

August 14, 2008

Via E-mail and USPS

filed electronically in docket office on 08/14/08

Chairman Tre Hargett
c/o Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: Docket No. 08-00039
In Re: Petition of Tennessee American Water Company to Change and
Increase Certain Rates

Dear Chairman Hargett:

Enclosed please find an original and five (5) copies of the City of Chattanooga's Motion to Strike and Exclude the Testimony of Mark Manner.

I would appreciate you stamping the extra copy of each of this document as "filed," and returning it to me in the enclosed, self-addressed and stamped envelope.

With best regards, I am

Sincerely yours,

Frederick L. Hitchcock

FLH:kwr

Enclosures

cc: Ryan L. McGehee, Esq. (w/encl)
Timothy C. Phillips, Esq. (w/encl)
David C. Higney, Esq. (w/encl)
R. Dale Grimes, Esq. (w/encl)
Ross Ian Booher, Esq. (w/encl)
J. Davidson French, Esq. (w/encl)
Adam Futrell, Esq. (w/encl)
Erin Everitt, Esq. (w/encl)
Henry M. Walker, Esq. (w/encl)
Michael A. McMahan, Esq. (w/encl)

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:)	
)	
PETITION OF TENNESSEE AMERICAN)	DOCKET NO. 08-00039
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)	

**CITY OF CHATTANOOGA'S MOTION TO STRIKE AND EXCLUDE THE
TESTIMONY OF MARK MANNER**

I. INTRODUCTION

The City of Chattanooga ("City"), by and through counsel, hereby moves for an order striking and excluding the proposed testimony of Mark Manner offered by the Petitioner, Tennessee American Water Company ("TAWC"). The name of Mark Manner and the nature of his testimony were never timely disclosed despite discovery requests for such information that have been pending since May 12, 2008. TAWC's first disclosure of Mr. Manner as a witness three (3) months later, on August 12, 2008, is a violation of TAWC's obligation to timely file discovery responses. Further, a review of Mr. Manner's proposed testimony, first provided on the afternoon of August 13, 2008, demonstrates that there was no justifiable reason for the delay in disclosure. Mr. Manner proposes to argue in his testimony that the TRA did not mean what it said in May, 2007, when it ordered that TAWC complete a management audit in compliance with the Sarbanes-Oxley Act, and that TAWC was correct in ignoring this express directive by the Authority. If this is TAWC's position, it should have been asserted by TAWC months ago,

after the TRA issued its instruction. At the least, if this was TAWC's explanation why it ignored the TRA's requirements when it submitted the Booz Allen Hamilton report (the "BAH Report") and Mr. Van den Berg's pre-filed testimony in March, 2008, TAWC should have provided the explanation at that time.

Under these circumstances, the use of Mr. Manner's testimony would deprive the City and its citizens, who are facing an extraordinarily large rate increase, of the right to a fair hearing, as the City has not had adequate time to investigate and prepare for this witness.

II. ARGUMENT

In Chairman Miller's motion adopted by the TRA on May 15, 2007, approving a portion of the rate increase sought by TAWC in Docket No. 06-00290, TAWC was instructed as follows:

Additionally, I move that the Authority direct TAWC to have a management audit performed in compliance with Sarbanes-Oxley requirements and to submit the audit results concurrent with any future rate case filing. This audit should determine whether all costs allocated to TAWC were incurred as a result of prudent or imprudent management decisions by TAWC's parent and should address the reasonableness of the methodology used to allocate costs to TAWC.

Chairman Miller's motion adopted May 15, 2007 (amended upon adoption to require management audit to be performed within one year).

In his proposed testimony, Mr. Manner, who is a highly-compensated attorney, seeks to argue points of law. Among other things, he seeks to argue that the TRA did not really require the management audit to "be performed in compliance with Sarbanes-Oxley requirements" He also seeks to argue that there are no Sarbanes-Oxley requirements that are applicable to American Water Works Company. Remarkably, he proposes to argue that the TRA had no authority to require that the audit be performed in compliance with Sarbanes-Oxley requirements because those are federal requirements.

TAWC never challenged the TRA's command that it perform a management audit "in compliance with Sarbanes-Oxley requirements" Instead, TAWC represented in exhibits to its Verified Petition, filed five (5) months ago, that the BAH Report was a management audit completed in accordance with the TRA's command. Both Mr. Van den Berg and Mr. Mike Miller submitted sworn testimony with the Verified Petition to that effect. After the City's experts pointed out that the BAH Report was not performed in compliance with Sarbanes-Oxley requirements (and did not otherwise follow the TRA's instructions), TAWC claims that it must offer a new witness, Mr. Manner, disclosed six (6) days prior to the hearing, in an effort to avoid the mandate of the TRA.

