

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

**IN RE:**

<b>PETITION OF TENNESSEE AMERICAN</b>	)	
<b>WATER COMPANY TO CHANGE AND</b>	)	
<b>INCREASE CERTAIN RATES AND</b>	)	
<b>CHARGES SO AS TO PERMIT IT TO</b>	)	<b>Docket No. 08-00039</b>
<b>EARN A FAIR AND ADEQUATE RATE</b>	)	
<b>OF RETURN ON ITS PROPERTY USED</b>	)	
<b>AND USEFUL IN FURNISHING WATER</b>	)	
<b>SERVICE TO ITS CUSTOMERS</b>	)	

**TENNESSEE AMERICAN WATER COMPANY'S SECOND DISCOVERY REQUESTS  
TO CITY OF CHATTANOOGA**

Petitioner Tennessee American Water Company ("Petitioner" or "TAWC") serves these Discovery Requests on the City of Chattanooga (the "City"), and asks that the City provide responses to each request separately, fully, and in writing. The City is also called upon to produce all documents and evidence requested herein. Furthermore, the City is called upon to fulfill its duty to supplement its answers as far in advance of the beginning of any hearing as is reasonably possible if it is learned that any response is in any material respect incomplete, incorrect or has changed.

In these discovery requests, the terms "document" or "documents" or "documentation" refers to all written, reported, recorded or graphic matter (including all drafts, originals and nonconforming copies that contain deletions, insertions, handwritten notes or comments, and the like) however produced or reproduced to any tangible or intangible, permanent or temporary record and, without limitation, shall include the following: all letters, correspondence, records of conferences or meetings, memoranda, notes, printed electronic mail ("e-mail"), telegrams, telephone logs, teletypes, telexes, banking records, notices of wire transfer of funds, canceled

checks, books of account, budgets, financial records, contracts, agreements, invoices, speeches, transcripts, depositions, press releases, affidavits, communications with government bodies, interoffice communications, working papers, newspaper or magazine articles, computer data, tax returns, vouchers, papers similar to any of the foregoing, and any other writings of every kind and description (whether or not actually used) and any other records from which information can be obtained and translated into reasonably usable form, including without limitation, e-mail, voice recordings, video and audio recordings, photographs, films, tapes, data compilations and any other electronically stored information.

As used herein, the term “identify” in reference to any individual requires you to provide that individual's name, occupation, current and last known residential and business addresses, and current or last known residential and business telephone numbers. In reference to any other place, thing, concept, fact, or occurrence, the term “identify” requires you to provide all significant information concerning the subject matter of the interrogatory or request, in clear and unambiguous terms, to the fullest extent reasonably calculated to convey the requested information.

**DISCOVERY REQUEST NO. 1:**

For each docket number listed on Appendix B to the testimony of Michael Majoros, please provide a thorough description of each topic addressed by Mr. Majoros in each docket (e.g. cost of service, depreciation rates, management fees, management audit, revenues, O&M expenses, etc.).

**RESPONSE:**

**DISCOVERY REQUEST NO. 2:**

Please provide a detailed listing in the tabular format below for each docket or case in which Mr. Majoros has testified specifically to the prudence or imprudence of management fees charged by the Service Company of an investor-owned, multi-jurisdictional utility.

State of Jurisdiction	Docket(case)#	Name of Parent Co.	Name of Subsidiary	Summary Of MJM position	Was MJM position upheld by Commission

**RESPONSE:****DISCOVERY REQUEST NO. 3:**

Please provide all information reviewed by Mr. Majoros (or analysis performed by Mr. Majoros) prior to the filing of his pre-filed testimony in this docket supporting or underlying his assertion that TAWC was charged \$1.3 million in management fees in 1996, \$3.9 million in Docket No. 06-00290, and that the current case reflects a 10% increase in management fees charged to TAWC.

**RESPONSE:**

**DISCOVERY REQUEST NO. 4:**

Please provide all information reviewed by Mr. Majoros (or analysis performed by Mr. Majoros) prior to the filing of his pre-filed testimony in this docket that addresses how organization changes at AWW, AWWSC, or TAWC have impacted or caused the changes in management fees for 1996 through 2007, including but not limited to: the creation of the national customer service facility, the creation of the centralized shared service transactional accounting facility, the creation of the centralized national procurement group, or any other organization change that has occurred at AWW, AWWSC, or TAWC.

**RESPONSE:**

**DISCOVERY REQUEST NO. 5:**

Please provide all information reviewed by Mr. Majoros (or analysis performed by Mr. Majoros) prior to the filing of his pre-filed testimony in this docket that addresses the impact that changes in ERISA pension expense and OPEB expenses have had on the change in management fees charged to TAWC from 1996 to 2007.

