



City of Chattanooga

Randall L. Nelson
City Attorney

Office of the City Attorney
801 Broad Street, Suite 400
Chattanooga, TN 37402
(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

June 9, 2008

VIA E-MAIL & U.S. MAIL

filed electronically in docket office 6/9/2008

Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 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*
TRA Docket No. 08-0039

Dear Ms. Dillon:

Enclosed are the original and five (5) copies of the City of Chattanooga's First Supplemental Discovery Responses to TAWC that we would appreciate being stamped "filed" and returned in the enclosed self-addressed, stamped envelope.

If you have any questions regarding same, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike A.", followed by a long horizontal line.

MICHAEL A. McMAHAN
Assistant City Attorney

MAM/mms
Enclosure

cc: R. Dale Grimes, Esq./Ross I. Booher, Esq. (w/encl.)
Timothy C. Phillips, Esq. (w/encl.)
David C. Higney, Esq. (w/encl.)
Frederick L. Hitchcock, Esq./Harold L. North (w/encl.)

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

**CITY OF CHATTANOOGA'S FIRST SUPPLEMENTAL
DISCOVERY RESPONSES TO TAWC**

City of Chattanooga ("City") responds to the Tennessee American Water Company's ("TAWC") discovery requests as follows:

GENERAL OBJECTIONS

(1) City 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) City 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) City 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) City 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) City 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) City 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) City'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 City's general and specific objections.

DISCOVERY REQUEST NO. 1:

Identify each material fact and every document 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. 08-00039 should not be approved by the Tennessee Regulatory Authority ("TRA").

RESPONSE NO. 1:

Counsel for City have not yet identified the facts and documents upon which it will rely. Such facts and documents will include information responsive to the Intervenor's' discovery requests and to TRA staff data requests. TAWC has refused to provide information and documents responsive to a large number of the Intervenor's' requests, and City has filed motions to compel TAWC responses to a dozen of its requests. Without waiving its objections, upon receipt of TAWC's complete discovery responses, City will finish its review and will supplement this response.

DISCOVERY REQUEST NO. 2:

Identify all persons known to you, your attorney, or other agent(s) 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 Discovery Request No. 1 above.

RESPONSE NO. 2:

Such persons include the employees and consultants of TAWC and its Affiliates who have knowledge of information responsive to the Intervenor's' discovery requests and the TRA Staff data requests. Without waiving its objections, to the extent that City identifies other individuals with the requested information, it will supplement this response.

DISCOVERY REQUEST NO. 3:

Produce each document, photograph, or any other article or thing whatsoever, which refers or relates to 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. 08-00039 should not be approved, whether as to the issues of credibility or any other issue.

RESPONSE NO. 3:

The requested information includes, without limitation, the pre-filed testimony and supporting exhibits of Mr. Joe Van den Berg as well as information responsive to the Intervenor's discovery requests and to TRA staff data requests. Without waiving its objections, upon receipt of TAWC's complete discovery responses, City will finish its review and will supplement this response.

DISCOVERY REQUEST NO. 4:

Identify any person you intend to call as a fact or expert witness (including, but not limited to, the persons referred to in paragraph 4 of your "Joint Objection of the Intervenor's to Discovery Question Limits for the Initial Round of Discovery," in which you state, "Chattanooga and the CMA have also retained consultants who will likely offer testimony on issues materially affecting the amount and application of the Company's proposed rate increase, such as issues concerning the I.C.A.R. and rate design"), the subject matter of the witness' testimony, the substance of the facts and opinions to be expressed and the basis and reasons therefor, the data, documents, materials or other information shown to, relied upon, created by or considered by the witness as part of this case and/or as a basis in forming his or her opinions, any exhibits to be used as a summary of or support for each such opinion, the qualifications of the witness, including a full resume, a list of all publications authored by the witness, the compensation to be paid for the study and testimony, and a listing of any other cases in which the witness has testified at trial or by deposition.

RESPONSE NO. 4:

The City has retained the services of experts for consultation in preparation for the hearing of this matter. These experts may not be called as witnesses and therefore the identity of, facts known by, or opinions held by such experts are not discoverable under Rule 26(4)(B) Tennessee Rules of Civil Procedure until a decision is made by the City that they will be called as trial witnesses. A decision cannot be made by the City with respect to utilization of such experts as trial witnesses until TAWC fully responds to the Intervenor's discovery requests and such responses can be analyzed by the City and its consulting experts. Without waiving its objections, upon receipt of TAWC's complete discovery responses, City will finish its review and will supplement this 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 or relied on or referred to in responding thereto.

RESPONSE NO. 5:

The City has reviewed various portions of the pre-filed testimony by TAWC, data responses filed with the staff, and the testimony and documents produced in previous TAWC rate cases but has not relied upon any specific document in responding to these discovery requests.

DISCOVERY REQUEST NO. 6:

Provide any and all engagement letters and all expert report and work papers (including drafts) which have been obtained from, created by or provided to any expert or witness.

RESPONSE NO. 6:

The requested information has not in fact been developed by the City and therefore cannot be answered at this time. Without waiving its objections, City will supplement its responses to this request as the information sought becomes available.

DISCOVERY REQUEST NO. 7:

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 NO. 7:

The requested information has not in fact been developed by the City and therefore cannot be answered at this time. Without waiving its objections, City will supplement its responses to this request as the information sought becomes available.

