

**THE NATIONAL ASSOCIATION OF
STATE UTILITY CONSUMER ADVOCATES
RESOLUTION 2009-10**

Urging State Regulatory Commissions with an American Water Works Company, Inc., Regulated Subsidiary to Participate in an Independent Multi-State Audit of American Water Works Company and its Affiliate Transactions

WHEREAS, the Tennessee Regulatory Authority has observed that Tennessee American Water Company, a subsidiary of American Water Works Company, Inc. (AWWC), has filed multiple applications for rate increases over the past several years;

WHEREAS, the Tennessee Regulatory Authority notes that these multiple rate increase requests are partly due to the steadily increasing expense associated with the American Water Works Service Company, a subsidiary of AWWC and an affiliate of Tennessee American Water Company;

WHEREAS, the Tennessee Regulatory Authority notes that it is important to ensure that the affiliate-related expenses are prudent, and the Tennessee Regulatory Authority determined that an audit should be conducted;

WHEREAS, the Tennessee Regulatory Authority has been in contact with other regulatory commissions regarding the pursuit of a multi-state audit of AWWC;

WHEREAS, the size and complexity of AWWC makes an independent review of the Parent/Affiliate Company operations by an individual jurisdiction expensive and burdensome;

WHEREAS, the current process of a jurisdiction-by-jurisdiction review of issues regarding AWWC and its affiliate-related expenses through the traditional rate case is not a comprehensive or practical means of examining these expenses and their allocation;

WHEREAS, a review of AWWC and its affiliate-related expenses and cost allocations by a consultant selected and retained by AWWC raises concerns regarding the scope and independence of a review of the affiliate-related expenses and affiliate transaction;

WHEREAS, the National Association of State Utility Consumer Advocates includes representatives of several jurisdictions that have regulated AWWC subsidiaries;

WHEREAS, the National Association of State Utility Consumer Advocates also believes that it is important to ensure that affiliate-related expenses are prudent;

WHEREAS, the National Association of State Utility Consumer Advocates also believes that an independent multi-state audit should be pursued;

THEREFORE BE IT RESOLVED that the National Association of State Utility Consumer Advocates urges that state regulatory commissions with an American Water Works Company, Inc., regulated subsidiary participate in an independent multi-state audit of American Water Works Company, Inc., and its subsidiaries.

BE IT FURTHER RESOLVED, that the Water Committee of NASUCA, with the approval of the Executive Committee be authorized to take all steps consistent with this resolution in order to secure its implementation.

Submitted by:
NASUCA Water Committee

Approved by NASUCA:

Place: Chicago, Illinois

Date: November 17, 2009