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A PROFESSIONAL LIMITED LIABILITY COMPANY

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June 18, 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 06/18/08

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 Amended Response to the Second Motion to Compel Tennessee American Water Company to Answer the First Discovery Requests to the Consumer Advocate and Protection Division. It has been filed electronically with the Tennessee Regulatory Authority today.

Please stamp three (3) copies of this document 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,



Kathryn Hannen Walker

Enclosures

Chairman Eddie Roberson, PhD

June 18, 2008

Page 2

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 TO PERMIT IT TO	)	Docket No. 08-00039
EARN A FAIR AND ADEQUATE RATE	)	
OF RETURN ON ITS PROPERTY USED	)	
AND USEFUL IN FURNISHING WATER	)	
SERVICE TO ITS CUSTOMERS	)	

**AMENDED RESPONSE TO THE CONSUMER ADVOCATE AND PROTECTION
DIVISION'S SECOND MOTION TO COMPEL TENNESSEE AMERICAN WATER
COMPANY TO ANSWER THE FIRST DISCOVERY REQUESTS**

The Office of the Attorney General, Consumer Advocate and Protection Division ("CAPD") served its discovery requests (the "Requests") upon Tennessee American Water Company ("TAWC") on May 12, 2008. TAWC responded to the CAPD's Requests on May 28, 2008. The CAPD filed its first Motion to Compel TAWC to Answer the First Discovery Requests of the CAPD on June 2, 2008. At the June 4, 2008 status conference, in an effort to avoid delays in the case, TAWC agreed to provide responses to more than 150 additional discovery requests served by the CAPD in excess of the discovery limits authorized by the Hearing Officer. TAWC and the Intervenor filed a Proposed Procedural Order on June 10, 2008, wherein the parties agreed to confer on any outstanding discovery issues and to submit supplemental responses by June 9, 2008. With minimal revisions, the Hearing Officer entered the Proposed Procedural Order on June 13, 2008 ("Procedural Order No. 2"). TAWC filed its supplemental responses on June 9, 2008. Pursuant to Procedural Order No. 2, TAWC repeatedly conferred with the CAPD on June 12 and 13 in an effort to resolve the CAPD's concerns

regarding TAWC's discovery responses.¹ On June 13, 2008, TAWC filed additional supplemental responses in an effort to resolve the CAPD's remaining concerns ("Supplemental Responses" attached hereto as Exhibit A).² TAWC has spent numerous hours and significant expense providing responses to the CAPD's 217 discovery requests. Tellingly, the CAPD's renewed motion to compel fails even to acknowledge that TAWC filed supplemental responses on June 13, but instead based its motion on the responses that were previously filed on May 28, 2008 and June 9, 2008, as though no further supplemental responses had been filed.³ As set forth below, TAWC has fully and completely responded to the CAPD's discovery requests. Accordingly, TAWC respectfully asks the Hearing Officer to enter an order denying the CAPD's motion to compel.

REQUEST PART II, NO. 7:

The CAPD seeks all workpapers, analyses, studies and other documentation underlying the tables and exhibits in the Gannett Fleming depreciation study. In response to this request, TAWC produced a CD containing several files with responsive information. TAWC maintains that it has fully and completely responded to this request to the best of its knowledge, belief and ability. The CAPD apparently demands the Gannett Fleming database. TAWC has explained to the CAPD that the proprietary database owned by Gannett Fleming is not in the possession, custody or control of TAWC. TAWC understands that this database is housed on a mainframe and cannot reasonably be re-created or replicated for production purposes. Accordingly, the Gannett Fleming database is not subject to the CAPD's request.

¹ In contrast, the CAPD delayed responding to any of TAWC's concerns regarding the CAPD's deficient discovery responses to TAWC's discovery requests until June 16, 2008, and the CAPD then declined to supplement its responses at all.

² The CAPD failed to file any supplemental response after June 9, 2008.

³ It appears that the CAPD has requested more discovery from TAWC than it is even capable of timely reviewing.

REQUEST PART III, NO. 3, SUBPART (a):

The CAPD requested the consolidated financial statements prepared by Price Waterhouse Coopers and all American Water Work's ("AWW") workpapers relied on by Price Waterhouse Coopers to prepare the consolidated financial statements. TAWC's answer refers the CAPD to the www.sec.gov and www.amwater.com websites, on which responsive information is available for inspection at the CAPD's convenience. TAWC also refers to its response to TN-COC-01-Q002 and TN-TRA-01-Q5. Together, TAWC's responses contain all responsive information in TAWC's possession, custody or control.