**RESPONSE:**

**DISCOVERY REQUEST NO. 6:**

Please provide a comprehensive list of sources and individuals that Mr. Majoros consulted with in developing his testimony in this proceeding.

**RESPONSE:**

**DISCOVERY REQUEST NO. 7:**

Please provide a list of all formal training Mr. Majoros has received in the interpretation or implementation of Sarbanes-Oxley legislation.

**RESPONSE:**

**DISCOVERY REQUEST NO. 8:**

Please provide a detailed listing in the tabular format below of each docket or case in which Mr. Majoros has testified as an expert on the adoption, implementation, or interpretation of Sarbanes-Oxley legislation or law.

State of Jurisdiction	Docket(case)#	Name of Parent Co.	Name of Subsidiary	Summary Of MJM position

**RESPONSE:**

**DISCOVERY REQUEST NO. 9:**

Please provide a copy of every management audit conducted or performed by either Mr. Stoffel or Mr. Majoros, and the state, docket number, year, company name and parent company name for every case in which a management audit was conducted or performed by either Mr. Stoffel or Mr. Majoros was filed.

**RESPONSE:**

**DISCOVERY REQUEST NO. 10:**

On page 2 of his testimony, Mr. Stoffel states "I have researched and developed training that stresses benchmarking as a key component to successful management." Please produce all documents reflecting any such research and development, including any final training product or course materials produced in whole or part by Mr. Stoffel.

**RESPONSE:**

**DISCOVERY REQUEST NO. 11:**

On page 5 of Mr. Stoffel's pre-filed testimony in this docket, he refers to the 2005 AWWA "Benchmarking Performance Indicators for Water and Wastewater Utilities," and states that this report relies on 2003-2004 data. Please identify and produce a copy of the most current available version of the AWWA "Benchmarking Performance Indicators for Water and Wastewater Utilities."

**RESPONSE:**

**DISCOVERY REQUEST NO. 12:**

Please explain how AWWA collected the data on which its “Benchmarking Performance Indicators for Water and Wastewater Utilities” report is based and whether the “Benchmarking Performance Indicators for Water and Wastewater Utilities” report differentiates between investor owned, multi-state utilities with service company structures and publicly owned or municipal utilities.

**RESPONSE:**

**DISCOVERY REQUEST NO. 13:**

Please provide a list of the companies in the 61 company peer group referenced on page 7 of Mr. Stoffel’s testimony and indicate whether each company is (i) municipally owned, (ii) a co-op, (iii) a public service district or public water utility district, (iv) an investor-owned, (v) an investor-owned, multi-state utility that is provided services by a centralized service company organization, or (vi) other (and if other, please describe its ownership type or structure).

**RESPONSE:**

**DISCOVERY REQUEST NO. 14:**

Please provide all information (other than that provided in appendices to the testimony of Glynn Stoffel) reviewed by Mr. Stoffel or any analysis performed by Mr. Stoffel prior to the filing of Mr. Stoffel’s pre-filed testimony in this docket that addresses or compares the type and

level of services provided by the 61 utilities referenced on page 7 of his testimony to those services provided by the utilities referenced in the Booz Allen Hamilton peer group contained on Exhibit 9-1, page 8 of the Booz Allen Hamilton report filed in this docket.

**RESPONSE:**

**DISCOVERY REQUEST NO. 15:**

For each company included in the 61 company peer group referenced on page 7 of Mr. Stoffel's testimony in this docket, please provide a comprehensive list of the costs (by NARUC account number) used to determine the \$38.20 benchmark referenced on page 7, line 6 of the testimony.

**RESPONSE:**

**DISCOVERY REQUEST NO. 16:**

For the companies that appear in the 61 company peer group referenced on page 7 of Mr. Stoffel's testimony in this docket that have "service companies," describe in detail the type, nature, number and scope of the services provided by the service companies.

**RESPONSE:**



**DISCOVERY REQUEST NO. 17:**

Please provide all information reviewed by Mr. Stoffel or any analysis performed by Mr. Stoffel prior to the filing of Mr. Stoffel's pre-filed testimony in this docket that attempts to determine the differences among the 61 company peer group referenced on page 7 of his testimony and the utility peer group used in the Booz Allen Hamilton report including, but not limited to: the number of and types of services included in Mr. Stoffel's peer group compared to the Booz Allen Hamilton peer group, taxes for investor-owned versus non-taxable public or municipal systems, the size of the systems, the sophistication of the billing and accounting systems, the differences in regulation (Commission or TRA rules and regulations) between the systems or the absence of regulation in some cases, whether the systems have surface or ground water source water, etc.

**RESPONSE:**

**DISCOVERY REQUEST NO. 18:**

Please identify each of the entities among Mr. Stoffel's 61 company peer group that is subject to the Sarbanes-Oxley Act or presently engaged in the process of Sarbanes-Oxley implementation.

