



## City of Chattanooga

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March 30, 2007

**VIA FEDERAL EXPRESS**  
**AND VIA E-MAIL**

Honorable Sara Kyle  
Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

**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 Chairman Kyle:

Enclosed for filing are an original and four copies of the City of Chattanooga's Discovery Responses to TAWC. If you have any questions, please contact me.

Sincerely,

*Michael A. McMahan*  
(mms)

MICHAEL A. McMAHAN  
Special Counsel

MAM/mms  
Enclosures

cc:     J. Richard Collier, Esq./Mr. Jerry Kettles  
        R. Dale Grimes, Esq./J. Davidson French, Esq.  
        Robert E. Cooper, Jr., Attorney General  
        David C. Higney, Esq./Catharine Giannasi, Esq.  
        Henry M. Walker, Esq.  
        Frederick L. Hitchcock, Esq./Harold L. North, Esq.

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

FILED  
7007148-3 D. 2-19

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. :

DOCKET NO. 06-00290

**AFFIDAVIT OF L. DAN JOHNSON**

**STATE OF TENNESSEE**

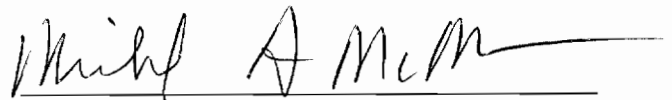
**COUNTY OF HAMILTON**

I, L. DAN JOHNSON, Chief of Staff for Mayor Ron Littlefield, City of Chattanooga, Tennessee, do hereby certify that the foregoing responses to the Discovery Requests to the City of Chattanooga were prepared under my general supervision and are true and accurate to the best of my knowledge and information.

DATED this 30 day of March, 2007.

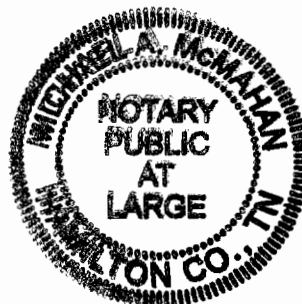
  
L. DAN JOHNSON

Sworn to and subscribed before me this 30 day of March, 2007.

  
NOTARY PUBLIC

My Commission Expires:

8/12/07



BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

TENNESSEE AMERICAN WATER COMPANY, :	
PETITION TO CHANGE AND INCREASE :	DOCKET NO. 06-00290
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. :	

**CITY OF CHATTANOOGA’S DISCOVERY RESPONSES TO TAWC**

City of Chattanooga (“City”) responds to the Tennessee American Water Company’s (“TAWC”) discovery requests as follows:

**GENERAL OBJECTIONS**

(1) Chattanooga objects to all requests that seek information protected by the attorney-client privilege, the work product doctrine, and/or any other applicable privilege or restriction on disclosure.

(2) Chattanooga objects to the definitions and instructions accompanying requests to the extent definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by the Tennessee Rules of Civil Procedure or the rules, regulations, and orders of the Tennessee Regulatory Authority.

(3) Chattanooga objects to the definitions of the words “document” or “documents” or “documentation” that accompany the requests, because such definitions are overbroad and unduly burdensome.

(4) Chattanooga is providing its objections herein without waiver of, or prejudice to, its right at any later time to raise objections to: (a) the competence, relevance, materiality, privilege,

or admissibility of the response, or the subject matter thereof; and (b) the use of any response or subject matter thereof, in any subsequent proceedings.

(5) Chattanooga objects to each request to the extent that it is unreasonably cumulative or duplicative or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

(6) Chattanooga objects to each request to the extent it is premature such that it seeks information concerning matters about which discovery is ongoing and/or seeks information to be provided by expert witnesses.

(7) Chattanooga's specific objections to each request shall be in addition to the General Objections set forth in this section. These General Objections form a part of each discovery response, and they are set forth here to avoid the duplication and repetition of restating them for each discovery response. The absence of a reference to a General Objection in response to a particular request does not constitute a waiver of any General Objection with respect to that discovery request. All responses are made subject to and without waiver of Chattanooga's general and specific objections.

(8) Chattanooga objects to TAWC's discovery requests that seek information concerning rates, costs or charges or municipal services or municipally-owned utilities owned and/or operated by the City of Chattanooga or any of its boards or agencies, as such discovery seeks information that is totally irrelevant to these proceedings and cannot reasonably be expected to lead to the discovery of admissible evidence.

