

BASS, BERRY & SIMS PLC
A PROFESSIONAL LIMITED LIABILITY COMPANY
ATTORNEYS AT LAW

ROSS BOOHER
TEL: (615) 742-7764
FAX: (615) 742-0450
rboohar@bassberry.com

AMSOUTH CENTER
315 DEADERICK STREET, SUITE 2700
NASHVILLE, TN 37238-3001
(615) 742-6200

www.bassberry.com

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March 23, 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 Objections, Pursuant to the Supplemental Protective Order, to Delivery of Highly Confidential Information to Dan Johnson, Marlin L. Mosby, W. Kevin Thompson and/or PFM, and, in the Alternative, Motion to Stay Disclosure until the Status of the Supplemental Protective Order and March 1, 2007 Order Compelling Production are finally Determined.

Please return three copies of this document, 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.

Sincerely,



Ross Booher

RB/cw
Enclosures

Chairman Sara Kyle

March 23, 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 OBJECTIONS, PURSUANT TO THE
SUPPLEMENTAL PROTECTIVE ORDER, TO DELIVERY OF HIGHLY
CONFIDENTIAL INFORMATION TO DAN JOHNSON, MARLIN L. MOSBY, W.
KEVIN THOMPSON AND/OR PFM, AND, IN THE ALTERNATIVE, MOTION TO
STAY DISCLOSURE UNTIL THE STATUS OF THE SUPPLEMENTAL PROTECTIVE
ORDER AND MARCH 1, 2007 ORDER COMPELLING PRODUCTION ARE FINALLY
DETERMINED**

Pursuant to the terms of the Supplemental Protective Order (“SPO”), Tennessee American Water Company (“TAWC”) objects to the disclosure of any information designated as highly confidential information to Dan Johnson (“Mr. Johnson”), Chief of Staff to Mayor Ron Littlefield, and to Marlin L. Mosby (“Mr. Mosby”) and W. Kevin Thompson (“Mr. Thompson”) of Public Financial Management (“PFM”), and/or to any other person employed by or affiliated with PFM.

By letter of March 21, 2007, Michael McMahan, counsel for the City of Chattanooga (“City”), informed TAWC of the City’s intention to provide access to TAWC’s highly confidential information to Messrs. Johnson, Mosby, and Thompson. Such access for these individuals is inconsistent with the SPO and Protective Order and/or is unwarranted and potentially highly prejudicial to TAWC.

1. Mr. Mosby and Mr. Thompson Currently Have No Role in This Rate Case And So Are Not Entitled to Receive Highly Confidential Information

The City notes in its March 21, 2007 letter that Mr. Mosby, Mr. Thompson, and PFM have not been retained as experts by the City in this rate case.¹ (See March 21, 2007 letter, Attached as Exhibit A). Based on the City's letter, Mr. Mosby, Mr. Thompson, and PFM presently have no role in this rate case. The SPO, in conjunction with the Protective Order issued on January 19, 2007 ("Protective Order"), limits disclosure of highly confidential information to the authorized persons specifically identified in the Protective Order. (See SPO, ¶ 8(c); Protective Order ¶ 3.) Because they are not employed or retained by the City, Mr. Mosby, Mr. Thompson, and PFM currently do not qualify as authorized persons under the Protective Order and SPO. (See *Id.*) For this reason alone, Mr. Mosby, Mr. Thompson, and PFM should not be provided access to the highly confidential information.

2. Providing Access to the Highly Confidential Information to Messrs. Johnson, Mosby, Thompson, and/or PFM Would Irreparably and Unreasonably Prejudice TAWC.

The SPO also prohibits the use of any highly confidential information for any purpose other than the present rate case. (See SPO, ¶ 8(a).) PFM previously was directly involved in the City's failed attempt to use its power of eminent domain to condemn TAWC. It is unreasonable for TAWC to be asked to deliver its most highly confidential information into the hands of individuals or a company who in the past have taken, and who in the future may take, actions

¹ Pursuant to paragraph 8(d) of the SPO, TAWC must submit an objection to disclosure of the highly confidential information within two days of receiving a party's written notice of intent to disclose. To avoid waiving this right, TAWC must object now.

that are a direct competitive threat to TAWC and whose individual access to TAWC's highly confidential information is not essential to the City's participation in this rate case.²

Likewise, Mr. Johnson should not be entitled to access TAWC's highly confidential information because he too could use that information to materially prejudice TAWC in other matters in the future, and his need, if any, for access to the highly confidential information is not essential to the City's participation in this rate case. In his position as Chief of Staff to Mayor Littlefield, Mr. Johnson is in a position to influence future dealings between the City and TAWC, including any exercise of the City's power of eminent domain. Any benefit to the City of granting Mr. Johnson access to the highly confidential information is far outweighed by the irreparable prejudice TAWC could suffer. Courts have similarly denied party employees access to sensitive information where a party's knowledge of certain discoverable facts could create a risk that the party would later be unable to separate this knowledge from knowledge or ideas obtained otherwise. *See Safe Flight Instrument Corp. v. Sundstrand Data Control, Inc.*, 682 F. Supp. 20, 22 (D. Del. 1988) (holding that the president of a corporate party could not be permitted access to commercially sensitive information because the court questioned "his human ability during future years of research to separate the applications he has extrapolated from (the other party's) documents from those he develops from his own ideas."). Further, the Protective Order, which is to be read in concert with the SPO, limits access to confidential information to employees of a party "having a need to know." (*See* Protective Order, ¶ 3(c).) The City has not stated a sufficient reason why Mr. Johnson needs to know TAWC's highly confidential information.

