

**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)
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

**CHATTANOOGA MANUFACTURERS ASSOCIATION'S SUPPLEMENTAL &
AMENDED RESPONSES TO TENNESSEE AMERICAN WATER COMPANY'S
SECOND SET OF DISCOVERY REQUESTS**

The Chattanooga Manufacturers Association ("CMA"), by and through its attorneys, submits the following amended response to the Company's Second Set of Discovery, Requests Nos. 5, 7, 8 and 9. CMA previously has set forth its objections generally and specifically applicable to TAWC's requests and reincorporates all said objections herein as if fully restated.

Subject to and without waiving any of the objections stated previously, CMA supplements and amends its responses as follows:

DISCOVERY REQUEST NO. 5:

Please provide the Return on Equity and Profit Margin for each customer represented by the CMA. If any of those customers represented by the CMA are segments of a larger business, please provide the ROE (if applicable) and the Profit Margin for the Chattanooga-based operation.

RESPONSE:

See Response to Discovery Request No. 1, above. In the last rate case, the Company also sought the same information for all CMA members. CMA did not agree with that request. CMA acknowledged it would provide certain information from the two CMA member company witnesses that had submitted pre-filed testimony, and the Company agreed, in TRA Docket 06-00290.

Here, there are no CMA member companies that have provided pre-filed direct testimony in this rate case and, thus, the requested information simply is not relevant. CMA further objects on the grounds that the questions in this discovery request are unduly burdensome, irrelevant, and not designed to lead to the discovery of admissible evidence. Further, TAWC seeks to require CMA to create materials from raw data, regardless of whether CMA possesses such data, even though that is the type of objection TAWC raised in its responses to discovery in this matter. If granted, the Company's nearly annual rate increases could drive up procurement costs in amounts for such large users that obviously would exceed for such entities far greater than the Company's mantra of a 12¢ per day / \$3.65 per month increase for an "average" TAWC residential ratepayer. Clearly this request is an oppressive and unwarranted intrusion into the business practices of the Company's largest customers, perhaps designed to intimidate such customers with the threat of having to reveal to the water supplier, a public service provider, highly sensitive and critical business information in a competitive environment.

DISCOVERY REQUEST NO. 7:

For each TAWC customer testifying in this docket on behalf of the CMA, please provide a schedule listing the total annual amount their Chattanooga operations spent from 2003 to 2008 on each of the following: water, electricity, natural gas, sewer, and local property tax; and calculate the percentage each of the listed costs represents as compared to the total operating or budgeted cost for their Chattanooga operations.

RESPONSE:

See Response to Discovery Request No. 5, above.

DISCOVERY REQUEST NO. 8:

Identify and/or produce all communications between the CMA and its members regarding the hearing of this case.

RESPONSE:

See Response to Discovery Request No. 1, above. Moreover, the request is overbroad, vague, ambiguous, and unduly burdensome. Subject to all prior objections, CMA further responds and refers the Company to attached responsive materials.

DISCOVERY REQUEST NO. 9 (TO MR. GORMAN):

Please provide legible copies of the original sources relied upon to obtain the following data:

- a. growth rate forecasts from Zacks Investment Research and SNL Financial (Exhibit MPG-10),
- b. common equity ratios from *AUS Utility Reports* (Exhibit MPG-9),
- c. market to book ratios for the gas proxy group from *Mergent Public Utility Manual* and *AUS Utility Reports* (Exhibit MPG-15),
- d. and authorized rates of return for the companies included in the gas proxy group from Regulatory Research Associates (Exhibit MPG-16).

RESPONSE:

CMA objects on the grounds that the request is overbroad, vague, ambiguous, and unduly burdensome. CMA further responds and refers the Company to Mr. Gorman's workpapers served and filed on or about July 22, 2008, as requested information was included as part of Mr. Gorman's workpapers supplied in this case. (See below) If these copies are not legible or clear, CMA and BAI will work in good faith to resolve any further concerns of the Company.

- a. See MPG workpaper #8 - Zacks Investment Research and SNL Financial;
- b. See MPG workpaper #8 - *AUS Utility Reports*;
- c. See MPG workpaper #6 - *Mergent Public Utility Manual* and See MPG workpapers #6, 8 - *AUS Utility Reports*; and
- d. See MPG workpaper #5 - Regulatory Research Associates.

Respectfully submitted,

GRANT KONVALINKA & HARRISON, P.C.

By: 

DAVID C. HIGNEY (BPR #14888)

Attorneys for Intervenor –

Chattanooga Manufacturers Association

Ninth Floor, Republic Centre

633 Chestnut Street

Chattanooga, Tennessee 37450-0900

- and -

BOULT, CUMMINGS, CONNERS & PERRY, P.C.

By:  

HENRY M. WALKER (BPR #272)

1600 Division Street, Suite 700

P.O. Box 340025

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 4th day of August, 2008, upon the following:

☒ Hand-Delivery Richard Collier
☐ U.S. Mail General Counsel
☐ Facsimile Tennessee Regulatory Authority
☐ Overnight 460 James Robertson Parkway
☒ Email Nashville, Tennessee 3 7243-00505

☒ Hand-Delivery Ross Booher, Esq.
☐ U.S. Mail R. Dale Grimes, Esq
☐ Facsimile Bass, Berry & Sims, PLC
☐ Overnight AmSouth Center
☒ Email 315 Deaderick Street, Suite 2700
Nashville, TN 37238-3001

☒ Hand-Delivery Michael A. McMahan, Esq.
☐ U.S. Mail Special Counsel
☐ Facsimile Nelson, McMahan & Noblett
☐ Overnight 801 Broad Street, Suite 400
☒ Email Chattanooga, TN 37402

☒ Hand-Delivery Robert E. Cooper, Jr., Attorney General
☐ U.S. Mail Timothy C. Phillips, Senior Counsel
☐ Facsimile Ryan L. McGehee, Assistant Attorney General
☐ Overnight Office of the Attorney General
☒ Email 425 Fifth Avenue, North
P.O. Box 20207
Nashville, Tennessee 37202-0207

☒ Hand-Delivery Harold L. North, Jr., Esq.
☐ U.S. Mail Frederick L. Hitchcock, Esq.
☐ Facsimile Chambliss, Bahner & Stophel, P.C.
☐ Overnight 1000 Tallan Building
☒ Email Two Union Square
Chattanooga, TN 37402-2500


GRANT, KONVALINKA & HARRISON, P.C.

From: Celeste [celeste@cma1902.com]
Sent: Friday, August 01, 2008 2:42 PM
To: Celeste
Subject: TAWC Hearing Schedule

We have received notice from the Tennessee Regulatory Authority that the Hearing of the Tennessee American Water rate case will commence on Monday, August 18, 2008 beginning at 1:00pm and continue through Friday August 22, 2008 on the Fourth Floor of the Hamilton County Courthouse.

Specific times have been set aside for public comment during the hearing as follows: Monday, August 18 from 6:30 to 8:30PM and Tuesday, August 19 from 8:30 to 9:30AM.

Please let me know if you would like to participate in this part of the hearing and also advise your employees of these times for public comment.

Ray
Ray@cma1902.com

NOTE: I will be out of the office next week. Please be sure to respond to Ray.

Celeste Longwith
Chattanooga Manufacturers Association
P.O. Box 11489
Chattanooga, TN 37401
Phone: 423-266-1902
Fax: 423-266-1985
Email: celeste@cma1902.com
Web: www.cma1902.com