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March 14, 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:

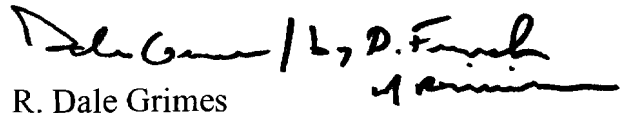
Enclosed please find an original and sixteen (16) copies of Tennessee American Water Company's Discovery Requests to City of Chattanooga.

Please return three copies of the Discovery Requests, 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

March 14, 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 DISCOVERY REQUESTS TO CITY
OF CHATTANOOGA**

Petitioner Tennessee American Water Company ("Petitioner" or "TAWC") serves these Discovery Requests on the City of Chattanooga (the "City"), and asks that the City provide responses to each request separately, fully, and in writing. The City is also called upon to produce all documents and evidence requested herein. Furthermore, the City is called upon to fulfill its duty to supplement its answers as far in advance of the beginning of any hearing as is reasonably possible if it is learned that any response is in any material respect incomplete, incorrect or has changed.

In these discovery requests, the terms "document" or "documents" or "documentation" refers to all written, reported, recorded or graphic matter (including all drafts, originals and nonconforming copies that contain deletions, insertions, handwritten notes or comments, and the like) however produced or reproduced to any tangible or intangible, permanent or temporary record and, without limitation, shall include the following: all letters, correspondence, records of conferences or meetings, memoranda, notes, printed electronic mail ("e-mail"), telegrams, telephone logs, teletypes, telexes, banking records, notices of wire transfer of funds, canceled

checks, books of account, budgets, financial records, contracts, agreements, invoices, speeches, transcripts, depositions, press releases, affidavits, communications with government bodies, interoffice communications, working papers, newspaper or magazine articles, computer data, tax returns, vouchers, papers similar to any of the foregoing, and any other writings of every kind and description (whether or not actually used) and any other records from which information can be obtained and translated into reasonably usable form, including without limitation, e-mail, voice recordings, video and audio recordings, photographs, films, tapes and other data compilations.

DISCOVERY REQUEST NO. 1:

State each fact that you rely on to support your contention(s), position(s) or belief(s) that any of the request(s) for relief, including any increase in rates, made by TAWC in TRA Docket No. 06-00290 should not be approved by the Tennessee Regulatory Authority ("TRA").

RESPONSE:

DISCOVERY REQUEST NO. 2:

Identify all persons known to you, your attorney, or other agent who have knowledge, information or possess any document(s) or claim to have knowledge, information or possess any document(s) which support your answer to Interrogatory number one (1) above.

RESPONSE:

DISCOVERY REQUEST NO. 3:

Identify each document, photograph, or any other article or thing whatsoever, which you rely on to corroborate any part of your contention(s), position(s) or belief(s) that any of the request(s) for relief, including any increase in rates, made by TAWC in TRA Docket No. 06-00290 should not be approved, whether as to the issues of credibility or any other issue, or which is adverse to these same contention(s), position(s) or belief(s).

RESPONSE:

DISCOVERY REQUEST NO. 4:

With respect to each person you expect to call as a witness, including any expert witness, regarding this matter, state or provide:

- a. the witness's full name and work address;

RESPONSE:

- b. each subject matter about which such witness is expected to testify;

RESPONSE:

- c. the substance of the facts and opinions to which any expert is expected to testify;

RESPONSE:

d. a summary of the grounds or basis of each opinion to which any such expert witness is expected to testify;

RESPONSE:

e. whether or not the expert has prepared a report, letter or memorandum of his findings, conclusions, or opinions;

RESPONSE:

f. the witness's complete background information, including current employer, educational, professional and employment history, and qualifications within the field in which the witness is expected to testify, and identify all publications written or presentations made in whole or in part by the witness;

RESPONSE:

g. an identification of any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;

RESPONSE:

h. the identity of any person with whom the witness consulted or otherwise communicated in connection with his expected testimony;

RESPONSE:

i. the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;

RESPONSE:

j. the identity of all documents or things shown to, delivered to, received from, relied upon, or prepared by any expert witness, which are related to the witness' expected testimony in this case, whether or not such documents are supportive of such testimony, including without limitation all documents or things provided to that expert for review in connection with testimony and opinions; and

RESPONSE:

k. the identity of any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert.