² Further, TAWC does not have any information regarding the other engagements of Mr. Mosby, Mr. Thompson, and/or PFM and has no way to evaluate whether those engagements might pose a conflict of interest that would increase the danger of or damage caused by the inappropriate disclosure of the highly confidential information.

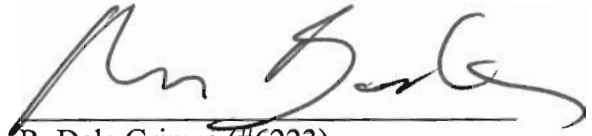
In sum, the risks associated with the disclosure of highly confidential information to Messrs. Johnson, Mosby, Thompson, and/or any other employee of PFM are too great to justify disclosure under the present circumstances. Messrs. Mosby, Thompson, and Johnson have been, are, and likely will be in a position where their knowledge of the highly confidential information may be used to materially prejudice TAWC in matters other than this rate case. And even though the SPO bars the future use of highly confidential information received in this rate case, it will likely be impossible for these individuals to “unlearn” the information they would learn by reviewing the highly confidential information. Additionally, these individuals’ access to highly confidential information is not critical to their or the City’s participation in this rate case. Accordingly, TAWC respectfully objects to the disclosure of highly confidential information to Messrs. Johnson, Mosby, Thompson, and/or to any employee of PFM.

Conclusion

For the foregoing reasons, TAWC objects to the disclosure of highly confidential information to Messrs. Johnson, Mosby, Thompson, and/or any other employee of PFM and requests that the Hearing Officer enter an order denying such access. Should the Hearing Officer determine that Messrs. Johnson, Mosby, and/or Thompson may receive given access to the highly confidential information, in light of the fact that motions have been filed which seek the reconsideration of the SPO and the IPO Order,³ TAWC respectfully requests that such decision or order be stayed until the status of the SPO and IPO Order have been fully resolved.

³ The Order issued on March 1, 2007 compelling production of certain information relating to an upcoming initial public offering.

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

315 Deaderick Street, Suite 2700

Nashville, TN 37238-3001

(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 23rd 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	425 5th Avenue North, 2 nd Floor
	Nashville, TN 37243
<input checked="" type="checkbox"/> Hand	Henry M. Walker, Esq.
<input type="checkbox"/> Mail	Boult, Cummings, Conners & Berry, PLC
<input type="checkbox"/> Facsimile	Suite 700
<input type="checkbox"/> Overnight	1600 Division Street
<input checked="" type="checkbox"/> Email	Nashville, TN 37203
<input type="checkbox"/> Hand	David C. Higney, Esq.
<input type="checkbox"/> Mail	Grant, Konvalinka & Harrison, P.C.
<input type="checkbox"/> Facsimile	633 Chestnut Street, 9 th Floor
<input checked="" type="checkbox"/> Overnight	Chattanooga, TN 37450
<input checked="" type="checkbox"/> Email	
<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





City of Chattanooga

Randall L. Nelson
City Attorney

OFFICE OF THE CITY ATTORNEY
801 BROAD STREET, SUITE 400
Chattanooga, Tennessee 37402
AREA CODE (423) 757-5338
FAX: (423) 756-0737

Michael A. McMahan
Phillip A. Noblett
Kenneth O. Fritz
D. Marty Lasley
Crystal Freiberg
Valerie L. Malueg
Special Counsel

March 21, 2007

VIA E-MAIL & U.S. MAIL

R. Dale Grimes, Esq.
J. Davidson French, Esq.
Ross Booher, Esq.
BASS, BERRY & SIMS, PLC
315 Deaderick Street, Suite 2700
Nashville, TN 37238-3001

RE: *Tennessee American Water Company, Petition 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 Services to its
Customers*
TRA Docket No. 06-00290

Dear Mr. Grimes:

Pursuant to paragraph 8(c) of the Supplemental Protective Order, please be advised that the City of Chattanooga hereby provides notice of its intent to provide access to the Highly Confidential Information to the following persons:

1. Dan Johnson, CPA, Chief of Staff for Mayor Ron Littlefield, City of Chattanooga, City Hall, 1001 Lindsay Street, Chattanooga, TN 37402;
2. Marlin L. Mosby, Public Financial Management, 530 Oak Court Drive, Suite 145, Memphis, TN 38117; and
3. W. Kevin Thompson, Public Financial Management, 530 Oak Court Drive, Suite 145, Memphis, TN 38117.




R. Dale Grimes, Esq.
J. Davidson French, Esq.
Ross Booher, Esq.
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March 21, 2007

Marlin L. Mosby and W. Kevin Thompson are being listed at this time as possible recipients of the information. Dan Johnson will be the first person to review the information as a corporate representative of the City and will consult with counsel to decide whether or not to retain PFM as potential experts. In light of the time schedule involved, I am providing advance notice of the potential for disclosure of the information to PFM.

I would hope that you will authorize immediate disclosure of the information to Dan Johnson so that we may try to keep this case moving as fast as possible for our mutual benefit.

Sincerely,



MICHAEL A. McMAHAN
Special Counsel

MAM/mms

cc: J. Richard Collier, Esq. (via e-mail & U.S. Mail)
Mr. Jerry Kettles (via e-mail & U.S. Mail)
Robert E. Cooper, Jr., Attorney General (via e-mail & U.S. Mail)
David C. Higney, Esq./Catharine Giannasi, Esq. (via e-mail & U.S. Mail)
Henry M. Walker, Esq. (via e-mail & U.S. Mail)
Frederick L. Hitchcock, Esq. (via e-mail & U.S. Mail)
Harold L. North, Esq. (via e-mail & U.S. Mail)