REQUEST PART III, NO. 3, SUBPART (c):

The CAPD requested copies of all audited financial statements of AWW and Subsidiary Companies that were performed between April 28, 2007 and April 28, 2008. TAWC's answer refers to its responses to TN-TRA-01-Q5 for the AWW and TAWC Audited Financial Statements, and www.amwater.com (investor relations) and www.sec.gov for information on the first quarter 2008 reports for AWW. Together, those responses contain all responsive information. To the extent the CAPD seeks information beyond this response, TAWC reasserts its initial objections on the basis that such request is overbroad, unduly burdensome, irrelevant to this proceeding, and not likely to lead to admissible evidence.

REQUEST PART III, NO. 3 SUBPARTS (d) and (e):

The CAPD requested all minutes taken between May 12, 2007, and May 12, 2008, for the Audit Committee of AWW and all studies, working papers, and other documents issued by the Audit Committee or which the Audit Committee caused to be issued for the same period. TAWC maintains its objections to this request. Based on TAWC's discussions with the CAPD, TAWC understands that the CAPD may be satisfied by receiving a statement of AWW's internal

financial controls in response to these requests. TAWC offered, at a June 16, 2008 conference with the CAPD, notwithstanding its objections, to provide such a document upon the entry of a highly confidential protective order. TAWC is awaiting word on whether the CAPD will accept this compromise.

REQUEST PART III, NOs. 4 and 5:

The CAPD has requested that the Company identify the referenced costs, provide the amounts of each cost, and identify the “State PUC(s)” which imposed the costs. TAWC’s answer refers to the www.sec.gov and www.amwater.com websites, where the CAPD can inspect responsive information at its convenience. TAWC further directed the CAPD to the orders issued by the Commissions of each of the 13 states in which petitions were filed seeking approval for the change of control, as well as additional information on the conditions used by certain states that could result in increased costs. To further supplement its response, TAWC will provide a detailed listing of these 13 cases in a supplemental filing today.

REQUEST PART III, NO. 6:

This request seeks information concerning AWW’s current amount of equity and claims or liability via capital assigned to AWW from RWE or its subsidiaries. In response to this request, TAWC has offered to permit a direct discussion between Michael Miller and Dr. Steve Brown so that the CAPD can better understand the voluminous data that the CAPD has already requested and received from TAWC. TAWC understands that this discussion has already taken place today. Accordingly, this request is satisfied.

REQUEST PART III, NOs. 7, 8, 9 and 10:

In these requests, the CAPD is seeking information regarding various studies conducted by RWE or RWE Aqua Holdings GmbH, to the extent it exists. TAWC maintains its previous

objections on the grounds that this request seeks information that is not relevant and is not likely to lead to the discovery of admissible evidence, seeks information that is not within the possession, custody or control of TAWC and seeks information that is highly confidential. Subject to and without waiving its objections, TAWC's response states that information about AWK is available for inspection at the CAPD's convenience at the www.sec.gov and www.amwater.com websites. TAWC has inquired and is unaware of any responsive information in the possession, custody or control of TAWC, AWW or American Water Works Service Companies ("AWWSC").

REQUEST PART IV, NO. 3

The CAPD requested the number of meters by type, customer class, location, and volume usage by usage rate schedule, customer class, and by location for the period between December 31, 2003 and March 31, 2008. TAWC's response refers to TAWC's responses to TRA Staff Data Request No. 20 in this docket and in Docket No. 06-00290, as well as its response to the CAPD's Part IV, Request No. 1 in this docket. Together, those responses contain data responsive to Request No. 3. Pursuant to Procedural Order No. 2, TAWC "is not required to manipulate raw data that will come out in a particular result in response to Intervenor's discovery requests." (Procedural Order No. 2, ¶ 8). Notwithstanding this ruling, as a courtesy, TAWC agreed to reproduce its response to Data Request No. 20. TAWC anticipates filing the requested data in a forthcoming production today. Accordingly, TAWC's response to this request is reasonable and fully satisfies TAWC's discovery obligations.

REQUEST PART IV, NO. 41

The CAPD moves to compel responsive data for NARUC accounts 601-675 for the months of December 2006, January 2008, February 2008, and March 2008. Pursuant to

discussions between the CAPD and TAWC, TAWC noted in its Supplemental Responses filed June 13, 2008 that TAWC agreed to provide this data to the CAPD. Despite the fact that the TAWC has had TAWC's Supplemental Response in its possession, the CAPD did not acknowledge or disclose this Supplemental Response in its Second Motion to Compel. Much of the material TAWC agreed to produce to the CAPD, including its response to Request No. 41, is voluminous and requires significant time and effort to compile. TAWC anticipates producing the requested data in a supplemental production today. Accordingly, TAWC's response to this request is reasonable and fully satisfies TAWC's discovery obligations.

