposes to continue its participation in AWCC's borrowing program and to issue Company Securities in an aggregate principal amount of up to \$45,000,000 from time to time to refinance outstanding indebtedness and to finance the acquisition of additional facilities. It is expected that the first issue of Company Securities will occur during the third or early fourth quarter of 2009 and as required thereafter through December 31, 2013.

The *Petition* asserts the maturity of the Company Securities will not be more than fifty years from the nominal date of issue, with the expectation that the maturity dates will be from one to thirty-five years, depending upon market conditions. The interest rates on the Company Securities will be the same as those borne by the AWCC Securities from which the Company Securities were funded and will be determined by market conditions at the time of issuance. The Company's participation in the AWCC borrowing program does not preclude it from borrowing from third parties. The Company is not required to borrow any amount from AWCC. Further, the Company may terminate its participation in the AWCC borrowing program upon ten days written notice.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann. § 65-4-109 (2004) provides

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

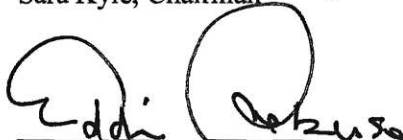
At a regularly scheduled Authority Conference held on August 4, 2009, the panel voted unanimously to approve the *Petition* and made the following findings:

1. The proposed financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The proposed financing transaction is being made in accordance with laws enforceable by this agency.
3. The proposed financing transaction is in the public interest because it will allow the Company to finance additions and improvements to its water system.

IT IS THEREFORE ORDERED THAT:

1. Tennessee-American Water Company is authorized to enter into the financing transactions described in the *Petition*.
2. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risks involved.
3. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.


Sara Kyle, Chairman


Eddie Roberson, Director


Kenneth C. Hill, Director

Exhibit 6

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

September 3, 2014

IN RE:

PETITION OF TENNESSEE-AMERICAN WATER
COMPANY FOR APPROVAL OF AND AUTHORITY TO
BORROW UP TO \$60,000,000 TO REFINANCE
OUTSTANDING INDEBTEDNESS AND FINANCE
ADDITIONS AND IMPROVEMENT TO FACILITIES
AND ACQUISITIONS AND TO REPAY SHORT-TERM
INDEBTEDNESS PURSUANT TO 65-5-109

)
)
) DOCKET NO.
) 14-00061
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ORDER APPROVING FINANCING ARRANGEMENTS

This matter came before Director Herbert H. Hilliard, Director Kenneth C. Hill and Director Robin Bennett of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on July 22, 2014, for consideration of the *Petition* filed by Tennessee American Water Company ("TAWC" or the "Company") on June 4, 2014 seeking approval to borrow up to \$60,000,000 to refinance outstanding indebtedness, finance additions and improvements to facilities, acquisitions and to repay short-term indebtedness.

TAWC is a wholly-owned subsidiary of American Water Works Company, Inc. ("AWK") and provides water service to approximately 75,918 customers in Chattanooga and surrounding areas. TAWC also provides water service to customers in North Georgia.

THE PETITION

On June 15, 2000, the Company entered into a nonexclusive Financial Services Agreement (the "Services Agreement") with American Water Capital Corp. ("AWCC"), also a wholly-owned subsidiary of AWK, that registers its own debt securities (the "AWCC Securities") for sale in the U.S. public/private capital markets. From time to time, as the Company needs additional long-term financing, AWCC sells portions of the AWCC Securities in the U.S. public/private capital markets,

or to an investor or lender, and loans the proceeds of the sale of those AWCC Securities to the Company. In addition, the Services Agreement also provides that the Company may utilize AWCC to meet its short-term (maturity of less than one year) borrowing requirements through advances funded by a syndicated credit facility arranged by AWCC and its cash management needs. The Services Agreement obligates TAWC to pay all of its allocated portion of AWCC's costs related to the AWCC Securities issued to fund the loan to the Company, plus, along with other participating operation subsidiaries, its proportionate share of AWCC's overhead. TAWC's participation in the AWCC borrowing program does not preclude it from borrowing from third parties. TAWC is not required to borrow any amount from AWCC and may terminate the Services Agreement upon ten days written notice.

TAWC proposes to continue its participation in the AWCC program and to issue Company Securities in an aggregate principal amount of up to \$60,000,000 from time to time to refinance or repay outstanding indebtedness and to finance the acquisition of additional facilities. The *Petition* states that the maturity of the Company Securities will not be more than fifty years from the nominal date of issue, with the expectation that the maturity dates will be from one to thirty-five years, depending upon market conditions. The interest rates on the Company Securities will be the same as those borne by the AWCC Securities from which the Company Securities were funded and will be determined by market conditions at the time of issuance. It is anticipated that the AWCC Securities will be sold carrying an interest rate spread of approximately 100-200 basis points above the interest rate borne by corresponding United States Treasury securities, based upon current market conditions. To reduce borrowing costs in rising interest rate environments, the Company may use hedging tools like interest rate swaps or other derivative agreements.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann. § 65-4-109 (2004) provides:

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof,

until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

At a regularly scheduled Authority Conference held on July 22, 2014, the panel voted unanimously to approve the *Petition* and made the following findings:

1. The proposed financing transactions are subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The proposed financing transactions are being made in accordance with laws enforceable by this agency.
3. The purpose of the transactions is in the public interest because it allows TAWC to finance additions and improvements to its water system.

IT IS THEREFORE ORDERED THAT:

1. Tennessee American Water Company is authorized to enter into the financing arrangements described in the *Petition*.
2. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party for the purpose of inferring an analysis or assessment of the risks involved.
3. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.

Director Herbert H. Hilliard, Director Kenneth C. Hill and Director Robin Bennett concur.

ATTEST:



Earl R. Taylor, Executive Director

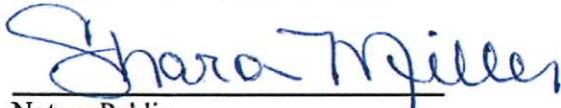
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE) ss:

Brian T. Queen, upon oath, says that he is the Director/Vice President Finance & Treasurer & Comptroller of Tennessee-American Water Company, a Tennessee corporation, Petitioner in the above-entitled cause; that as such officer of said Corporation, he has approved the foregoing Petition and has authority to do so; that he has read said Petition and knows the contents thereof; and that the statements therein contained are true to the best of his knowledge, information and belief.



Brian T. Queen

Subscribed and sworn to before
me, the undersigned authority,
this 25th day of March, 2019.



Notary Public

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:

Daniel Whitaker III, Esq.
Assistant Attorney General
Office of the Attorney General
Consumer Protection and Advocate Division
P.O. Box 20207
Nashville, TN 37202-0207

This the 25th day of March, 2019.



Melvin J. Malone