DISCOVERY REQUEST NO. 8:

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

RESPONSE NO. 8:

The City has retained the services of experts for consultation in preparation for the hearing of this matter. These experts may not be called as witnesses and therefore the identity of, facts known by, or opinions held by such experts are not discoverable under Rule 26(4)(B) Tennessee Rules of Civil Procedure until a decision is made by the City that they will be called as trial witnesses. A decision cannot be made by the City with respect to utilization of such

experts as trial witnesses until TAWC fully responds to the Intervenor's discovery requests and such responses can be analyzed by the City and its consulting experts. Without waiving its objections, upon receipt of TAWC's complete discovery responses, City will finish its review and will supplement this response.

DISCOVERY REQUEST NO. 9:

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

RESPONSE NO. 9:

The requested information has not in fact been developed by the City and therefore the Request cannot be answered at this time. Without waiving its objections, City will supplement its responses to this request as the information sought becomes available.

DISCOVERY REQUEST NO. 10:

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 for which he or she provided information or participated in preparing, and describe the information provided or the participation in preparation.

RESPONSE NO. 10:

See responses above. Counsel for the City of Chattanooga has consulted with Mr. Dan Johnson, Chief of Staff for Mayor Ron Littlefield, with respect to broad strategies with respect to the matters at issue.

DISCOVERY REQUEST NO. 11:

The Joint Objection of the Intervenors to Discovery Question Limits for the Initial Round of Discovery, which was filed in this docket, states: "the Company has filed a depreciation study in this docket, the conclusions of which will likely be contested." Specifically identify each conclusion or aspect of the depreciation study the City intends to contest, if any, and the City's grounds and/or bases therefor, including any facts and/or documents the City contends support those grounds.

RESPONSE NO. 11:

The quoted comments were by City attorneys and based upon a preliminary review of the pre-filed testimony and documents produced by TAWC. The City has promulgated discovery seeking additional information deemed necessary to further explore this issue. Responsive information has not in fact been developed by the City of Chattanooga and therefore the request cannot be answered at this time. Without waiving its objections, the City will supplement its responses to this request as the information sought becomes available.

DISCOVERY REQUEST NO. 12:

The Joint Objection of the Intervenors to Discovery Question Limits for the Initial Round of Discovery, which was filed in this docket, states: "TAWC has also filed an independent cost assessment report ("I.C.A.R.") in relation to management fees, the conclusions of which will likely be contested." Specifically identify each conclusion or aspect of the I.C.A.R. the City intends to contest, if any, and the City's grounds and/or bases therefore, including any facts and/or documents the City contends support those grounds.

RESPONSE NO. 12:

The quoted comments were by City attorneys and based upon a preliminary review of the pre-filed testimony and documents produced by TAWC, which demonstrated, among other things, that the referenced report does not constitute a management audit. The City has promulgated discovery seeking additional information deemed necessary to further explore this issue. Responsive information has not in fact been developed by the City of Chattanooga and therefore the request cannot be answered at this time. Without waiving its objections, the City will supplement its responses to this request as the information sought becomes available.

DISCOVERY REQUEST NO. 13:

The Joint Objection of the Intervenors to Discovery Question Limits for the Initial Round of Discovery, which was filed in this docket, states: "the Company has proposed a significant adjustment to its weatherization figures which calls for \$1.3 million in new rates." Specifically identify each conclusion or aspect of the weatherization figures the City intends to content, if any, and the City's grounds and/or bases therefore, including any facts and/or documents the City contends support those grounds.

RESPONSE NO. 13:

The quoted comments were by City attorneys and based upon a preliminary review of the pre-filed testimony and documents produced by TAWC. The City has promulgated discovery seeking additional information deemed necessary to further explore this issue. Responsive information has not in fact been developed by the City of Chattanooga and therefore the request cannot be answered at this time. Without waiving its objections, the City will supplement its responses to this request as the information sought becomes available.

Respectfully submitted,

CITY OF CHATTANOOGA, TENNESSEE
RANDALL L. NELSON, CITY ATTORNEY

BY: Michael A. McMahan
Michael A. McMahan, BPR #000810
Valerie L. Malueg, BPR #023763
Special Counsel
801 Broad Street, Suite 400
Chattanooga, TN 37402
(423) 757-5338

CHAMBLISS, BAHNER & STOPHEL, P.C.

BY: Frederick L. Hitchcock *by*
Harold L. North, BPR #007022 *NAME with*
Frederick L. Hitchcock, BPR #005960 *permission*
1000 Tallan Building
Two Union Square
Chattanooga, TN 37402
(423) 756-3000

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:

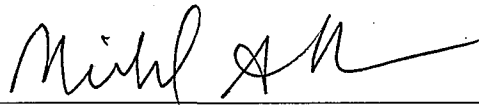
R. Dale Grimes, Esq.
Ross I. Booher, Esq.
BASS, BERRY & SIMS, PLC
315 Deadrick Street, Suite 2700
Nashville, TN 37238-3001
dgrimes@bassberry.com
rbooher@bassberry.com

Timothy C. Phillips, Esq.
Office of the Attorney General
Consumer Advocate & Protection Division
P.O. Box 20207
Nashville, TN 37202
timothy.phillips@state.tn.us

David C. Higney, Esq.
GRANT, KONVALINKA & HARRISON, P.C.
Ninth Floor, Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-0900
dhigney@gkhpc.com

Henry M. Walker, Esq.
BOULT, CUMMINGS, CONNERS & BERRY, PLC
1600 Division Street, Suite 700
P.O. Box 340025
Nashville, TN 37203
hwalker@boultcummings.com

This the 9th day of June, 2008.



Michael McMahan