**RESPONSE:**

**DISCOVERY REQUEST NO. 19:**

Please provide a detailed listing in the tabular format below of each case or docket in which Mr. Stoffel has testified as an expert on the management fees charged by the Service Company of an investor owned, multi-jurisdictional utility.

State of Jurisdiction	Docket(case)#	Name of Parent Co.	Name of Subsidiary	Summary Of GS position	Was GS position upheld by Commission

**RESPONSE:****DISCOVERY REQUEST NO. 20:**

Please provide a comprehensive list of sources and individuals that Mr. Stoffel consulted with in developing his testimony in this proceeding.

**RESPONSE:****DISCOVERY REQUEST NO. 21:**

Has Mr. Majoros ever participated in or reviewed a management audit he considers to be in compliance with Sarbanes Oxley requirements? If so, please produce a copy of any such management audits.

**RESPONSE:**

**DISCOVERY REQUEST NO. 22:**

Please provide any studies, reports, correspondence, City Council minutes, committee minutes, ordinances, resolutions, or other documents of any kind created from January 1, 2006 to the present and reflecting discussions with or requests to TAWC related to planning, proposing, or making capital improvements for reasons including, but not limited to: fire protection, downtown revitalization, service problems, economic development, or transportation improvements.

**RESPONSE:**

**DISCOVERY REQUEST NO. 23:**

Produce all documents, studies, proposals, or other communications in which the City or any of its departments, offices, agencies, officials, agents or any other of its representatives of any kind communicated with any representative of Volkswagen Group of America, Volkswagen AG, or any Volkswagen affiliate concerning water use or wastewater requirements for the planned Volkswagen manufacturing facility in the Chattanooga area.

**RESPONSE:**

**DISCOVERY REQUEST NO. 24:**

Please produce a copy of the management audit conducted by the Kentucky Public Service Commission, referenced on page 11, lines 15-17 of Mr. Majoros' testimony.

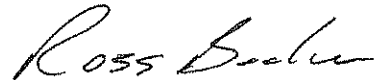
**RESPONSE:**

**DISCOVERY REQUEST NO. 25:**


On page 2 of Mr. Stoffel's testimony, he states "In my role with Snavelly King, one of my duties is to benchmark the data obtained from various utilities to determine what level of best practices and potential efficiency they are attaining both internally and when compared to other utilities." Please produce any document containing any portion of any such benchmarking activities, including the workpapers, underlying data, and results of those benchmarking activities.

**RESPONSE:**

Respectfully submitted,



R. Dale Grimes (#6223)  
Ross I. Booher (#019304)  
BASS, BERRY & SIMS PLC  
315 Deaderick Street, Suite 2700  
Nashville, TN 37238-3001  
(615) 742-6200



*Counsel for Petitioner  
Tennessee American Water Company*

### 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 24<sup>th</sup> day of July, 2008, upon the following:

<input checked="" type="checkbox"/> Hand-Delivery	Timothy C. Phillips, Esq.
<input type="checkbox"/> U.S. Mail	Consumer Advocate and Protection Division
<input type="checkbox"/> Facsimile	Office of Attorney General
<input type="checkbox"/> Overnight	2nd Floor
<input checked="" type="checkbox"/> Email	425 5th Avenue North
	Nashville, TN 37243-0491
<input type="checkbox"/> Hand-Delivery	David C. Higney, Esq.
<input type="checkbox"/> U.S. Mail	Counsel for Chattanooga Manufacturers Association
<input type="checkbox"/> Facsimile	Grant, Konvalinka & Harrison, P.C.
<input checked="" type="checkbox"/> Overnight	633 Chestnut Street, 9th Floor
<input checked="" type="checkbox"/> Email	Chattanooga, TN 37450
<input checked="" type="checkbox"/> Hand-Delivery	Henry M. Walker, Esq.
<input type="checkbox"/> U.S. Mail	Counsel for Chattanooga Manufacturers Association
<input type="checkbox"/> Facsimile	Boult, Cummings, Conners & Berry, PLC
<input type="checkbox"/> Overnight	Suite 700
<input checked="" type="checkbox"/> Email	1600 Division Street
	Nashville, TN 37203
<input type="checkbox"/> Hand-Delivery	Michael A. McMahan, Esq.
<input type="checkbox"/> U.S. 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-Delivery	Frederick L. Hitchcock, Esq.
<input type="checkbox"/> U.S. Mail	Harold L. North, Jr., Esq.
<input type="checkbox"/> Facsimile	Counsel for City of Chattanooga
<input checked="" type="checkbox"/> Overnight	Chambliss, Bahner & Stophel, P.C.
<input checked="" type="checkbox"/> Email	1000 Tallan Building
	Two Union Square
	Chattanooga, TN 37402

