

BASS, BERRY & SIMS PLC

Attorneys at Law

A PROFESSIONAL LIMITED LIABILITY COMPANY

Kathryn Walker
PHONE: (615) 742-7855
FAX: (615) 742-2844
E-MAIL: KWALKER@bassberry.com

315 Deaderick Street, Suite 2700
Nashville, Tennessee 37238-3001
(615) 742-6200
www.bassberry.com

June 18, 2008

Via Email and 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 06/19/08

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 ("TAWC") Supplemental Filing to the Consumer Advocate and Protection Division's Discovery Requests.

In addition, enclosed please find two compact disks. The first compact disk contains these responsive documents in their native format. The second disk contains a pdf image of this letter and its attachments.

Please stamp three (3) copies of this material as "filed," and return it 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*)

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:

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



**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Michael Miller/Others

**PART III: QUESTIONS & REQUESTS REGARDING COST OF CAPITAL
& MISCELLANEOUS**

Question:

4. In the Registration statement filed with the Securities and Exchange Commission ("SEC") on May 6, 2008, American Water Works made this statement: "In order to obtain the state PUC approvals to consummate the proposed RWE Divestiture we were required to accept certain conditions and restrictions that could increase our costs."
 - a. Identify those costs, provide the amounts of each cost, and identify the "State PUC(s)" which imposed the costs.

Response:

The Company objects to this request on the grounds that it is over broad, unduly burdensome, seeks information not readily available to TAWC, and seeks information that is not relevant to this proceeding.

Subject to and without waiving its objections, the Company states that public information about AWK can be found at the following web sites: www.sec.gov and www.amwater.com. AWW filed petitions in 13 states seeking approval for the change of control. Those states are: Arizona, New Mexico, California, Illinois, Pennsylvania, West Virginia, Kentucky, Tennessee, Virginia, Maryland, New Jersey, and New York. The orders issued regarding those petitions can be found on the Commission (TRA) websites.

There has been no tabulation or quantifications any additional costs related to those conditions. Mr. Miller was a witness in both the West Virginia and Kentucky Change of Control proceedings. Below are examples of conditions in those two states that could result in increased costs.

1. WV – Pages 9-11 of the Commission Order addresses the conditions relating to the approval of the Petition.
2. WV - Conditions, B, H, M, S, W, and X impose reporting requirements that would not be required except for those conditions.
3. KY –Pages 19-29 of the Commission Order addresses the conditions relating to the approval of the Petition, those conditions are also listed in detail in Appendix A attached to the Order.
4. KY – Conditions 4, 10, 12, 14, 17, 20, 21, 22, 24, 26; and 38, impose reporting requirements that would not be required except for those conditions.

SUPPLEMENTAL RESPONSE:

Attached are the docket numbers for the thirteen states where petitions were filed seeking commission approval for the change of control.

States Seeking Approval

<u>State</u>	<u>Approvals</u>
AZ	Docket No. SW-01303A-06-0274 Decision No. 69344 Docket No. W-01303A-06-0274 Decision No. 69344 Docket No. WS-01303A-06-0274 Decision No. 69344
CA	Application 06-05-025 Decision 07-05-031
HI	Docket No. 2006-0095 Decision and Order No. 22511
IL	Joint Application 06-0336
KY	Case No. 2006-00197
MD	#11, 5/24/06 AM; ML#101250, S-790
NJ	Docket No. WM06050388
NM	Case No. 06-00192-UT
NY	Case 06-W-0490
PA	Application A-212285 F0136
TN	Docket No. 06-00119
VA	Case No. PUE-2006-00057
WV	Case No. 06-0597-W-PC

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Michael Miller/Others

**PART III: QUESTIONS & REQUESTS REGARDING COST OF CAPITAL
& MISCELLANEOUS**

Question:

5. In the Registration statement filed with the SEC on May 6, 2008, American Water Works made this statement:

The RWE acquisition resulted in certain changes in our business. For example, our operations and management were managed through Thames Water. Also, we agreed not to file rate cases with some state PUCs for specified periods of time as a condition of the acquisition. As of December 31, 2007, all rate stay-out provisions associated with the RWE acquisition had expired.

