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February 27, 2007

**VIA HAND-DELIVERY**

Chairman Sara Kyle  
c/o Sharla Dillon  
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 Chairman Kyle:

Enclosed please find an original and nine (9) copies of Tennessee American Water Company's Fourth Supplemental Response to City of Chattanooga's First Discovery Requests dated January 22, 2007. This supplement includes responses to Questions 18 and 19. Due to the voluminous size of the Excel spreadsheet, we are providing only one paper copying along with six (6) copies on the enclosed CDs.

Please return three copies of the Responses, which I would appreciate your stamping as "filed," and returning to me by way of our courier.

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

With kindest regards, I remain

Yours very truly,



R. Dale Grimes

RDG/ms  
Enclosures

Chairman Sara Kyle

February 27, 2007

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cc: Hon. Pat Miller (*w/o enclosure*)  
Hon. Ron Jones (*w/o enclosure*)  
Hon. Eddie Roberson (*w/o enclosure*)  
Ms. Darlene Standley, Chief of Utilities Division (*w/o enclosure*)  
Richard Collier, Esq. (*w/o enclosure*)  
Mr. Jerry Kettles, Chief of Economic Analysis & Policy Division (*w/o enclosure*)  
Ms. Pat Murphy (*w/o enclosure*)  
Michael A. McMahon, Esq. (*w/enclosure*)  
Frederick L. Hitchcock, Esq. (*w/enclosure*)  
Vance Broemel, Esq. (*w/enclosure*)  
Henry Walker, Esq. (*w/enclosure*)  
David Higney, Esq. (*w/enclosure*)  
Mr. John Watson (*w/o enclosure*)  
Mr. Michael A. Miller (*w/o enclosure*)

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

**IN RE:**

<b>PETITION OF TENNESSEE AMERICAN</b>	<b>)</b>	
<b>WATER COMPANY TO CHANGE AND</b>	<b>)</b>	
<b>INCREASE CERTAIN RATES AND CHARGES</b>	<b>)</b>	
<b>SO AS PERMIT IT TO EARN A FAIR AND</b>	<b>)</b>	
<b>ADEQUATE RATE OF RETURN ON ITS</b>	<b>)</b>	<b>Docket No. 06-00290</b>
<b>PROPERTY USED AND USEFUL IN</b>	<b>)</b>	
<b>FURNISHING WATER SERVICE TO ITS</b>	<b>)</b>	
<b>CUSTOMERS</b>	<b>)</b>	

**TENNESSEE AMERICAN WATER COMPANY'S FOURTH SUPPLEMENTAL  
RESPONSES TO CITY OF CHATTANOOGA'S FIRST DISCOVERY REQUESTS**

The Tennessee American Water Company, while expressly reserving its prior objections, hereby provides the following fourth supplemental responses to the First Discovery Requests from the City of Chattanooga:

**TENNESSEE AMERICAN WATER COMPANY**  
**Docket No. 06-00290**  
**City of Chattanooga Discovery Request No. 1**  
**Questions 18 and 19**

**FOURTH SUPPLEMENTAL RESPONSE**

**Responsible Witness: Michael Miller**

**Question:**

18. **Identify** all amounts paid by **TAWC** since January 1, 2000, to any **TAWC Parent or Affiliate**, and provide the information set forth in the following format:

Payment Date	Amount of Payment	Purpose of Payment	If Payment for Services, Amount of Time Reflected in Charge	Hourly Rate Charge	If for Equipment of Materials, Description of Each Piece of Equipment or Material	Unit Charge for Each Piece of Equipment or Material	Agreement Under Which Provided (89 Service Agreement or Other)

**Response:**

TAWC objects to this question on the grounds that it is overly burdensome, contains information not available in the format requested, and not relevant to this proceeding. Notwithstanding the objection, TAWC provides the following response. Attached are schedules from 2004 through 2006 detailing the payments to American Water Works Service Company, American Water Works Capital Corp, American Anglian Environmental and American Carbon Services. Detail of the AWWSC charges are provided in response to CAD-1 questions 18, 19, and 20, and in response to TRA-1-question 14.