(9) Chattanooga objects to TAWC's discovery requests that seek information concerning tax rates or expenditures of the City of Chattanooga or any other local government, as such discovery seeks information that is totally irrelevant to these proceedings and cannot reasonably be expected to lead to the discovery of admissible evidence.

(10) Chattanooga objects to TAWC's discovery requests that seek information concerning fees charged or received by the City of Chattanooga or any of its boards or agencies, as such discovery seeks information that is totally irrelevant to these proceedings and cannot reasonably be expected to lead to the discovery of admissible evidence.

**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:**

See General Objections 1 through 7. Without waiving these objections, the City of Chattanooga relies upon the pre-filed testimony and exhibits it has filed on this case and upon the pre-filed testimony and exhibits filed by the Chattanooga Manufacturer's Association and the Consumer Advocate.

**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:**

See General Objections 1 through 7. Without waiving these objections, the City of Chattanooga relies upon the pre-filed testimony and exhibits it has filed on this case and upon the pre-filed testimony and exhibits filed by the Chattanooga Manufacturer's Association and the Consumer Advocate.

**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. 0600290 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:**

See General Objections 1 through 7. Without waiving these objections, the City of Chattanooga relies upon the pre-filed testimony and exhibits it has filed on this case and upon the pre-filed testimony and exhibits filed by the Chattanooga Manufacturer's Association and the Consumer Advocate.

**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:**

See the pre-filed testimonies of:

1. Mayor Ron Littlefield, City of Chattanooga, City Hall, East 11<sup>th</sup> Street, Chattanooga, TN 37402;
2. David Bennett, Maintenance Supervisor, City of Chattanooga, Department of Parks and Recreation, Watkins Street, Chattanooga, TN 37402;
3. Mark Keil, Chief Information Officer, City of Chattanooga, City Hall, East 11<sup>th</sup> Street, Chattanooga, TN 37402;
4. Harold J. Smith, Vice President of Raftelis Financial Consultants, Inc. (RFC), 511 East Blvd., Charlotte, NC 28203 ;

5. Joachim Volz, Financial Coordinator, Waste Resources Division, City of Chattanooga's Department of Public Works, Moccasin Bend Wastewater Treatment Plant, Moccasin Bend Road, Chattanooga, TN 37402; and
  6. The pre-filed testimonies filed on behalf of the Chattanooga Manufacturer's Association and the Consumer Advocate.
- b. each subject matter about which such witness is expected to testify;

**RESPONSE:**

See Response to No. 4(a).

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

**RESPONSE:**

See Response to No. 4(a).

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

**RESPONSE:**

See Response to No. 4(a).

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

**RESPONSE:**

Only pre-filed testimonies as submitted.

- 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:**

See pre-filed testimony and resume of Harold J. Smith being produced herewith.

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:**

See pre-filed testimony and resume of Harold J. Smith being produced.

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

**RESPONSE:**

Leta Hals, William Stannard, Patrick Smyth, and George Raftelis of Raftelis Financial Consultants, Inc. and the City of Chattanooga legal team.

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:**

See General Objections 1, 4, and 6. Without waiving these objections, see Bates Nos. 1-11. This document has been redacted to prevent disclosure of attorney work product.

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:**

See General Objections 1 through 7. Without waiving these objections, the witness was provided a variety of documents produced by TAWC in the discovery of this case. The witnesses



may have also been provided documents from the 2003 TAWC rate case. No log has been maintained as to what documents were shared with this witness. Specific documents relied upon are identified in Harold J. Smith's testimony.

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:**

See General Objections 1, 2, 4, and 6. Without waiving these objections, see exhibits submitted in Harold J. Smith's testimony.

**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:**

See General Objections 1 through 10. Without waiving these objections, documents specific to other discovery requests are being produced as identified therein.

**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. Without waiving these objections, documents specific to other discovery requests are being produced as identified therein.

**RESPONSE:**

See General Objections 1 through 10. Without waiving these objections, documents specific to other discovery requests are being produced as identified therein.

**DISCOVERY REQUEST NO. 7:**

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

**RESPONSE:**

See General Objections 1, 2, 5, and 6. Without waiving these objections, see Response to Discovery Request No. 4.

