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June 9, 2008

filed electronically in docket office 6/9/2008

Chairman Eddie Roberson
c/o Sharla Dillon
Tennessee Regulatory Authority
460 Robertson Parkway
Nashville, TN 37243-0505

**VIA E-MAIL &
FIRST CLASS MAIL**

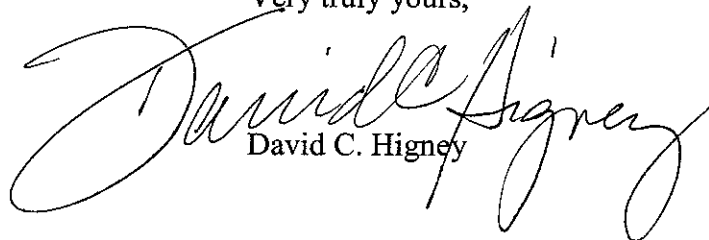
Re: **TRA Docket No. 08-0039**

Dear Chairman Roberson:

Enclosed are the original and seven (7) copies of Chattanooga Manufacturers Association's Supplemental Responses to Tennessee American Water Company's First Set of Discovery Requests. Please return a file-stamped copy to us in the enclosed, self-addressed envelope.

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

Very truly yours,


David C. Higney

DCH/dmm
Enclosure

cc: Hon. Ron Jones
Hon. Sara Kyle
Hon. Tre Hargett
Mr. J. Richard Collier
Mr. Henry M. Walker
Mr. Michael A. McMahan
Mr. Harold L. North, Jr.
Mr. Frederick. L. Hitchcock
Mr. Dale Grimes/Mr. Ross I. Booher
Mr. Robert E. Cooper, Jr. /Mr. Timothy C. Phillips/Mr. Ryan L. McGehee

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

*PETITION OF TENNESSEE-
AMERICAN WATER COMPANY TO
CHANGE AND INCREASE CERTAIN
RATES AND CHARGES...*

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) Docket No. 08-00039
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**CHATTANOOGA MANUFACTURERS ASSOCIATION'S
SUPPLEMENTAL RESPONSES TO TENNESSEE AMERICAN WATER COMPANY'S
FIRST SET OF DISCOVERY REQUESTS**

The Chattanooga Manufacturers Association ("CMA"), by and through its attorneys, submits the following supplemental responses and objections to the Discovery Requests from Tennessee American Water Company (the "Company") propounded upon CMA. CMA has set forth in Part I its objections generally applicable to the Company's requests, and specific additional objections and responses to Company discovery requests in Part II.

PART I: GENERAL OBJECTIONS

1. CMA objects to the definitions and instructions contained in the discovery requests for production to the extent that the definitions and instructions attempt to impose on CMA a burden or obligation greater than that required by the *Tennessee Rules of Civil Procedure* and applicable statutes and regulations governing contested case hearings.

2. CMA objects to the discovery requests to the extent they call for information and the production of documents which are protected from disclosure by the attorney-client privilege, the attorney work product doctrine or any other applicable privilege or protection. CMA objects to the Company's discovery requests to the extent that the Company is attempting to impose on

CMA obligations with regard to identification of privileged documents beyond those required by the *Tennessee Rules of Civil Procedure* and applicable statutes and regulations governing contested case hearings.

3. CMA objects to the Company's discovery requests to the extent that they seek information to matters not at issue in this litigation or to the extent they are not reasonably calculated to lead to the discovery of admissible evidence. By providing information in response to these requests, CMA does not concede that such information is relevant, material or admissible in evidence. CMA reserves all rights to object to the use of such information as evidence.

4. CMA objects to the Company's discovery requests to the extent that the Company is attempting to impose on CMA obligations to supplement its responses beyond those required by the *Tennessee Rules of Civil Procedure* and applicable statutes and regulations governing contested case hearings.

5. CMA objects to the Company's discovery requests to the extent that the Company is attempting to require CMA to provide information and produce documents beyond those in its possession, custody or control as that phrase is used in the *Tennessee Rules of Civil Procedure* and applicable statutes and regulations governing contested case hearings.

6. CMA objects to the Company's discovery requests to the extent that they seek information and documents that are readily available through public source or are in the Company's own possession, custody or control. It is unduly burdensome and oppressive to require CMA to respond or produce documents that are equally or more available to the Company.

7. CMA objects to the production of any documents prepared by it subsequent to the filing of this litigation or contested case.