TAWC has known since May 14, 2007 that it was required to submit a management audit performed in compliance with Sarbanes-Oxley requirements. TAWC had the affirmative obligation to demonstrate compliance the TRA's instructions, including performance of the management audit in compliance with Sarbanes-Oxley requirements. The fact that it incorrectly claimed in sworn testimony appended to its Verified Complaint that it had complied with those instructions does not justify bringing forth a surprise witness less than a week before the hearing commences to try to justify TAWC's failure to do what its treasurer and its paid consultant swore that it had done.

As the Hearing Officer instructed, the Intervenor's endeavored to avoid duplication in their discovery requests. Thus, CMA and the CAD included in their first discovery requests questions concerning the identification of witnesses, including expert witnesses, and the disclosure of information concerning such witnesses and their proposed testimony. E.g. CMA First Discovery Requests Nos. 3, 4 (filed May 12, 2008)(attached as Exhibit 1); CAD First Discovery Requests No. 1 (filed May 12, 2008)(excerpt attached as Exhibit 2). The CAD filed

more detailed expert disclosure requests in its Second Discovery Requests No. 4 (filed July 24, 2008)(attached as Exhibit 3). TAWC never identified Mr. Manner or his testimony in its responses to any of these discovery requests. On the afternoon of August 12, 2008, TAWC filed a supplemental response to the CAD First Discovery Request No. 1 for the first time identifying Mr. Manner (attached as Exhibit 4). His proposed testimony was not filed until the afternoon of August 13, 2008. Even if Mr. Manner's proposed testimony could have been found proper if timely disclosed, his disclosure less than one (1) week before the hearing prevents the City and the other Intervenor from having any opportunity to prepare and respond to his proposed testimony. Permitting TAWC to present Mr. Manner's testimony under these circumstances would be grossly prejudicial to the City and would deprive it and the citizens it represents of their due process rights.

WHEREFORE, the City respectfully requests that an order be entered striking and excluding the proposed testimony of Mr. Manner. The City further requests that all costs and expenses associated with the retention of Mr. Manner and the preparation of his proposed testimony be borne only by the shareholder of TAWC and be excluded from any expenses passed on to the ratepayers.

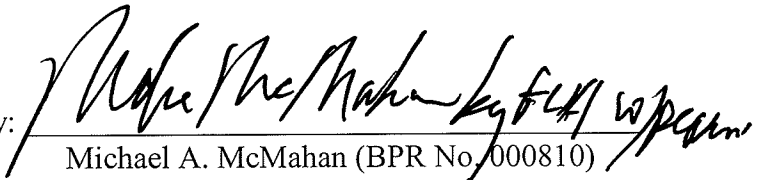
Respectfully submitted,

By: 

Frederick L. Hitchcock (BPR No. 005960)
Harold L. North, Jr. (BPR No. 007022)
Chambliss, Bahner & Stophel, P.C.
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Telephone: (423) 756-3000

Attorneys for the City of Chattanooga

CITY OF CHATTANOOGA, TENNESSEE
RANDALL L. NELSON, CITY ATTORNEY

By:  Michael A. McMahan (BPR No. 000810)

Valerie Malueg (BPR No. 023763)

801 Broad Street, Suite 400

Chattanooga, TN 37450-0900

Telephone: (423) 757-5338

Attorneys for the City of Chattanooga

CERTIFICATE OF SERVICE

This is to certify that the undersigned has this day served a true and correct copy of the foregoing pleading by electronic mail and by depositing same in the United States mail, postage prepaid, and addressed to the following:

Ryan L. McGehee, Esq.
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202-0207
ryan.mcgehee@state.tn.us

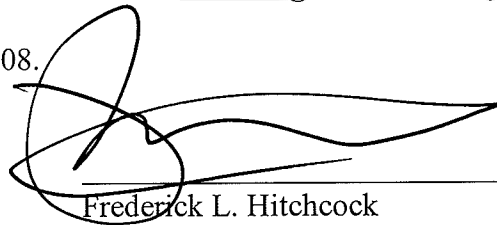
Timothy C. Phillips, Esq.
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This the 14th day of August, 2008.



Frederick L. Hitchcock

LAW OFFICES
GKH
GRANT KONVALINKA & HARRISON, P.C.