**Supplemental Response:**

Attached to this response are several files as was agreed to be provided at the Status Conference. Attached are the monthly Service Company bills, the recap

of 2005 and 2006 service company charges to TAWC by functional department, the unburdened labor by employee number and functional department for 2005-2007, and an explanation of the Overhead Rate applied to the Service Company unburdened labor charges to TAWC. The Company can not provide the same sorting of the 2004 service company charges to TAWC due to a change in software. The 2004 recap of management fees by functional department or the unburdened hourly rates by employee by functional department is not available in the format requested.

**Supplemental Response 2:**

Attached are the excel files on CD containing the second supplemental information related to the American Water Works Service Company charges for each month from January 2005 through January 2007. The monthly information is sorted by employee number and functional department, and includes the hours charged to TAWC (tied into the hours on the previously provided Summary Service Company bills). The information also includes the unburdened hourly payroll rate for each employee and the payroll overhead rate.

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

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

AFFIDAVIT

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

I, MICHAEL MILLER, Treasurer/Comptroller for Tennessee American Water Company, do hereby certify that the foregoing Further Supplemental Response to the City of Chattanooga's Discovery Requests No. 18 & 19 was prepared by me or under my supervision and are true and accurate to the best of my knowledge and information.

DATED this 27 day of February, 2007.

Michael A. Miller  
(signature)

Michael A. Miller  
(printed name)

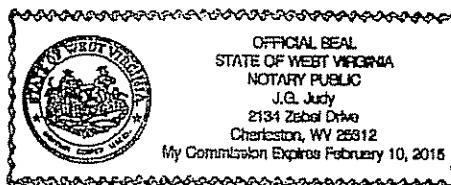
Sworn to and subscribed before me this 27th day of February, 2007.

J. L. Judy  
NOTARY PUBLIC

My Commission Expires:

February 10, 2015

6386720.1



Respectfully Submitted,

A handwritten signature in black ink, appearing to read "R. Dale Grimes", written over a horizontal line.

R. Dale Grimes (#6223)

J. Davidson French (#15442)

Ross I. Booher (#019304)

BASS, BERRY & SIMS PLC

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*Counsel for Petitioner*

*Tennessee American Water Company*

### CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the forgoing has been served via the method(s) indicated, on this the 27<sup>th</sup> day of February, 2007, upon the following:

<input type="checkbox"/> Hand-Delivery	Michael A. McMahan
<input type="checkbox"/> U.S. Mail	Special Counsel
<input type="checkbox"/> Facsimile	City of Chattanooga (Hamilton County)
<input checked="" type="checkbox"/> Overnight	Office of the City Attorney
<input checked="" type="checkbox"/> Email	Suite 400
	801 Broad Street
	Chattanooga, TN 37402

<input type="checkbox"/> Hand-Delivery	Frederick L. Hitchcock, Esq.
<input type="checkbox"/> U.S. Mail	Shareholder
<input type="checkbox"/> Facsimile	Chambliss, Bahner & Stophel, P.C.
<input checked="" type="checkbox"/> Overnight	1000 Tallan Building
<input checked="" type="checkbox"/> Email	Two Union Square
	Chattanooga, TN 37402

<input type="checkbox"/> Hand-Delivery	David C. Higney, Esq.
<input type="checkbox"/> U.S. Mail	Grant, Konvalinka & Harrison, P.C.
<input type="checkbox"/> Facsimile	633 Chestnut Street, 9 <sup>th</sup> Floor
<input checked="" type="checkbox"/> Overnight	Chattanooga, TN 37450
<input checked="" type="checkbox"/> Email	

<input checked="" type="checkbox"/> Hand-Delivery	Timothy C. Phillips, Esq.
<input type="checkbox"/> U.S. Mail	Vance Broemel, Esq.
<input type="checkbox"/> Facsimile	Stephen Butler, Esq.
<input type="checkbox"/> Overnight	Consumer Advocate and Protection Division
<input checked="" type="checkbox"/> Email	Office of Attorney General
	2nd Floor
	425 5th Avenue North
	Nashville, TN 37243-0491

<input checked="" type="checkbox"/> Hand-Delivery	Henry M. Walker, Esq.
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<input type="checkbox"/> Overnight	1600 Division Street
<input checked="" type="checkbox"/> Email	P.O. Box 340025
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