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June 13, 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 on 06/16/08

Re: *Petition of Tennessee American Water Company To Change And Increase Certain Rates And Charge 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) sets of copies of Tennessee American Water Company's Supplemental Response to the Consumer Advocate and Protection Division's Discovery Requests, dated May 12, 2008. In addition, TAWC includes two compact disks. The first compact disk contains TAWC's Supplemental Responses and any responsive attachments in their native Word, Excel, or Adobe format. The second compact disk contains a pdf image of TAWC's Supplemental Response.

Please return three (3) copies of this Supplemental Response to me by way of our courier, which I would appreciate your stamping as "filed."

Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

Enclosures

Chairman Eddie Roberson, PhD

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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*)
Ms. Pat Murphy (*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*)

Chairman Eddie Roberson, PhD
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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 13th day of June, 2008, upon the following:

<input type="checkbox"/> Hand	Michael A. McMahan
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**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CONSUMER ADVOCATE AND PROTECTION DIVISION'S
FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller/Sheila Miller

**PART IV: QUESTIONS & REQUESTS REGARDING REVENUES, EXPENSES,
TAXES, RATE BASE & MISCELLANEOUS**

Question:

3. Provide the number of meters by meter type, by customer class, by location and the volume usage by usage rate schedule, by customer class, by location for the years ended December 31, 2003-2007 and the twelve months ended March 31, 2008.

Supplemental Response:

TAWC incorporates its prior response and objections into this Supplemental Response. Subject to and without waiving its prior objections, TAWC will provide a copy of its response to TRA D1, Request No. 20 in Docket No. 06-00290 in a forthcoming supplemental production. CAPD has additionally requested that part of the Company's response include monthly billing analysis for January 2003 through July 2003. TAWC is currently determining the availability of such data. If readily available, TAWC will make a supplemental production of that data in a timely manner.

To the extent the CAPD has continuing concerns regarding the sufficiency of TAWC's supplemental response, the Company will work in good faith with the CAPD to resolve these concerns.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Sheila Miller

**PART IV: QUESTIONS & REQUESTS REGARDING REVENUES, EXPENSES,
TAXES, RATE BASE & MISCELLANEOUS**

Question: EXPENSES

41. Provide all NARUC accounts 601-through 675 by month, by account and show the actual or forecasted gross amount and net expense after deducting salaries and wages for the 34 months ended August 2009.

Supplemental Response:

TAWC incorporates its prior response and objections into this Supplemental Response. Subject to and without waiving its prior objections, TAWC states that it understands from the CAPD that information was missing for the months of December 2006, January 2008, February 2008, and March 2008. TAWC will provide requested information in response to this question in a forthcoming supplemental production.

To the extent the CAPD has continuing concerns regarding the sufficiency of TAWC's supplemental response, the Company will work in good faith with the CAPD to resolve these concerns.

**TENNESSEE AMERICAN WATER COMPANY
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FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

**PART IV: QUESTIONS & REQUESTS REGARDING REVENUES, EXPENSES,
TAXES, RATE BASE & MISCELLANEOUS**

Question: EXPENSES

43. Provide all employee expense reports with invoices and receipts for the 27 months ended March 31, 2008 for the Corporate Office, Shared Services Center ("SSC"), Southeast Region, and other affiliated utility service companies by month.

Supplemental Response:

TAWC reserves and incorporates all objections previously set forth in its response. Pursuant to discussions with the CAPD, TAWC understands that the CAPD will narrow its request. At the time TAWC receives the CAPD's narrowed request, it will undertake all reasonable efforts to produce those materials in a timely manner.

