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**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

IN RE: \*  
\*  
PETITION OF TENNESSEE- \* DOCKET NO. 06-00290  
AMERICAN WATER COMPANY TO \*  
CHANGE AND INCREASE CERTAIN \*  
RATES AND CHARGES . . . \*

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**CHATTANOOGA MANUFACTURERS ASSOCIATION'S  
FIRST SET OF DATA REQUESTS TO  
TENNESSEE AMERICAN WATER COMPANY**

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The Chattanooga Manufacturers Association ("CMA") hereby serves the following discovery and data requests to Tennessee American Water Company ("TAWC" or the "Company").

**DEFINITIONS**

1. Unless otherwise noted, "Company" or "TAWC" means Tennessee American Water Company, and its present and former officers, employees, agents, representatives, directors, and all other persons acting or purporting to act on behalf of Tennessee American Water Company.
2. The terms "you" and "your" refer to Tennessee American Water Company.
3. "The term "person" means any natural person, corporation, corporate division, partnership, other unincorporated association, trust, government agency, or entity.
4. The term "document" shall have the broadest possible meaning under applicable law. "Document" means every writing or record of every type and description that is in the possession, custody or control of Tennessee American Water Company, including, but not

limited to, correspondence, memoranda, drafts, workpapers, summaries, stenographic or handwritten notes, studies, publications, books, pamphlets, reports, surveys, minutes or statistical compilations, computer and other electronic records or tapes or printouts, including, but not limited to, electronic mail files; and copies of such writings or records containing any commentary or notation whatsoever that does not appear in the original. The term "document" further includes, by way of illustration and not limitation, schedules, progress schedules, time logs, drawings, computer disks, charts, projections, time tables, summaries of other documents, minutes, surveys, work sheets, drawings, comparisons, evaluations, laboratory and testing reports, telephone call records, personal diaries, calendars, personal notebooks, personal reading files, transcripts, witness statements and indices.

5. The term "referring or relating to" means consisting of, containing, mentioning, suggesting, reflecting, concerning, regarding, summarizing, analyzing, discussing, involving, dealing with, emanating from, directed at, pertaining to in any way, or in any way logically or factually connected or associated with the matter discussed.

6. "And" and "or" as used herein shall be construed both conjunctively and disjunctively and each shall include the other whenever such construction will serve to bring within the scope of these discovery requests any information that would otherwise not be brought within their scope.

7. "Affiliate" or "affiliated" means an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another entity.

8. "Identify" or "identifying" or "identification" when used in reference to a document means to provide with respect to each document requested to be identified by these

discovery requests a description of the document that is sufficient for purposes of a request to produce or a subpoena duces tecum, including the following:

- a) the type of document (e.g., letter, memorandum, etc.);
- b) the date of the document;
- c) the title or label of the document;
- d) the Bates number or other identifier used to number the document for use in litigation;
- e) the identity of the originator;
- f) the identity of each person to whom it was sent;
- g) the identity of each person to whom a copy or copies were sent;
- h) a summary of the contents of the document;
- i) the name and last known address of each person who presently has possession, custody or control of the document; and
- j) if any such document was, but is no longer, in your possession, custody or control or is no longer in existence, state whether it: (1) is missing or lost; (2) has been destroyed; or (3) has been transferred voluntarily or involuntarily, and, if so, state the circumstances surrounding the authorization for each such disposition and the date of such disposition.

### **GENERAL INSTRUCTIONS**

1. If you contend that any response to any data request may be withheld under the attorney-client privilege, the attorney work product doctrine or any other privilege or basis, please state the following with respect to each such response in order to explain the basis for the claim of privilege and to permit adjudication of the propriety of that claim:

- a) the privilege asserted and its basis;

- b) the nature of the information withheld;
- c) the subject matter of the document, except to the extent that you claim it is privileged.

2. These discovery requests are to be answered with reference to all information in your possession, custody or control or reasonably available to you. These discovery requests are intended to include requests for information, which is physically within your possession, custody or control as well as in the possession, custody or control of your agents, attorneys, or other third parties from which such documents may be obtained.

3. If any data request cannot be answered in full, answer to the extent possible and specify the reasons for your inability to answer fully.

4. For each data request, provide the name of the company witness(es) or employee(s) responsible for compiling and providing the information contained in each answer.

## **DISCOVERY REQUESTS**

### **GENERAL**

1. Produce copies of any all documents referred to or relied upon in responding to CMA's discovery requests.

2. Identify all persons known to you, your attorney(s) or other agent(s), who have knowledge, information or possess any document(s) or claim to have knowledge, information or possess any document(s) which support or contradict each or any fact you rely upon to support your contentions and request(s) for relief in this docket.