**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 IRA Docket No. 06-00290 should not be approved.

**RESPONSE:**

See General Objections 1 through 10. Without waiving these objections, see discovery responses to other requests herein, particularly, Discovery Request No. 4.

**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:**

See General Objections 1 through 10. Without waiving these objections, documents specific to other discovery requests are being produced as identified therein. The documents are being produced in PDF to accommodate Bates Stamping. The documents with a “lis” extension can be opened in wordpad with the wordwrap function turned off. Although produced in PDF, some documents may be available in Word if specifically requested.

**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:**

See General Objections 1, 2, and 6. Without waiving these objections, a list of such articles and presentations are being produced.

**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:**

See General Objections 2 and 6.

**PRESENTATIONS OF HAROLD J. SMITH**

*"Financing Water Infrastructure Projects"* Rhode Island Water Works Association meeting 2007.

*"Sustainability – How can we make sure we have sufficient and affordable water supplies for the future?"* New England Water Works Association training session 2006.

*"Building Consensus Around the Internal/Outsource Decision"* American Water Works Association Annual Conference 2001.

**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:**

See General Objections 1 through 10. Without waiving these objections, the City of Chattanooga is producing a variety of documents in respect to specific discovery requests herein.

**DISCOVERY REQUEST NO. 13:**

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

**RESPONSE:**

See General Objections 1 through 10. Without waiving these objections, the City of Chattanooga is producing a variety of documents in respect to specific discovery requests herein.

**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:**

1. William C. Payne, City Engineer, provided information relating to Request Nos. 16 and 19;
2. Joachim Volz provided information relating to Request No. 15;
3. Mark Keil provided information relating to Request Nos. 21 through 27;
4. Carol O'Neal, Clerk to City Council, provided information relating to ordinances, resolutions, and minutes of the City Council;
5. Priscilla Simmons, Accounting Supervisor, provided documents relating to costs of 311 and Sanitary Sewer System;
6. Carol Poll, Administrative Secretary, Sanitary Sewer System, provided documents relating to charges and increases;
7. Gary Hilbert, Director, Land Development Office, provided documents responsive to Request No. 16;
8. Some documents are provided by the City Attorney's Office from information it maintains; and
9. Some documents have been obtained by counsel from the Electric Power Board.

**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:**

See General Objections 2, 4, 8, and 10. Without waiving these objections, the City of Chattanooga produces a summary spreadsheet and supporting documents, Bates Nos. 1 through 463.

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:**

See General Objections 2, 4, 8, and 10. Without waiving these objections, the City of Chattanooga produces documents of the Waste Water Regulatory Board and the Wastewater Division of the Department of Public Works Bates Nos. 1 through 463, as well as, City Council minutes and ordinances.

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:**

See General Objections 2, 4, 8, and 10. Without waiving these objections, the staff of the Waste Resources Division regularly monitors the revenues and expenses, the need for capital improvements, repair and replacement, general operating expenses, and determines from time to time that it is necessary to raise rates. The proposed rates are discussed with the Wastewater Regulations Board and then with the Chattanooga City Council which in its legislative discretion determines what rate increases should be adopted. Informally the representative of the Waste Resources Division discuss the need for rate increases with CMA, regional users, and other interested persons or groups prior to the rates being adopted.

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

**RESPONSE:**

See General Objections 2, 4, 8, and 10. Without waiving these objections, the City of Chattanooga produces a variety of documents in respect to specific discovery requests herein. Also see Budget Fiscal Years 2001 through 2006 and Comprehensive Annual Financial Reports (CAFR) for these years produced. Additionally, the accounting records for the Interceptor Sewer Division for Fiscal Years 2001 through 2006 are being produced.

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:**

See General Objections 2, 4, 8, and 10. No account named, "Utility Plant Balances" exists nor to counsel's understanding of the phrase does this concept exist in the City of Chattanooga's accounting records.

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

**RESPONSE:**

See General Objections 2, 4, 8, and 10. The City does not maintain a list of deferred capital improvements.

