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A PROFESSIONAL LIMITED LIABILITY COMPANY

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June 9, 2008

Via Hand Delivery

Chairman Eddie Roberson, PhD
c/o Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

filed electronically in docket office 6/9/2008

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. 08-00039

Dear Chairman Roberson:

Enclosed please find an original and seven (7) copies of Tennessee American Water Company's Responses to the Remaining Requests Contained in the City of Chattanooga's First Discovery Requests to Petitioner Tennessee American Water Company.

In addition, two compact disks have been provided. The first disk contains all of the Company's responses in Word or Excel to data requests. The second disk contains all such responses in pdf format.

Please stamp three (3) copies of these Discovery Responses as "filed," and return them 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 I. Booher

RIB/smb
Enclosures

Chairman Eddie Roberson, PhD

June 5, 2008

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cc: Hon. Ron Jones (*w/o enclosure*)
Hon. Sara Kyle (*w/o enclosure*)
Hon. Tre Hargett (*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*)
Timothy C. Phillips, Esq. (*w/enclosure*)
David C. Higney, Esq. (*w/enclosure*)
Henry M. Walker, Esq. (*w/enclosure*)
Michael A. McMahan, Esq. (*w/enclosure*)
Frederick L. Hitchcock, 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 PERMIT IT TO EARN A FAIR AND)	
ADEQUATE RATE OF RETURN ON ITS)	Docket No. 08-00039
PROPERTY USED AND USEFUL IN)	
FURNISHING WATER SERVICE TO ITS)	
CUSTOMERS)	

**TENNESSEE AMERICAN WATER COMPANY’S RESPONSES TO THE REMAINING
REQUESTS CONTAINED IN THE CITY OF CHATTANOOGA’S
FIRST DISCOVERY REQUESTS TO
PETITIONER TENNESSEE AMERICAN WATER COMPANY**

The Tennessee American Water Company (“TAWC”) hereby responds as follows to the remaining requests contained in the City of Chattanooga’s (“COC”) First Discovery Requests to Petitioner TAWC:

GENERAL OBJECTIONS

(1) TAWC 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) TAWC 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 applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations or orders of the Tennessee Regulatory Authority.

(3) To the extent contained in the Requests, TAWC objects to the definitions of the words “document,” “you,” “person,” “persons,” “affiliate,” “affiliated,” “identify,” “identifying,”

“identification,” and “referring or relating to,” that accompany the data requests because such definitions are overbroad and unduly burdensome.

(4) The specific responses set forth below are based upon information now available to TAWC, and TAWC reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information and/or documents produced.

(5) TAWC is providing its responses herein without wavier 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.

(6) TAWC 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.

(7) TAWC 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.

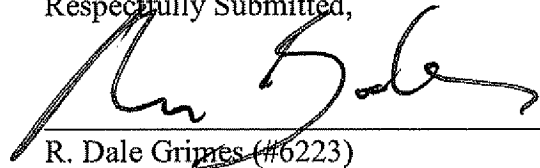
(8) TAWC objects to each request to the extent it seeks information outside TAWC’s custody or control.

(9) TAWC objects to requests that call upon TAWC to create, categorize, manipulate, customize or otherwise organize data regarding time periods outside of TAWC’s historical test year. TAWC objects to all such requests because they are unduly burdensome, seek to have TAWC create work product and seek information that is not relevant to this rate case.

(10) TAWC’s specific objections to each request are 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 TAWC's general and specific objections.

Respectfully Submitted,

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

R. Dale Grimes (#6223)

Ross I. Booher (#019304)

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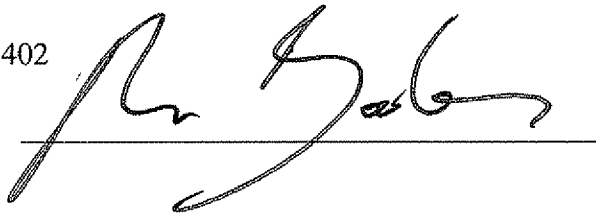
Counsel for Petitioner

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 9th day of June, 2008, upon the following:

<input checked="" type="checkbox"/> Hand-Delivery	Timothy C. Phillips, Esq.
<input type="checkbox"/> U.S. Mail	Consumer Advocate and Protection Division
<input type="checkbox"/> Facsimile	Office of Attorney General
<input type="checkbox"/> Overnight	2nd Floor
<input checked="" type="checkbox"/> Email	425 5th Avenue North
	Nashville, TN 37243-0491
<input type="checkbox"/> Hand-Delivery	David C. Higney, Esq.
<input type="checkbox"/> U.S. Mail	Counsel for Chattanooga Manufacturers Association
<input type="checkbox"/> Facsimile	Grant, Konvalinka & Harrison, P.C.
<input checked="" type="checkbox"/> Overnight	633 Chestnut Street, 9th Floor
<input checked="" type="checkbox"/> Email	Chattanooga, TN 37450
<input checked="" type="checkbox"/> Hand-Delivery	Henry M. Walker, Esq.
<input type="checkbox"/> U.S. Mail	Counsel for Chattanooga Manufacturers Association
<input type="checkbox"/> Facsimile	Boult, Cummings, Conners & Berry, PLC
<input type="checkbox"/> Overnight	Suite 700
<input checked="" type="checkbox"/> Email	1600 Division Street
	Nashville, TN 37203
<input type="checkbox"/> Hand-Delivery	Michael A. McMahan, Esq.
<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	Harold L. North, Jr., Esq.
<input type="checkbox"/> Facsimile	Counsel for City of Chattanooga
<input checked="" type="checkbox"/> Overnight	Chambliss, Bahner & Stophel, P.C.
<input checked="" type="checkbox"/> Email	1000 Tallan Building
	Two Union Square
	Chattanooga, TN 37402