RESPONSE:

DISCOVERY REQUEST NO. 5:

Provide any and all documents identified or specified in your answers or responses to the discovery requests served upon you in this matter.

RESPONSE:

DISCOVERY REQUEST NO. 6:

Provide any and all documents and things relied upon, referenced, created or reviewed by any City witness in providing testimony in this matter.

RESPONSE:

DISCOVERY REQUEST NO. 7:

Provide any and all expert reports which have been obtained from any expert.

RESPONSE:

DISCOVERY REQUEST NO. 8:

Provide each document, photograph, or any other article or thing whatsoever, upon which you rely in support of your contention(s), position(s) or belief(s) that any of the request(s) for relief, including any increase in rates, made by TAWC in TRA Docket No. 06-00290 should not be approved.

RESPONSE:

DISCOVERY REQUEST NO. 9:

Provide in electronic media (Word, Excel, or other Microsoft Office compatible format) and in hard copy all workpapers and other documents, generated by or relied upon by all City witnesses.

RESPONSE:

DISCOVERY REQUEST NO. 10:

Please produce a copy of all trade articles, journals, treatises and publications of any kind in any way utilized or relied upon by any of City's proposed expert witnesses in evaluating, reaching conclusions or formulating an opinion in the captioned matter.

RESPONSE:

DISCOVERY REQUEST NO. 11:

Please produce a copy of all articles, journals, books or speeches written by or co-written by any of City's expert witnesses, whether published or not.

RESPONSE:

DISCOVERY REQUEST NO. 12:

Please produce any and all documentation, items, reports, data, communications, and evidence of any kind that City intends to offer as evidence at the hearing or to refer to in any way at the hearing.

RESPONSE:

DISCOVERY REQUEST NO. 13:

Please produce copies of any and all documents referred to or relied upon in responding to these discovery requests.

RESPONSE:

DISCOVERY REQUEST NO. 14:

Please identify each person who provided information or participated in the preparation of the responses to each of these discovery requests, and for each such person specify the responses to which he or she provided information or participated in preparing, and describe the information provided or the participation in preparation.

RESPONSE:

DISCOVERY REQUEST NO. 15:

Given that increases in the wastewater disposal rates charged by the Waste Water Division of the Public Works Department of the City of Chattanooga (“Waste Water Division”) for sewer or waste water services are passed to TAWC as a customer of that system, and those increases must be recovered in the rates of TAWC as approved by the TRA, please provide:

- a. The percentage of rate increases each year issued by the City of Chattanooga Waste Water Division for sewer or waste water services from 1996 through 2006. Please provide this information in a table format that indicates the date of each increase, the overall percentage increase, the percentage increase to each class of customers (i.e. residential, commercial, industrial, etc.) and the specific increase to TAWC if different than the percentage increase for its customer classification.

RESPONSE:

- b. Any studies, reports, correspondence, Waste Water Division Minutes, City Council or Committee Minutes, resolutions or ordinances, or other documents of any kind addressing such rate increases, including any documents addressing the basis for the increase in sewer rates, and the allocations of such increases between the various customer classifications or specific customers.

RESPONSE:

- c. A description of the process and basis the City uses to determine whether to increase sewer or wastewater rates and the amount of any such increase.

RESPONSE:

- d. The Chattanooga Waste Water Division annual reports or financial statements for fiscal years 2001-2006.

RESPONSE:

- e. The Chattanooga Waste Water Division Utility Plant Balances for the fiscal years 2001-2006 and provide the Capital Budgets each year for the same periods for the City sewer or wastewater operations.

RESPONSE:

- f. A list of any deferred capital improvements or projects for the years 2001-2006.

RESPONSE:

DISCOVERY REQUEST NO. 16:

Given that increases in street opening and other construction permit fees imposed by the City of Chattanooga have been identified as one of the drivers for the increased cost of new services, please provide:

- a. A schedule showing all street opening and other construction permits applicable to TAWC for each year from 2001-2006. Please provide this information in a table format that indicates each fee type, the fee cost, the date of any change in the fee amount, and the percentage increase from year to year.