8. CMA's objections and responses to these requests are based on information now known to it. CMA reserves the right to amend, modify or supplement its objections and responses if it learns of new information.

9. CMA also supports, adopts, and incorporates herein the relevant objections made by the State of Tennessee Attorney General's Consumer Advocate and Protection Division and by the City of Chattanooga.

PART II

ADDITIONAL OBJECTIONS AND RESPONSES TO SPECIFIC DISCOVERY REQUESTS

Subject to and without waiving the foregoing General Objections, CMA responds as follows:

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").

SUPPLEMENTAL RESPONSE:

CMA objects to this request on the grounds it is overbroad and unduly burdensome. CMA further objects to this request to the extent it calls for or seeks the mental impressions and conclusions of CMA's attorneys or (if any) consulting experts, which are privileged and will not be provided. CMA also objects to the extent this request seeks to elicit legal conclusions, as such a request is not proper in discovery. CMA avers that it is TAWC's, not CMA's, burden of proof to demonstrate that requested rate relief is just and reasonable, and CMA objects to this request to the extent that it implies or supposes CMA is required to proffer affirmative proof of any position CMA takes, as opposed to offering cross-examination or rebuttal relative to any position TAWC may take in this matter, demonstrating that TAWC's repeated rate increases are not just and reasonable. Further, CMA awaits the complete and appropriate responses of TAWC to the data requests propounded upon TAWC.

CMA avers, in part, that TAWC simply is going to the well too often, with too big a bucket, since merely months ago TAWC, in TRA Docket # 06-00290, sought an increase of TAWC's rates at an extraordinary amount of nearly 20% claiming then, as now, that the utility

was not earning an adequate authorized rate of return and that TAWC's operation expenses (and other line items) had increased; that the Authority, and others, did not accept the proposition that the TAWC rate increase claimed to be necessary was just and reasonable; that the Authority only awarded to TAWC approximately 60% of the requested rate increase in TRA Docket # 06-00290; that TAWC and its affiliates have been or appear to be conducting coordinated, repetitive rate filings in order to enhance revenue; that TAWC and/or its affiliates contributed, directly or indirectly, to the payment of millions of dollars to RWE; that the utility continues to consistently refuse requests to meet with its single-largest users representatives, in advance of rate filings, in order to review and discuss the bases upon which such a request may be filed in order to identify whether common agreement can be reached as to various issues/topics and instead incurs or projects to incur rate-case related expenses in excess of one-half million or more dollars (\$500,000); and that due to the lack of cooperation in advance of the current surprise filing seeking an even more extraordinary rate increase (now approx. 21%) CMA naturally was, and is, circumspect of the petition's filing such that CMA is investigating the bases and premises upon which the filing rests.

To the extent CMA is aware of facts that may demonstrate TAWC petition fails to support TAWC's presently requested rate increase exceeding 20%, especially since that request is coming on the heels of TAWC's 12.3 % increase in 2007 based upon some of the same utility witnesses' testimony, CMA avers that at this time such facts relied upon by CMA in this proceeding are set forth in the testimony and exhibits of the parties in this proceeding, or in the testimony and exhibits and documents in TRA Docket # 06-00290, or will be set forth in testimony or exhibits of the parties which CMA expects will be filed in this rate case.

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.

SUPPLEMENTAL RESPONSE:

CMA objects to this request on the grounds it is overbroad and unduly burdensome. CMA further objects to this request to the extent it calls for or seeks the mental impressions and conclusions of CMA's attorneys or (if any) consulting experts, which are privileged and will not be provided. CMA avers that it is TAWC's, not CMA's, burden of proof to demonstrate that requested rate relief is just and reasonable, and CMA objects to this request to the extent that it implies or supposes CMA is required to proffer affirmative proof of any position CMA takes, as opposed to offering cross-examination or rebuttal relative to any position TAWC may take in this matter, demonstrating that TAWC's repeated rate increases are not just and reasonable. Further, CMA awaits the complete and appropriate responses of TAWC to the data requests propounded upon TAWC.