3. Produce a copy of all articles, journals, books or speeches written by or co-written by any expert witness(es) or other witness(es) of the Company, whether published or not.
4. Over the period 2001, 2002, 2003, 2004, 2005, and 2006, provide copies of TAWC's Annual Report to Shareholders, the annual report filed with the Tennessee Regulatory Authority, and all annual report-like documents filed with the Securities and Exchange Commission. To the extent you allege a final annual report does not exist, produce the most recent quarterly report(s) and any summary of "year-to-date" information for the year allegedly not finalized. To the extent you contend that any annual report(s) for the Company do not exist, produce such report(s) for any parent or affiliate in which the Company is included or reported, and produce any and all workpapers and communications to and from said parent or affiliate regarding or related to the Company's financial statements.
5. Please identify any restatements discussing the Company made in any annual report or financial statements by the Company or its affiliates since 2001, including any instances wherein the restatement was related to or arising from any governmental or regulatory action, shareholder complaint or derivative action, or any investigation (public or private) of the Company or its affiliates.
6. To the extent not already provided in response to the initial Data Requests by the Tennessee Regulatory Authority staff in this docket, please provide all workpapers on electronic spreadsheet and in hard copy format, along with copies of all reference material(s) and other sources relied upon by all witnesses for the Company in this proceeding.

### **RATE BASE**

7. Please provide a copy of TAWC's five-year and ten-year capital expenditure and operating expense budgets.
8. Please provide a tabulation of projected capital investment dollars for each of the Fiscal Years 2001 through 2006, the dollar amount of investment actually expended in each of those years, and whether the Company invested or failed to invest the amount it projected would be invested.

### **COST OF CAPITAL**

9. Please provide an electronic version of Dr. Vilbert's work papers with all formulas and file references intact.
10. With reference to Lines 1-4 on Page 9 of Mr. Miller's Direct Testimony, please provide a tabulation of the authorized rates of return in recent orders around the country that form the basis for TAWC's opinion that an 11% return on common equity is fair reasonable and representative of current investor expectations. Please include, but do not limit your response to, the jurisdictions, docket numbers, authorized return, and dates of issue of the orders surveyed by TAWC.
11. Please identify the process that TAWC uses to assess debt and equity capital.
12. Please identify the process that TAWC uses to access debt and equity capital.

13. Please identify the credit rating for all affiliates that work with TAWC to assess external debt markets.
14. Please identify the credit rating for all affiliates that work with TAWC to access external debt markets.
15. Please provide copies of credit rating reports issued for the TAWC affiliates referenced above by all credit rating agencies issued over the last two years (since January 1, 2005).
16. Please identify the annual cost of all affiliate transactions to TAWC including, but not limited to, identifying the affiliate(s) involved, providing a description of the service(s) provided, amount(s) involved and the date(s) of service(s).

#### **COST OF SERVICE AND RATE DESIGN**

17. Provide on electronic spreadsheet the cost of service model prepared and/or relied on by TAWC in this proceeding.
18. Provide all workpapers on electronic spreadsheet and in hard copy supporting or contradicting the cost of service model referred to in the preceding data request.
19. Provide any and all calculations or workpapers used to determine the revenue effect(s) of the proposed rate structure.

20. Provide any calculations or workpapers used to determine rate class impacts or customer impacts, individually for each and every tariff to which any change is proposed, resulting from the proposed rate structure.

21. With reference to Lines 13-16 on Page 9 of Mr. Herbert's Direct Testimony, please identify the "other similar systems" that were used to determine the relationship between maximum day and maximum hour ratios and produce any and all documents identifying, regarding or relating to such "other similar systems."

22. With reference to the paragraph beginning on Line 22 on Page 7 of Mr. Herbert's Direct Testimony, please state the authority used as a source for the equivalent meter and service line ratios (Classification Factors 10 and 11).

23. Please provide an electronic copy of the 2003 Cost of Service Study prepared by Mr. Herbert for the Tennessee-American Water Company in 2003, as referenced in Line 33 of the list of cases in which Mr. Herbert has participated.

24. Please identify in tabular format and provide a copy of all cost of service studies prepared by Mr. Herbert, or those working with him, for any other rate cases involving affiliates of TAWC or its parent(s) for the past ten (10) years including, but not limited to, a summary of the conclusion(s) of each such study, whether such study recognized a subsidy by one rate class benefiting another class of customers, whether his proposed rate design requested an increase

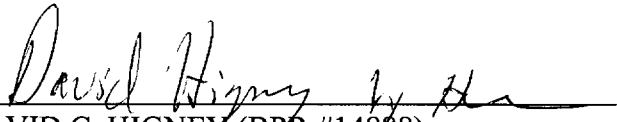


“across-the board” (*i.e.* allocated proportionally among the various customer classes so that each class, as a whole, would receive the same percentage increase as the other classes) or an increase that called for differential increases amongst customer classes (identifying the differential increases), whether his rate design was opposed, and whether his design was adopted.

25. Please identify and produce any and all documents concerning the Company’s marketing efforts that coincide with the filing and pursuit of the current rate case including, but not limited to, communications or documents concerning strategic advertising or marketing expense(s) at or near the time of the filing of the present rate case or any special project(s), fund(s), initiative(s), or focus group(s) by the Company or its parent(s) or affiliate(s), and identify whether such costs are included in base rates being considered in this docket.

Respectfully submitted,

GRANT, KONVALINKA & HARRISON, P.C.

By:   
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- and -

BOULT, CUMMINGS, CONNERS & BERRY, PLC

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Nashville, Tennessee 37203

**CERTIFICATE OF SERVICE**

I hereby certify that on this 23<sup>rd</sup> day of January 2007, a true and correct copy of the foregoing First Round of Discovery to Tennessee American Water Company was served either by fax, overnight delivery service or first class mail, postage prepaid, to all parties of record at their addresses shown below:

Richard Collier  
General Counsel  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 3 7243-00505

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Vance Broemel  
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