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633 Chestnut Street
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May 12, 2008

VIA EMAIL AND MAIL

Chairman Eddie Roberson
c/o Sharla Dillon
Tennessee Regulatory Authority
460 Robertson Parkway
Nashville, TN 37243-0505

filed electronically in docket office on 05/12/08

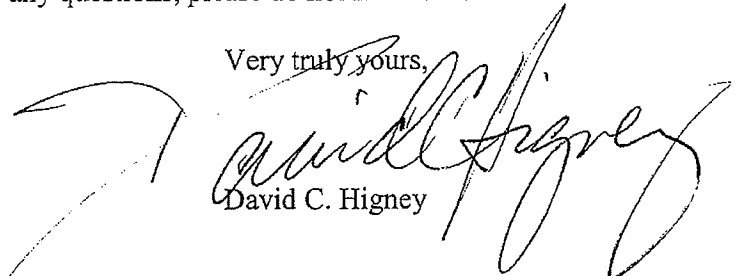
Re: ***TRA Docket No. 08-0039***

Dear Chairman Roberson:

Enclosed please find Chattanooga Manufacturer Association's First Set of Data Requests to Tennessee American Water Company.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

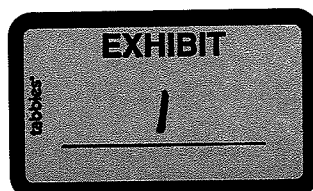

David C. Higney

DCH/dmm

Enclosure

cc: Mr. J. Richard Collier
Mr. Henry M. Walker
Mr. Michael A. McMahan
Mr. Harold L. North, Jr.
Mr. Frederick L. Hitchcock
Mr. Dale Grimes/Mr. Ross I. Booher
Mr. Robert E. Cooper, Jr. /Mr. Timothy C. Phillips/Mr. Ryan L. McGehee

P:\Folders A-H\C271\800\Roberson Ltr 051208(enc TAWC discovery)



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

IN RE:

PETITION OF TENNESSEE-
AMERICAN WATER COMPANY TO
CHANGE AND INCREASE CERTAIN
RATES AND CHARGES...

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DOCKET NO. 08-0039

**CHATTANOOGA MANUFACTURERS ASSOCIATION'S
FIRST SET OF DATA REQUESTS TO
TENNESSEE AMERICAN WATER COMPANY**

Chattanooga Manufacturers Association ("CMA"), by and through its counsel, hereby serves the following discovery and data requests to Tennessee American Water Company (hereinafter "TAWC", "Tennessee-American" or the "Company"):

DEFINITIONS

1. Unless otherwise noted, "Tennessee-American" "Company" or "TAWC" means Tennessee American Water Company, and its present and former officers, employees, agents, representatives, directors, and all other persons acting or purporting to act on behalf of Tennessee American Water Company.

2. The terms "you" and "your" refer to Tennessee American Water Company.

3. "The term "person" means any natural person, corporation, corporate division, partnership, other unincorporated association, trust, government agency, or entity.

4. The term "document" shall have the broadest possible meaning under applicable law. "Document" means every writing or record of every type and description that is in the

possession, custody or control of Tennessee American Water Company, including, but not limited to, correspondence, memoranda, drafts, workpapers, summaries, stenographic or handwritten notes, studies, publications, books, pamphlets, reports, surveys, minutes or statistical compilations, computer and other electronic records, files, tapes or printouts, including, but not limited to, electronic files, electronic mail (e-mail) files, portable files, temporary files, and/or external storage devices; and, copies of such writings or records containing any commentary or notation whatsoever that does not appear in the original. The term "document" further includes, by way of illustration but not limitation, schedules, progress schedules, time logs, drawings, computer disks, charts, projections, time tables, summaries of other documents, minutes, surveys, work sheets, drawings, comparisons, evaluations, laboratory and testing reports, telephone call records, personal diaries, calendars, personal notebooks, personal reading files, transcripts, witness statements and indices.

5. The term "referring or relating to" means consisting of, containing, mentioning, suggesting, reflecting, concerning, regarding, summarizing, analyzing, discussing, involving, dealing with, emanating from, directed at, pertaining to in any way, or in any way logically or factually connected or associated with the matter discussed.

6. "And" and "or" as used herein shall be construed both conjunctively and disjunctively and each shall include the other whenever such construction will serve to bring within the scope of these discovery requests any information that would otherwise not be brought within their scope.

7. "Affiliate" or "affiliated" means an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another entity.