RESPONSE:

- b. Any studies, reports, correspondence, City Council Minutes, committee minutes, and resolutions or other documents of any kind addressing the fee increases, including any documents addressing the basis for the increase in the permit fees identified in the table provided in response to the previous sub-part of this question.

RESPONSE:

- c. Identify all other utilities that are required to pay the street opening and construction permits and any utilities that are exempt or that pay reduced amounts.

RESPONSE:

- d. Identify any utilities that have contested or refused to pay the street opening and construction permit fees, and identify what enforcement action, if any, the City has taken to collect the fees, and produce all documents referring or relating thereto.

RESPONSE:

DISCOVERY REQUEST NO. 17:

Given that increases in the rates charged by the City of Chattanooga Electric Power Board (“EPB”) for electric service are passed to TAWC as a customer of that system, and those increases must be recovered in the rates of TAWC as approved by the TRA, please provide:

- a. The percentage of rate increases each year issued by the City of Chattanooga EPB for electric service from 1996 through 2006. Please provide this information in a table format that indicates the date of each increase, the overall percentage increase, the percentage increase to each class of customers (i.e. residential, commercial, industrial, etc.) and the specific increase to TAWC if different than the percentage increase for its customer classification.

RESPONSE:

- b. Any studies, reports, correspondence, EPB Minutes, City Council or Committee Minutes, ordinances, resolutions, or other documents of any kind addressing such rate increases, including any documents addressing the basis for the increase in electric rates, and the allocations of such increases between the various customer classifications or specific customers.

RESPONSE:

- c. The City of Chattanooga EPB annual reports or financial statements for fiscal years 2001-2006.

RESPONSE:

- d. The City of Chattanooga EPB Utility Plant Balances for the fiscal years 2001-2006 and provide the Capital Budgets for each year for the same periods.

RESPONSE:

DISCOVERY REQUEST NO. 18

Given that increases in tax rates and assessments from the City of Chattanooga are passed to TAWC as a tax payer in the City, and those increases must be recovered in the rates of TAWC as approved by the TRA, please provide:

- a. The percentage of tax increases each year by the City of Chattanooga from 1996-2006. Please provide this information in a table format that indicates the type of tax, the tax rate, the valuation method, percentage used for valuation (if applicable), the date of any change in tax rate or valuation percentage (if applicable), and the percentage increase from year to year.

RESPONSE:

- b. Any studies, reports, correspondence, City Council Minutes, committee minutes, ordinances, resolutions, or other documents of any kind addressing the tax increases, including any documents addressing the basis for the increase in the tax or valuation percentages identified in the table provided in response to the previous request.

RESPONSE:

- c. Any studies, reports, correspondence, City Council Minutes, committee minutes, ordinances, resolutions, or other documents of any kind containing discussion of any adjustments to the various tax rates as a result of the savings the City has experienced from the elimination of the public fire hydrant fees in TAWC's tariffs.

RESPONSE:

DISCOVERY REQUEST NO. 19:

Please provide any studies, reports, correspondence, City Council Minutes, committee minutes, ordinances, resolutions, or other documents of any kind reflecting discussions or requests to TAWC to make capital improvements between 2001-2006. This discovery request would apply but is not limited to capital improvements for such items as fire protection, downtown renovations, service problems, economic development, or street improvements.

RESPONSE:

DISCOVERY REQUEST NO. 20:

Please provide any studies, reports, correspondence, City Council Minutes, committee minutes, ordinances, resolutions, or other documents of any kind in which the City or any representative of the City has discussed the level of service provided by TAWC between 2001-2006.

RESPONSE:

DISCOVERY REQUEST NO. 21:

Please provide the hours of operations and the days of the week which the City of Chattanooga 311 Call Center referenced in the testimony of Mark Keil is open.

RESPONSE:

DISCOVERY REQUEST NO. 22:

Is the City of Chattanooga 311 Call Center Open on Holidays?