**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:**

See General Objections 1 and 8. Without waiving these objections, see the following:

Street Cut Permits issued to TAWC for the calendar years 2001-2006 as shown below:

Date Range	Number of Permits	Permit Fees
1/1/01-12/31/01	1097	\$23,829.05
1/1/02-12/31/02	670	\$182,506.00
1/1/03-12/31/03	609	\$152,115.00
1/1/04-12/31/04	604	\$157,004.00
1/1/05-12/31/05	638	\$163,484.00
1/1/06-4/30/06	316	\$83,973.00
5/1/06-8/31/06	*	*
9/1/06-9/30/06	21	\$5,460.00
10/1/06-10/31/06	184	\$46,550.00
11/1/06-11/30/06	59	\$14,336.00
12/1/06-12/31/06	42	\$10,720.00

\*Due to the conversion from one computerized permitting system to another and software performance, we do not have accurate records for this period. Because of this, two checks from TAWC totaling \$67,190.00 have not been processed.

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:**

See General Objections 1 and 8. Without waiving these objections see the following response:

Effective August 1, 1991, the Street Cut-in Permit fees were as follows:

1. Utility cut in street pavement or boring perpendicular to center line: \$15.00
2. Driveway or curb cut: \$10.00
3. Five cents (\$0.05) per linear foot for cut in ROW parallel to centerline with a minimum fee of \$5.00.

On September 11, 2001, Budget Ordinance No. 11175 changed the fees to:

1. Utility cut in street pavement or boring perpendicular to centerline: \$300.00
2. Driveway or curb cut: \$100.00
3. One Dollar (\$1.00) per lineal foot for cuts in ROW parallel to centerline with a minimum fee of \$300.00.



On October 21, 2002, Ordinance No. 11333 changed the fees as follows:

1. Permit fee of \$250.00 for transverse cuts in pavement.
2. Permit fee of \$1.00 per foot for longitudinal cuts in pavement (\$250.00 minimum).
3. Permit fee of \$50.00 for cuts in the sidewalk.

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:**

See General Objections 1 and 8. Without waiving these objections, see the following response:

The Land Development Office invoices, on a monthly basis, the following utilities:

1. Tennessee American Water Co.
2. Chattanooga Gas Company
3. BellSouth
4. Comcast
5. Hixson Utility District
6. Electric Power Board of Chattanooga

No utilities are exempt from paying permit fees, and no utilities pay reduced fees. For circumstances where fees are waived, refer to Ordinance No. 11333.

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:**

To the best of our knowledge and belief, no utility has refused to pay the required fee. During the period from 5/1/06 to 8/31/06, fees were not paid by TAWC because of the change in the permitting system and the inability to reconcile invoices and payments.

**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 just be recovered in the rates of TAWC as approved by the IRA, please provide:

a. The percentage of rate increases each year issued by the City of Chattanooga EPB for electrical 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:**

See General Objections 6, 9, 10. The City Council does not regulate electric rates. Copies of the City's CAFRs for 1999 through 2006 are being produced on CD, which provide information relating to EPB, but a hard copy is available for inspection in the offices of the City Attorney.

Unlike TAWC, which pays nothing for the water that it removes from the Tennessee River and then sells, Electric Power Board of Chattanooga ("EPB") paid 82% of its total revenue to TVA for the purchase of the power that it sells to its customers. The 2006 EPB Annual Report summarizes the revenues and costs for EPB for that fiscal year as follows:

The Electric System sales were \$39.6 million greater than budget. However, this increase in sales is offset by \$37.6 million greater than budgeted operating costs, due mainly to \$36.6 million higher than plan for purchased power. Sales and purchased power expense were higher due to two factors. First, TVA raised their rates on October 1, 2005 and again on April 1, 2006. Both of these rate increases were passed through to the customer. However, in neither instance did EPB raise its rates to the customer. In fact, the last EPB rate increase was in July 1997. The second factor increasing sales and purchased power expense was the higher KWh sales to customers due to warmer than expected weather in the EPB service area. Degree days were 4.4% greater than budget and KWh sales to customers were 2.6% greater than budget in FY 2006.

2006 Annual Report, page 15.

Copies of the annual reports for EPB for the fiscal years ending June 30, 2005 and June 30, 2006 are provided in electronic format.

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:**

See (a).

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

**RESPONSE:**

See (a).

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:**

See (a).