**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. 08-00039

AFFIDAVIT

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

I, MICHAEL MILLER, Treasurer/Comptroller for Tennessee American Water Company, do hereby certify that the foregoing response to the City of Chattanooga's First Discovery Requests to Petitioner Tennessee American Water Company was prepared by me or under my supervision and are true and accurate to the best of my knowledge and information.

DATED this 6th day of June, 2008.

Michael A. Miller
(signature)

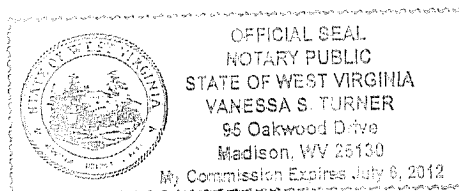
Michael A. Miller
(printed name)

Sworn to and subscribed before me this 6th day of June, 2008.

Vanessa S. Turner
NOTARY PUBLIC

My Commission Expires:

July 6, 2012



**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller/Joe Van den Berg

Question:

38. Please **Identify**, in detail, in a format similar to Appendix 1, Exhibit 3-1 of the Direct Testimony of Joe Van den Berg, any new or additional services, activities, or benefits provided by **AWWSC** to or for the benefit of TAWC during each of calendar years 2004-2007. **Identify** any enhancements or improvements to the services, activities, or benefits provided by **AWWSC** to **TAWC**, also **Identifying** for each the total O&M cost and FTE impact and the share of any such cost impact charged to or paid by **TAWC**. Please provide all **Documents** constituting, referencing, containing, relating to, responding to, or referring to any such enhancements or improvements.

Response:

The Company objects to this Request on the grounds that it is over broad, unduly burdensome, and is not readily available in the requested format. The requested information for 2004, 2005, and 2007 was not in the scope of the services provided. The information included in Exhibit 3-1 was limited to the services provide by AWWSC during 2006. It would be extremely time consuming and costly to produce the requested information for any of the years other than 2006, which is the basis for the extensive information already provided in the testimony and appendix of Mr. Van den Berg in this case.

Subject to and without waiving these objections, the Company states that the services provided by AWWSC are outlined in the 1989 Service Company Agreement. There has been no material change in the scope of the type of services provided by AWWSC from 2004 to 2007. AWWSC and TAWC, however, continually look for ways in which the utility service it provides can be improved, provided in the most effective and efficient way possible, and at the

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

lowest reasonable cost to TAWC's customers. This ongoing process results in changes and shifts in where those services are provided from year to year depending on current service needs and available expertise. The level of work in a function at the various subsidiaries may fluctuate from year to year due to changes in regulation, growth, capital construction projects, and many other factors. These changes dictate whether it would be more efficient and cost effective to provide that service with local employees or with AWWSC employees on a shared basis. As any responsible company would do, TAWC reviews the status of its operations and makes adjustments as required.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Joe Van den Berg

Question:

39. Referencing to the Direct Testimony of Joe Van den Berg, Appendix 1, Section 8, Cost Trends, please provide the same type of analysis, with the same level of detail for 2007. If an inflation factor is claimed, please **identify** any basis for such an inflation factor and provide all **Documents** constituting, referencing, containing, relating to, responding to, or referring to calculation or justification for such inflation factor.

Response:

The Company objects to this request on the grounds that it is over broad, unduly burdensome, is not readily available in the format requested, and is not within the scope of the services requested of BAH. The cost of the independent management audit of AWWSC costs ordered by the TRA was significant. It would be extremely time consuming and costly to comply with this request.

Subject to and without waiving these objections, the Company provides the following response. The test period chosen for the Management Audit by TAWC was 2005 - 2006. The costs for the sample of electric companies used in Section 9 of the audit was also for the year 2006 to make the comparison valid. Therefore, a similar analysis for 2007 was not conducted as a part of this study and none exists.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CITY OF CHATTANOOGA'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

Question:

40. Identify all amounts spent by or charge to **TAWC** for attorney fees, expert witness fees, salaries and overheads, or other expenses associated with TRA Docket No. 06-00290.

Response:

Please refer to the Company's response to Request CAPD-DR-01, Part IV, Question 46.