REQUEST PART IV, NO. 43

In response to this request, TAWC has agreed to produce data reflecting all p-card charges allocated for every employee of AWWSC and TAWC. Additionally, TAWC restated that its offer remains open for the CAPD to inspect TAWC's files at a mutually agreeable time for any additional data sought. Much of the material TAWC agreed to produce to the CAPD, including its response to Request No. 43, is voluminous and requires significant time and effort to compile. TAWC anticipates producing the requested data in a forthcoming supplemental production today. Accordingly, TAWC's response to this request is reasonable and fully satisfies TAWC's discovery obligations.

REQUEST PART IV, NO. 62

As a result of discussions between the parties, the CAPD narrowed its Request No. 62 to seek only "Plant In Service and Accumulated Depreciation balances by JDE account recorded on the Company's books as of July 31, 2002, March 31, 2004, and June 30, 2006." In its Supplemental Responses filed on June 13, 2008, TAWC expressly noted its agreement to produce all data responsive to the CAPD's requests, as narrowed. Despite the fact that the

TAWC has had TAWC's Supplemental Response in its possession, the CAPD did not acknowledge or disclose this Supplemental Response in its Second Motion to Compel. Much of the material TAWC agreed to produce to the CAPD, including its response to Request No. 62, is voluminous and requires significant time and effort to compile. TAWC anticipates producing the requested data in a forthcoming supplemental production. Accordingly, TAWC's response to this request is reasonable and fully satisfies TAWC's discovery obligations.

REQUEST PART IV, NO. 63

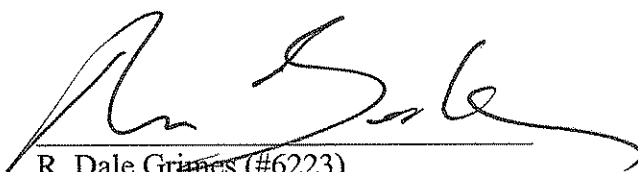
CAPD has narrowed its Request No. 62 to seek only "Plant In Service and Accumulated Depreciation balances by JDE account recorded on the Company's books as of November 30, 2007, December 31, 2007, January 31, 2008, February 29, 2008, and March 31, 2008." In its Supplemental Response, TAWC agreed to produce all data responsive to the CAPD's request, as narrowed. Despite the fact that the TAWC has had TAWC's Supplemental Response in its possession, the CAPD did not acknowledge or disclose this Supplemental Response in its Second Motion to Compel. Much of the material TAWC agreed to produce to the CAPD, including its response to Request No. 63, is voluminous and requires significant time and effort to compile. TAWC anticipates producing the requested data in a forthcoming supplemental production today. Accordingly, TAWC's response to this request is reasonable and fully satisfies TAWC's discovery obligations.

Conclusion

To date TAWC has answered an enormous number of discovery requests for the Intervenor in general and the CAPD in particular. In order to avoid further delay by the CAPD in this case, TAWC agreed to respond to more than 150 excess discovery requests posed by the

CAPD. TAWC also undertook significant time to work with the CAPD to resolve the CAPD's outstanding discovery requests and concerns — an effort that was not fully reciprocated by the CAPD. As set forth above, TAWC has diligently, faithfully, and reasonably responded to the CAPD's expansive discovery demands. For all of the reasons set forth in TAWC's Responses, Supplemental Responses, this Motion Response and those reasons to be discussed at the Status Conference⁴, the City's Renewed Motion to Compel should be denied.

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)
BASS, BERRY & SIMS PLC
315 Deaderick Street, Suite 2700
Nashville, TN 37238-3001
(615) 742-6200

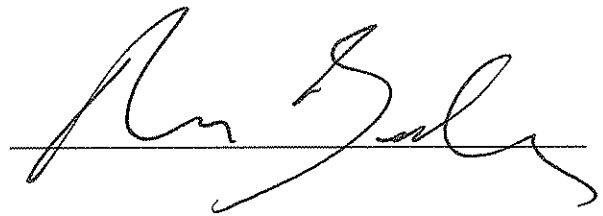
*Attorneys for Petitioner
Tennessee American Water Company*

⁴ Due to the incredibly short time period between the filing of the CAPD's Second Motion to Compel and the deadline for filing TAWC's Response, TAWC reserves its right to further respond to the CAPD's motion and claims at the Status Conference.