RESPONSE:

DISCOVERY REQUEST NO. 23:

Please provide the following information for the City of Chattanooga 311 Call Center for the years 2005 and 2006:

- a. A detailed break down of costs (i.e. labor, benefits, building costs or rent, utility expenses, telephone expense, information technology (IT costs), contractor services, office supplies, etc.)

RESPONSE:

- b. The average hourly rate for each service representative.

RESPONSE:

- c. The salaries of any management employees.

RESPONSE:

- d. How much of Mr. Keil's salary, benefits and expenses are allocated to the 311 Call Center?

RESPONSE:

- e. The total number of customer contacts received each year.

RESPONSE:

- f. The average cost per customer contact.

RESPONSE:

- g. Copies of all customer satisfaction surveys referenced in Mr. Keil's testimony for both years.

RESPONSE:

- h. Key performance indicators and results used to measure performance.

RESPONSE:

- i. Describe all services provided by 311 call centers.

RESPONSE:

DISCOVERY REQUEST NO. 24:

Do the 311 Call Center employees address service or billing problems or simply pass those to the service provider (i.e. Waste Water Division, EPB, etc.)?

RESPONSE:

DISCOVERY REQUEST NO. 25:

Do the 311 Call Center employees produce the bills or perform meter reading edits and billing edits for the various City Departments for which it provides services (i.e. Waste Water Division, EPB, etc.)?

RESPONSE:

DISCOVERY REQUEST NO. 26:

Do the 311 Call Center employees handle bill collection efforts for the various City Departments for which it provides services?

RESPONSE:

DISCOVERY REQUEST NO. 27:

Do the 311 Call Center employees close (i.e., enter the results of the field work) service orders for the various City Departments for which it provides services?

RESPONSE:

DISCOVERY REQUEST NO. 28:

Please provide the engagement letter, contract and any other correspondence between the City of Chattanooga and Raftelis Financial Consultants, Inc. for any engagement with the City of Chattanooga during the last five years, and identify the total costs and/or fees incurred or paid by the City of Chattanooga to Raftelis Financial Consultants, Inc.

RESPONSE:

DISCOVERY REQUEST NO. 29:

Please provide a schedule showing all franchise fee revenue received by the City from Comcast or its predecessors for each year from 2001-2006. Please provide an estimate of the expected increase in revenue resulting from Ordinance No. 11940 or any other ordinances passed in the past year granting a franchise to Comcast and; the expected percentage increase on Comcast customer bills and; any City Council or Committee minutes, studies, correspondence, memoranda, ordinance, resolutions, or other documents which refer or relate in any way to such increase in franchise fees.

RESPONSE:

DISCOVERY REQUEST NO. 30:

Please provide copies of the deposition or hearing testimony identified in response to any of these requests.

RESPONSE:

Respectfully submitted,



R. Dale Grimes (#6223)
J. Davidson French (#15442)
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(615) 742-6200

*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 14th day of March, 2007, upon the following:

<input type="checkbox"/> Hand	Michael A. McMahan
<input type="checkbox"/> 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 checked="" type="checkbox"/> Hand	Timothy C. Phillips, Esq.
<input type="checkbox"/> Mail	Vance L. Broemel, Esq.
<input type="checkbox"/> Facsimile	Office of the Attorney General
<input type="checkbox"/> Overnight	Consumer Advocate and Protection Division
<input checked="" type="checkbox"/> Email	2nd Floor
	425 5th Avenue North
	Nashville, TN 37243-0491
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<input type="checkbox"/> Mail	Boult, Cummings, Connors & Berry, PLC
<input type="checkbox"/> Facsimile	Suite 700
<input type="checkbox"/> Overnight	1600 Division Street
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<input type="checkbox"/> Hand	Frederick L. Hitchcock, Esq.
<input type="checkbox"/> Mail	Chambliss, Bahner & Stophel, P.C.
<input type="checkbox"/> Facsimile	1000 Tallan Building
<input checked="" type="checkbox"/> Overnight	Two Union Square
<input checked="" type="checkbox"/> Email	Chattanooga, TN 37402