- a. Identify those states where there were stay-out provisions, identify the terms and conditions of those provisions and provide copies of orders , decisions or other material to substantiate your reply.

Response:

The Company objects to this request on the grounds that it is over broad, unduly burdensome, seeks information not readily available to TAWC, and seeks information that is not relevant to this proceeding.

Subject to and without waiving its objections, the Company states that public information about AWK can be found at the following web sites: www.sec.gov and www.amwater.com. In 2006 AWW filed petitions in 13 states seeking approval for the change of control. Those states are: Arizona, New Mexico, California,

Illinois, Pennsylvania, West Virginia, Kentucky, Tennessee, Virginia, Maryland, New Jersey, and New York. The orders issued regarding those petitions can be found on the Commission (TRA) websites. In the 2006 Change of Control Proceeding there were no rate case filing moratoriums (stay-outs) included in the Orders approving the Petitions.

In neither the 2002 and 2006 Change of Control Proceedings regarding TAWC, there were no rate filing moratorium conditions proposed by any party or approved by the TRA.

In the 2002 Change of Control proceedings there were rate filing moratoriums (stay-outs) as part of the conditions attached to the Commission's approval of those petitions in Arizona, Kentucky, West Virginia, California, Maryland, New Jersey, and New York. The Commission (TRA) orders approving the 2002 Change of Control proceedings can be found at the Commission (TRA) websites reference earlier in this response.

SUPPLEMENTAL RESPONSE:

Below are the docket numbers for the states that required rate filing moratoriums.

<u>State/Condition</u>		
AZ - 15	Docket No. W-01313A-01-0983	Decision No. 65453
KY - Appendix A #1	Case No. 2002-00317	
WV - A	Case No. 01-1691-W-PC	
CA - Appendix B (#1380) 1	Application 02-01-036	Decision 02-12-068
MD - Exhibit A # 1	Order No. 78073	Case No. 8944
NY - 1	Case 01-W-1949	

**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 provides a copy of its response to TRA D1, Request No. 20 in Docket No. 06-00290 on a compact disk enclosed with this Supplemental Response. CAPD has additionally requested that part of the Company's response include monthly billing analysis, which TAWC also provides as an attachment to the compact disk enclosed with this Supplemental Response.

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 provides this requested information on a compact disk enclosed with this Supplemental Response.

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
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

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.

SECOND SUPPLEMENTAL RESPONSE:

Please see the file included on the enclosed CD labeled as TN-CAPD-01-Part IV-Q043-2 SvcCo EmpExp.xls which includes the p-card charges allocated to Tennessee American Water from January 2006 through March 2008. Also included on the enclosed CD are two files which detail the p-card charges for Tennessee American for those employees who are superintendent and above from January 2006 through March 2008. These files are labeled as TN-CAPD-01-Q043 TN p-card 2006.xls and TN-CAPD-01-Q043 TN p-card 010107-033008.xls.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

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.

SECOND SUPPLEMENTAL RESPONSE:

See the attached schedule. The balance as of June 30, 2006 includes utility plant and accumulated depreciation for Walden's Ridge.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 08-00039
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

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)
<u>JDE</u>	<u>Account</u>	<u>Plant in Service</u>	<u>Acc. Deprec.</u>	<u>Current Deprec.</u>	<u>Net</u>
<u>Acct #</u>	<u>Description</u>	<u>Balance</u>	<u>Balance</u>	<u>Rate</u>	<u>Book Value</u>

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

SECOND SUPPLEMENTAL RESPONSE:

See the attached schedules which detail the plant in service and accumulated depreciation by JDE account for November 2007, December 2007, January 2008, February 2008, and March 2008. The utility plant and accumulated depreciation on the above referenced schedules include Walden's Ridge utility plant data.