**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:**

See General Objections 2 and 9. Without waiving these objections, see tax rate adopted by the City each year referenced in the annual budget ordinances which are being produced. The City does not value the real or personal property for taxation but instead relies upon assessments by the Hamilton County Tax Assessor's Office, business tax returns filed or other returns by taxpayers. A table reflecting the tax rate and budgeted property tax revenues follows:

<b>FY</b>	<b>Tax Rate</b>	<b>Budgeted Property Taxes*</b>
96-97	2.70	67, 442, 071
97-98	2.31	62, 207, 932
98-99	2.31	64, 037, 216
99-00	2.31	65, 553, 784
00-01	2.31	66, 601, 312
01-02	2.516	83, 637, 449
02-03	2.516	85, 940, 162
03-04	2.516	88, 229, 048
04-05	2.516	88, 758, 674
05-06	2.202	89, 594, 407
06-07	2.202	90, 505, 309

\*The property tax appraisals are established by the Assessor of Property for Hamilton County or by the Tennessee Regulatory Authority for certain utilities. The major change in appraisal for Fiscal Year 97-98 and Fiscal Year 01-02 appears to be the result of a periodic re-appraisal by the Assessor of Hamilton County.

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:**

See General Objections 2, 3, and 9. Without waiving these objections, the City of Chattanooga is producing the minutes of the City Council relating to tax increases.

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 TAWCs tariffs.

**RESPONSE:**

See General Objections 2, 3, and 9. Counsel has been unable to date to locate any documents which may be in response to this request. Further inquiries will be made, and this request may be supplemented.

**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:**

See General Objections 2 and 3. Without waiving these objections, the City of Chattanooga is producing the document "Major Construction Project 2001-2006". The City's practice is to notify all utilities of such major construction projects and to project the dates of construction so that the utilities may make their own plans for any necessary relocations.

**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:**

See General Objections 2 and 3. Counsel has not located any documents which may be responsive to this request.

**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:**

Monday through Friday, 7:30 a.m. to 5:00 p.m.

**DISCOVERY REQUEST NO. 22:**

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

**RESPONSE:**

No.

**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:**

The accounting records for the 311 call center are being produced. No accounting is made for building costs or rent.

b. The average hourly rate for each service representative.

**RESPONSE:**

This information is not separately maintained but may be deduced from records produced.

- c. The salaries of any management employees.

**RESPONSE:**

See Response to 23(a).

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

**RESPONSE:**

None.

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

**RESPONSE:**

See Mark Keil's pre-filed testimony.

- f. The average cost per customer contact.

**RESPONSE:**

This figure is not maintained but may be estimated from the pre-filed testimony and accounting records produced.

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

**RESPONSE:**

The City of Chattanooga is producing the results of the Summer 2005 Telephone Survey. An analysis of a recent survey is underway but no report has been received.

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

**RESPONSE:**

See attached June 10, 2005, survey.

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

**RESPONSE:**

See pre-filed testimony of Mark Keil.

**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:**

They address service issues; address property tax questions, city court cost and fees, and financial questions about other City services. Some calls are forwarded to direct service providers such as the Waste Resources Division.

**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:**

No.

**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:**

Not presently but the hardware and software are designed to handle this function.



**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:**

All service requests are tracked and the results of the field work are maintained within the system; however, the people actually doing the field work enter the completion data. There is seamless electronic connection between intake and completion.

**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:**

See General Objections 1, 2, and 6. Without waiving these objections, a redacted copy of the engagement letter with Raftelis is being produced. The expenses paid to date are \$33,580.00.

**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:**

See General Objections 2 and 4. Without waiving these objections, the Comcast franchise fee is based upon the five (5%) percent of gross revenues. The estimated annual franchise fee is contained within the annual budgets being produced. It is unknown how much the franchise fee will increase as a result of the latest franchise ordinance.

**DISCOVERY REQUEST NO. 30:**

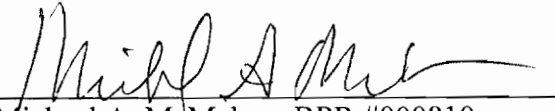
Please provide copies of the deposition or hearing testimony identified in response to any of these requests.

**RESPONSE:**


See General Objections 1 and 2. Without waiving these objections, the City of Chattanooga will rely upon pre-filed testimonies which have been filed by the City and other parties herein.

Respectfully submitted,

CITY OF CHATTANOOGA, TENNESSEE  
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### **CERTIFICATE OF SERVICE**

This is to certify that the undersigned has this day served a true and correct copy of the foregoing pleading by electronic mail and by depositing same in the United States mail, postage prepaid, and addressed to the following:

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This the 30<sup>th</sup> day of March, 2007.

  
Michael McMahan