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February 28, 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 seventeen (17) copies of Tennessee American Water Company's Response to Joint Motion for Extension of Time to Submit Testimony and To Revise Procedural Schedule.

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 28, 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:

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

**TENNESSEE AMERICAN WATER COMPANY'S RESPONSE TO JOINT MOTION
FOR EXTENSION OF TIME TO SUBMIT TESTIMONY AND TO REVISE
PROCEDURAL SCHEDULE**

The Joint Motion for Extension of Time to Submit Testimony and to Revise Procedural Schedule ("Joint Motion") filed on February 23, 2007, by the City of Chattanooga (the "City") and the Chattanooga Manufacturers Association ("CMA") requesting an *eleven day* extension of the deadline for filing their pre-filed direct testimony and other schedule revisions should be denied. CMA and the City have already been granted one extension and have no basis for seeking another. The lengthy extension requested in the Joint Motion is not only unjustified, it will also squeeze the time for Tennessee American to obtain discovery and prepare its rebuttal testimony.

The Joint Motion should be denied as moot and unnecessary. On February 23, 2007 – within hours of the filing of the Joint Motion – the Hearing Officer issued the Order Granting Motion for Extension of Time and Modifying Procedural Schedule granting additional time to all the Intervenorors to file their testimony. Thus, the Hearing Officer has already modified the schedule to take into account the multiple Intervenorors in this case, the expansive nature of discovery to date, and discovery disputes that have arisen. The Order was issued in response to

the Motion for Extension of Time filed by the Consumer Advocate and Protection Division of the Office of the Attorney General (“CAPD”). The CAPD's motion represented that it was requesting additional time on behalf of all Intervenors in this matter. The additional time provided by the new schedule is more than sufficient, especially if the City and CMA will confine their discovery and testimony to issues that are directly relevant to this rate case instead of attempting to use this proceeding for other purposes.

The City and CMA have attempted to justify prolonging the schedule by implying that Tennessee American has not been cooperative in discovery thus far in this proceeding. *See* Mot. for Extension of Time to Submit Testimony and to Revise Procedural Schedule ¶ 4. This accusation is quite unfair. In fact, Tennessee American has produced voluminous material in response to the discovery requests in compliance with the deadlines in the Procedural Order, despite the highly objectionable nature of many of the City and CMA’s discovery requests. On February 6 and 7, 2007, in response to 38 questions from the City and 25 questions from the CMA, Tennessee American produced approximately 1050 pages of requested material and 2 CD’s of additional material. These parties also received copies of approximately 550 pages of material and 3 CD's, responding to 68 requests propounded by the CAPD. In addition, all parties had previously been provided copies of approximately 3500 pages and 1 CD, responding to 87 data requests from the TRA Staff in December 2006.

Tennessee American also properly objected to some of the City and CMA's requests as unreasonably broad, burdensome, and otherwise objectionable. Due to the timing of the Status Conference, the parties quickly resolved a good many of these objections by the narrowing of the questions to reasonable scope. Immediately thereafter, Tennessee American supplemented its discovery responses to the City with approximately 285 pages and 6 CD’s and supplemented its

responses to the CMA with approximately 100 pages and 2 CD's of requested information. All but a relatively small portion of this production was completed by the February 14 deadline. A small amount of material was provided to the City after the deadline as a result of a further narrowing of its requests by the City. Any subsequent production of requested materials has been minor in scale and scope, and resulted solely from the overbreadth of the Intervenor's original requests. Tennessee American's willingness to continue to try to accommodate the City's requests does not mean that its objections were invalid or that the material subsequently produced was relevant or necessary to the City's testimony.

In fact, the only outstanding issue with respect to discovery at this moment relates to the Intervenor's effort to obtain discovery of materials relevant to the initial public offering of Tennessee American's parent company -- materials that would be wholly irrelevant to this rate case. There is no reason for the City and CMA to stall filing their testimony awaiting a decision on that issue. The proof that this information is not relevant is in the CAPD's willingness to file testimony with the obvious knowledge that it would not have the IPO materials before filing.

Tennessee American has in all material respects adhered to the deadlines in the Procedural Order as well as agreements reached with the parties at the Status Conference. In fact, CMA has publicly acknowledged Tennessee American's responsiveness stating, "[p]lease note that we appreciate the efforts of the Company to provide materials responsive to CMA's requests." See CMA Letter to Richard Collier dated February 16, 2007 at ¶ 1. It is difficult to understand the CMA's joinder in this motion given its acknowledgment of Tennessee American's efforts and cooperation.

Tennessee American also notes the finding in the Hearing Officer's recent Order granting the existing extension to all Intervenor's. "The Hearing Officer is appreciative of the efforts of all

parties to adhere strictly to the dates in the procedural schedule, the difficult task of producing a vast amount of documentation, and the preparation of motions and oral arguments in short order." Order, at 3 (February 23, 2007).

Because the recently modified schedule provides sufficient time for the Intervenor to prepare and file their testimony, and because Tennessee American has acted reasonably and timely in responding to the Intervenor's expansive discovery requests, Tennessee American respectfully requests that the Joint Motion be denied as moot and unnecessary.

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)

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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 foregoing has been served via the method(s) indicated, on this the _____ day of February, 2007, upon the following:

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