The Authority, its Staff, the Hearing Officer and his Staff, CMA's President and his administrative assistant, CMA's Board and CMA members, the Hamilton County Commission, the Chattanooga City Council, the Mayors of Hamilton County and the City of Chattanooga, the parties to this docket and prior TAWC rate cases, the petitioner's employees and those of its affiliates, other regulatory agencies and staff, and others, all have some such knowledge about the issues raised in Response to Request No. 1. CMA has not yet decided whether it will proffer any witness by or on behalf of CMA nor, if it does, on what topic any such witness(es) may testify. This question is overbroad and unduly burdensome in that it could conceivably cover

dozens, if not hundreds, of employees of CMA and its member companies that could present as witnesses in this case. Those with knowledge, information, or documents supporting CMA's answer to Request No. 1 include the witnesses, if any, for CMA that file testimony in this case, in addition to any other party's witnesses who have filed testimony or will file testimony. See also Supplemental Response No. 1 above.

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.

SUPPLEMENTAL RESPONSE

CMA objects to this request on the grounds it is overbroad and unduly burdensome. CMA further objects to this request to the extent it calls for or seeks the mental impressions and conclusions of CMA's attorneys or (if any) consulting experts, which are privileged and will not be provided. CMA avers that it is TAWC's, not CMA's, burden of proof to demonstrate that requested rate relief is just and reasonable, and objects to this request to the extent that it implies or supposes CMA is required to proffer affirmative proof of any position CMA takes as opposed to offering cross-examination or rebuttal relative to any position TAWC may take in this matter to demonstrate that TAWC's repeated rate increases are not just and reasonable.

Subject to and without waiving all objections, at this time the documents upon which CMA intends to rely are those which have been filed in this case; which have been provided by TAWC in response to discovery requests from the parties and the Authority's Staff; which have been set forth in the testimony and exhibits of the parties in this proceeding; which have been set forth in the testimony and exhibits and documents in TRA Docket # 06-00290; which will be set forth in testimony or exhibits of the parties which CMA expects will be filed in this rate case; or which have been set forth in materials presented or produced by TAWC, its representatives and affiliates. See also Supplemental Response Nos. 1 and 2 above.

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.

SUPPLEMENTAL RESPONSE

CMA objects to Request No. 4 on the grounds that the request is overbroad, unduly burdensome, vague, ambiguous and duplicative and that, at least in part, it is not reasonably calculated to lead to the discovery of admissible evidence. Additionally, CMA objects to Discovery Request No. 4 to the extent that it so blatantly encroaches upon the attorney-client privilege, attorney work product and/or seeks the mental impressions and conclusions of CMA attorneys, which are privileged and will not be provided. CMA further objects on the grounds that CMA will timely respond as appropriate through the filing of the direct testimony of CMA’s witnesses, if any.

Subject to and without waiving any and all objections, CMA has used Brubaker and Associates, Inc. (BAI) previously to provide expert testimony on its behalf before this Authority and it is not inconceivable that CMA may again seek to use BAI to provide testimony on various topics or subject matter within BAI's expertise in this proceeding. In that regard, CMA respectfully awaits TAWC's appropriate and complete responses to CMA's First Set of Discovery Requests propounded by CMA, as well as TAWC's full and adequate responses to the requests of the other parties and Staff, in order for CMA to adequately complete its evaluation whether to proffer testimony (lay or expert) on any number of matters and issues.

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.

SUPPLEMENTAL RESPONSE

CMA objects to this request on the grounds it is overbroad and unduly burdensome. CMA further objects to this request to the extent it calls for or seeks the mental impressions and conclusions of CMA's attorneys or (if any) consulting experts, which are privileged and will not be provided. At this time, the non-privileged documents upon which CMA intends to rely are those which have been filed in this case or which have been provided by TAWC in response to discovery requests from the parties and the Staff.

Subject to and without waiving any and all objections, CMA avers that other than the documents also referred to above in Response Nos. 1 through 5, and any referred to in any Responses hereinafter, CMA is not presently aware of any such non-privileged documents relied upon at this time other than resolutions by local government(s) opposing the requested rate increase.

DISCOVERY REQUEST NO. 6:

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

SUPPLEMENTAL RESPONSE

Subject to and without waiving any and all objections, since CMA has not determined whether it will submit testimony (lay or expert), there appear to be no responsive non-privileged documents at this time; however, CMA reiterates that it will provide reports from CMA's testifying experts, if any, and will also provide responsive non-privileged documents or correspondence, if any exist, concerning the employment of Mr. Gorman by it in this case should Mr. Gorman be offered as a testifying expert.

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 CMA witnesses.