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 18th day of June, 2007, upon the following:

☐ Hand	Michael A. McMahan
☐ Mail	Special Counsel
☐ Facsimile	City of Chattanooga (Hamilton County)
☒ Overnight	Office of the City Attorney
☒ Email	Suite 400
	801 Broad Street
	Chattanooga, TN 37402
☐ Hand	Timothy C. Phillips, Esq.
☐ Mail	Vance L. Broemel, Esq.
☐ Facsimile	Office of the Attorney General
☒ Overnight	Consumer Advocate and Protection Division
☒ Email	425 5th Avenue North, 2 nd Floor
	Nashville, TN 37243
☐ Hand	Henry M. Walker, Esq.
☐ Mail	Boult, Cummings, Conners & Berry, PLC
☐ Facsimile	Suite 700
☒ Overnight	1600 Division Street
☒ Email	Nashville, TN 37203
☐ Hand	David C. Higney, Esq.
☐ Mail	Grant, Konvalinka & Harrison, P.C.
☐ Facsimile	633 Chestnut Street, 9 th Floor
☒ Overnight	Chattanooga, TN 37450
☒ Email	
☐ Hand	Frederick L. Hitchcock, Esq.
☐ Mail	Chambliss, Bahner & Stophel, P.C.
☐ Facsimile	1000 Tallan Building
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☒ Email	Chattanooga, TN 37402



BASS, BERRY & SIMS PLC
Attorneys at Law

A PROFESSIONAL LIMITED LIABILITY COMPANY

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OTHER OFFICES

KNOXVILLE
MEMPHIS

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

**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:

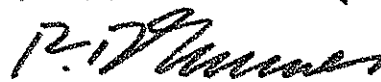
Enclosed please find an original and seven (7) sets of copies of Tennessee American Water Company's Supplemental Response to the Consumer Advocate and Protection Division's Discovery Requests, dated May 12, 2008. In addition, TAWC includes two compact disks. The first compact disk contains TAWC's Supplemental 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."

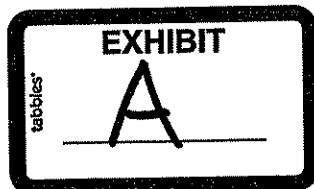
Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes



Enclosures

Chairman Eddie Roberson, PhD

June 13, 2008

Page 2

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
June 13, 2008
Page 3

6848961.1

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:

☐ Hand	Michael A. McMahan
☒ Mail	Special Counsel
☐ Facsimile	City of Chattanooga (Hamilton County)
☐ Overnight	Office of the City Attorney
☒ Email	Suite 400
	801 Broad Street
	Chattanooga, TN 37402
☐ Hand	Timothy C. Phillips, Esq.
☒ Mail	Vance L. Broemel, Esq.
☐ Facsimile	Office of the Attorney General
☐ Overnight	Consumer Advocate and Protection Division
☒ Email	425 5th Avenue North, 2 nd Floor
	Nashville, TN 37243
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☒ Mail	Chambliss, Bahner & Stophel, P.C.
☐ Facsimile	1000 Tallan Building
☐ Overnight	Two Union Square
☒ Email	Chattanooga, TN 37402



**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
DOCKET NO. 08-00039
CONSUMER ADVOCATE AND PROTECTION DIVISION'S
FIRST DISCOVERY REQUESTS**

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
DOCKET NO. 08-00039
CONSUMER ADVOCATE AND PROTECTION DIVISION'S
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
DOCKET NO. 08-00039
CONSUMER ADVOCATE AND PROTECTION DIVISION'S
FIRST DISCOVERY REQUESTS

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.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
CONSUMER ADVOCATE AND PROTECTION DIVISION'S
FIRST DISCOVERY REQUESTS**

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
DOCKET NO. 08-00039
CONSUMER ADVOCATE AND PROTECTION DIVISION'S
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
DOCKET NO. 08-00039
CONSUMER ADVOCATE AND PROTECTION DIVISION'S
FIRST DISCOVERY REQUESTS**

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
DOCKET NO. 08-00039
CONSUMER ADVOCATE AND PROTECTION DIVISION'S
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) JDE Acct #	(2) Account Description	(3) Plant in Service Balance	(4) Acc. Deprec. Balance	(5) Current Deprec. Rate	(6) Net Book Value
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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.