To the extent the CAPD has continuing concerns regarding the sufficiency of TAWC's supplemental response, the Company will work in good faith with the CAPD to resolve these concerns.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Michael Miller

**PART IV: QUESTIONS & REQUESTS REGARDING REVENUES, EXPENSES,
TAXES, RATE BASE & MISCELLANEOUS**

Question: EXPENSES

47. Provide all amounts for Incentive Payroll ("AIP") by AIP component: Financial, Operational, and Individual allocated and or directly charged to TAWC since its inception through March 2008 by month for expense amounts in the following format:

Capitalized Amounts:

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	JDE Acct #	Account Description	Plant in Service Balance	Depreciation Rate	Accumulated Depreciation	Net Book Value

Expense Amounts:

(1)	(2)	(3)	(4)	(5)
Year	Month	NARUC Acct #	Account Description	Amount

Supplemental Response:

TAWC incorporates its prior response and objections into this Supplemental Response. Subject to and without waiving its prior objections, the Company states that the AIP breakdown is 30% for financial goals, 70% for individual and operational goals. The years 2007 and 2008 for TAWC direct costs include 100% pay-out of the AIP, and for 2005-2006 it only includes the operational and individual pay-out at 70%. The same is true for the AWWSC costs allocated to TAWC.

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To the extent the CAPD has continuing concerns regarding the sufficiency of TAWC's supplemental response, the Company will work in good faith with the CAPD to resolve these concerns.

**TENNESSEE AMERICAN WATER COMPANY
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FIRST DISCOVERY REQUESTS**

Responsible Witness: Michael Miller

**PART IV: QUESTIONS & REQUESTS REGARDING REVENUES, EXPENSES,
TAXES, RATE BASE & MISCELLANEOUS**

Question: EXPENSES

48. Provide the forecasted Incentive Payroll ("AIP") by AIP component: Financial, Operational, and Individual for the twelve months ended August 31, 2009, both allocated and or directly charged to TAWC amounts by NARUC account.

Supplemental Response:

TAWC incorporates its prior response and objections into this Supplemental Response. Subject to and without waiving its prior objections, TAWC states that both the TAWC employee AIP costs and the AIP costs from AWWSC assume 100% pay-out of the AIP.

To the extent the CAPD has continuing concerns regarding the sufficiency of TAWC's supplemental response, the Company will work in good faith with the CAPD to resolve these concerns.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Sheila Miller/Michael Miller

**PART IV: QUESTIONS & REQUESTS REGARDING REVENUES, EXPENSES,
TAXES, RATE BASE & MISCELLANEOUS**

Question: RATE BASE

62. Provide the information for Plant in Service and Accumulated Depreciation by JDE account in the following format as of July 2002, March 2004, June 30, 2006:

(1)	(2)	(3)	(4)	(5)	(6)
JDE Acct #	Account Description	Plant in Service Balance	Acc. Deprec. Balance	Current Deprec. Rate	Net Book Value

The response should incorporate the format and subsidiary accounts of the Company's Accounting Exhibit No. 2, Schedule 4.

Supplemental Response:

TAWC incorporates its prior response and objections into this Supplemental Response. Subject to and without waiving its prior objections, based on discussions between counsel, TAWC will produce the requested accumulated depreciation balance information, by JDE account, early next week in a supplemental production, as it will take some time to compile.

To the extent the CAPD has continuing concerns regarding the sufficiency of TAWC's supplemental response, the Company will work in good faith with the CAPD to resolve these concerns.

**TENNESSEE AMERICAN WATER COMPANY
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FIRST DISCOVERY REQUESTS**

Responsible Witness: Sheila Miller/Michael Miller

**PART IV: QUESTIONS & REQUESTS REGARDING REVENUES, EXPENSES,
TAXES, RATE BASE & MISCELLANEOUS**

Question: RATE BASE

63. Provide the Plant in Service and Accumulated Depreciation by JDE account in the following format as of November 2007, December 2007, January 2008, February 2008, and March 2008:

(1)	(2)	(3)	(4)	(5)	(6)
JDE	Account	Plant in Service	Acc. Deprec.	Current Deprec.	Net
Acct #	Description	Balance	Balance	Rate	Book Value

The response should incorporate the format and subsidiary accounts of the Company's Accounting Exhibit No. 2, Schedule 4.

Supplemental Response:

TAWC incorporates its prior objections into this Supplemental Response. Subject to and without waiving its prior objections, TAWC restates that the December 2007 data is available in TAWC's response to CAPD Part IV, Question 71. For the remaining information, TAWC will work to timely supplement its production with the requested information, including plant in service data by JDE account, in a supplemental response to the CAPD.

To the extent the CAPD has continuing concerns regarding the sufficiency of TAWC's supplemental response, the Company will work in good faith with the CAPD to resolve these concerns.