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February 12, 2007

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TN REGULATORY AUTHORITY  
GENERAL COUNSEL'S OFFICE

**VIA EMAIL AND U.S. MAIL**

Honorable J. Richard Collier  
General Counsel  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

***Re: Petition Of Tennessee American Water Company To Change And Increase Certain Rates And Charges So As To Permit It To Earn A Fair And Adequate Rate Of Return On Its Property Used And Useful In Furnishing Water Service To Its Customers; Docket No. 06-00290***

Dear Richard:

As discussed at the Status Conference on Friday, February 9, 2007, Petitioner Tennessee American Water Company respectfully submits the following list of discovery requests as to which the parties' agreements need to be stated more clearly and/or accurately than appears in the transcript of the proceeding:

A. City of Chattanooga Requests 1, 2, 13. Tennessee American Water has agreed to provide the schedules and backup schedules that were provided in its 2003 rate case relevant to the subjects of the requests.

B. City of Chattanooga Requests 11, 14, 15. Tennessee American Water has agreed to provide the investment budget summary from 2001 through 2006 and will identify those Investment Projects ("IP") that were included in the Comprehensive Planning Study of 2000. The City will advise Tennessee American Water of any IP projects it has further questions about, and Tennessee American Water will provide additional detail.

C. City of Chattanooga Request 38. Tennessee American Water has agreed to provide an explanation of why management fees under the management contract are projected to increase five percent.

D. Chattanooga Manufacturers Association Request 4. Tennessee American Water has agreed to provide the December 2006 TRA surveillance report as soon as it is prepared, which is expected to be by the end of this month. That report will contain year-to-date figures.

E. Consumer Advocate and Protection Division Requests 34, 36. Tennessee American Water has agreed to produce monthly information by allocating annual attrition year amounts based on historic year ratios.

Tennessee American Water wishes to make an additional clarification of its objections to all intervenors' discovery requests. Tennessee American Water objected to the discovery requests filed by each of the parties on the grounds that discovery requests were overbroad and unduly burdensome. Tennessee American Water also objected to discovery requests on the grounds that, as written, many appeared to seek information protected by the attorney client privilege and/or the work product doctrine. These overbreadth and burdensomeness objections include an objection to expending further effort to provide more detailed information about privileged documents on the grounds that, by virtue of the overbreadth of the requests, determining which privileged and work product documents may be called for, and assembling, reviewing and describing them, would itself impose an unreasonably burdensome expenditure of time, effort, and expense on Tennessee American Water. Accordingly, Tennessee American Water expressly reserves the right to further establish the applicability of a privilege to specific documents in the event that the Hearing Officer overrules Tennessee American Water's general and/or specific overbreadth and burdensomeness objections to specific discovery requests or otherwise orders responses to more narrowly-tailored versions of the moving parties' discovery requests.

Should you have any questions concerning any of the foregoing, please do not hesitate to contact me.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

RDG/ms

cc: Michael A. McMahon, Esq.  
Frederick L. Hitchcock, Esq.  
Vance Broemel, Esq.  
Henry Walker, Esq.  
David Higney, Esq.