SUPPLEMENTAL RESPONSE

Subject to and without waiving any and all objections, since CMA has not determined whether it will submit testimony (lay or expert), there appear to be no responsive non-privileged documents at this time; however, CMA reiterates that it will provide the non-duplicative workpapers, if any, relied upon by CMA's witnesses, if any, and objects to the extent that this Request may be interpreted to require additional information. Such information would be burdensome and irrelevant.

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 CMA'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 CMA witness.

SUPPLEMENTAL RESPONSE

Subject to and without waiving any and all objections, since CMA has not determined whether it will submit such testimony, there appear to be no responsive non-privileged documents at this time; however, CMA will list any such publications specifically consulted by and relied upon CMA's testifying expert witnesses in this case, if any, and CMA will provide a list of all publications written or co-written by such witnesses, if any.

DISCOVERY REQUEST NO. 9:

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

SUPPLEMENTAL RESPONSE

Subject to and without waiving any and all objections, See Supplemental Response No. 5 above. Additionally, without waiving and subject to its objections, CMA avers the request seeks information not yet required to be developed; in fact, such information has not yet been developed or obtained by CMA or its attorneys, and CMA will supplement its response to the extent such non-privileged information 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.

SUPPLEMENTAL RESPONSE

CMA again objects to the extent that this Request refers to attorney-client privileged information and privileged attorney work product. Subject to and without waiving any and all objections, Counsel conferred with Ray Childers, CMA's President, who participated in reviewing CMA materials for responsive information or documents and participated, with counsel, in the preparation of CMA's responses.

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 CMA intends to contest, if any, and the CMA’s grounds and/or bases therefor, including any facts and/or documents the CMA contends support those grounds.

SUPPLEMENTAL RESPONSE

CMA objects to this request on the grounds it calls for or seeks the mental impressions and conclusions of CMA’s attorneys or (if any) consulting experts, which are privileged and will not be provided. CMA avers that it is TAWC’s, not CMA’s, burden of proof to demonstrate that requested rate relief is just and reasonable, and objects to this request to the extent that it implies or supposes CMA is required to proffer affirmative proof of any position CMA takes as opposed to offering cross-examination or rebuttal relative to any position TAWC may take in this matter to demonstrate that TAWC’s repeated rate increases are not just and reasonable.

Subject to and without waiving any and all objections, CMA intends to timely provide testimony of any witnesses it intends to call on these issues, and will supply work papers, if any, relied upon by such witnesses relative to their testimony on these issues, if CMA develops non-privileged information responsive to the Request. Such information has not been developed by CMA to date and, therefore, cannot be supplied at this time; however, subject to and without waiving its objections, CMA will seasonably supplement its response to this request if such information 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 CMA intends to contest, if any, and the CMA’s grounds and/or bases therefor (sic), including any facts and/or documents the CMA contends support those grounds.

SUPPLEMENTAL RESPONSE

See Response No. 11, above. Subject to and without waiving its objections, CMA further notes that data requests were issued to TAWC relative to management fees and CMA must analyze TAWC’s response(s) in order to fully respond with any non-privileged responsive information relative to this Request. CMA reiterates that it intends to provide testimony of any witnesses it intends to call, if any, and will supply work papers, if any, relied upon by such witnesses relative to their testimony on this issue. Such information has not been developed by CMA to date and, therefore, cannot be supplied at this time; however, subject to and without waiving its objections, CMA will seasonably supplement its response to this request if such information 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 CMA intends to contest, if any, and the CMA’s grounds and/or bases therefor (sic), including any facts and/or documents the CMA contends support those grounds.

SUPPLEMENTAL RESPONSE:

See Response No. 11, above. Subject to and without waiving its objections, CMA further notes that data requests were issued to TAWC relative to weather normalization and CMA must analyze TAWC’s response(s) in order to fully respond with any non-privileged responsive information relative to this Request. CMA reiterates that it intends to timely provide testimony of witnesses it intends to call, if any, and will supply work papers, if any, relied upon by such witnesses relative to their testimony on this issue. Such information has not been developed by CMA to date and, therefore, cannot be supplied at this time; however, subject to and without waiving its objections, CMA will seasonably supplement its response to this request if such information becomes available.

Respectfully submitted,

GRANT KONVALINKA & HARRISON, P.C.

By: 

DAVID C. HIGNEY (BPR #14888)

CATHERINE HALL GIANNASI (BPR # 024441)

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- and -

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Nashville, Tennessee 37203

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 28th day of May, 2008, upon the following:

☐ Hand-Delivery

☒ U.S. Mail

☐ Facsimile

☐ Overnight

☒ Email

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