8. "Identify" or "identifying" or "identification" when used in reference to a document means to provide with respect to each document requested to be identified by these discovery requests a description of the document that is sufficient for purposes of a request to produce or a subpoena duces tecum, including the following:

- a) the type of document (e.g., letter, memorandum, etc.);
- b) the date of the document;
- c) the title or label of the document;
- d) the Bates number or other identifier used to number the document for use in litigation;
- e) the identity of the originator;
- f) the identity of each person to whom it was sent;
- g) the identity of each person to whom a copy or copies were sent;
- h) a summary of the contents of the document;
- i) the name and last known address of each person who presently has possession, custody or control of the document; and
- j) if any such document was, but is no longer, in your possession, custody or control or is no longer in existence, state whether it: (1) is missing or lost; (2) has been destroyed; or (3) has been transferred voluntarily or involuntarily, and, if so, state the circumstances surrounding the authorization for each such disposition and the date of such disposition.

GENERAL INSTRUCTIONS

1. If you contend that any response to any data request may be withheld pursuant to the attorney-client privilege, the attorney work product doctrine or any other privilege or basis, please provide a privilege log stating the following with respect to each such response in order to

explain the basis for the claim of privilege and to permit adjudication of the propriety of that claim:

- a) the privilege asserted and its basis;
- b) the nature of the information withheld, including a description that makes the document reasonably ascertainable, including its date, author and a description;
- c) the subject matter of the document, except to the extent that you claim it is privileged.

2. These requests are to be answered with reference to all information in your possession, custody or control or reasonably available to you. These requests are intended to include requests for information, which is physically within your possession, custody or control as well as in the possession, custody or control of your agents, attorneys, or other third parties from which such documents may be obtained.

3. If any data request cannot be answered in full, answer to the extent possible and specify the reasons for your inability to answer fully.

4. For each data request, provide the name of the company witness(es) or employee(s) responsible for compiling and providing the information contained in each answer.

DATA AND DISCOVERY REQUESTS

1. Please provide complete copies of any and all documents referred to or relied upon in responding to any and all of CMA's, the City of Chattanooga (the "City"), the Tennessee Attorney General's Consumer Advocate and Protection Division (the "CAPD"), the Tennessee Regulatory Authority Staff's and/or any other person or entity's discovery and data requests in this proceeding.
2. Please provide complete copies of all data requests issued to the Company in this proceeding by other parties, and complete copies of any and all documents referred to or relied upon in responding to said (whether ultimately produced in response or not)
3. Please identify all persons known to you, your attorney(s) or other agent(s), who have knowledge, information or possess any document(s) or claim to have knowledge, information or possess any document(s) which support or contradict each or any fact you rely upon to support your petitions, contentions and request(s) for relief in this docket, or any published materials by (or for) the Company, AWW, AWWC, or RWE, and any Affiliate thereto.
4. Please identify and produce a copy of all articles, journals, books or speeches written by or co-written in the past ten (10) years by any expert witness(es) or other witness(es) of the Company, whether published or not, relative to any issue raised in this proceeding.
5. For the period 2002 through 2007, provide copies of RWE, AWW, AWWC and/or TAWC's Annual Report to Shareholders, the annual report(s) filed with the Tennessee

Regulatory Authority or provided to members of the TRA or its Staff, and all annual and quarterly report documents filed with the federal Securities and Exchange Commission. To the extent you allege a final annual report does not exist, produce the most recent quarterly report(s) and any summary of "year-to-date" information for the year allegedly not finalized.

To the extent you contend that any such documents relative to the Company do not exist, produce such report(s) for any parent or affiliate in which the Company is included or reported, and produce any and all workpapers and communications to and from said parent or affiliate regarding or related to the Company's financial statements.

6. Concerning the Company's proposed capital additions from the November 30, 2007 test year up to the attrition year ending August 31, 2009, please provide the following:

- a. A reconciliation of actual to budgeted capital expenditures after the end of the test year up to the most current point available.
- b. Please provide a copy of the Company's five-year capital expenditure plan, with a complete explanation of all planned capital expenditures after year-end 2007.
- c. A detailed description of each of the capital expenditure programs through the end of August 2009 with an assessment of the certainty that each capital expenditure will actually be made.
- d. Please explain the adjustment to accumulated depreciation between the end of the November 2007 test year up through August 31, 2009.
- e. Please provide workpapers showing the adjustment to accumulated deferred income taxes from the end of the test year up through August 31, 2009.

7. Concerning the Company's revenue adjustments from the end of the test year through the attrition year, please provide the following:

- a. On electronic spreadsheet with all formulae intact, provide all workpapers showing the development of the normalization in test year numbers.

- b. An adjustment to revenues based on changes in number of customers between the test year and the end of the attrition year.
- c. Provide a five-year historical summary of the change in number of customers on each Tennessee-American rate schedule and how that information was used in projecting changes in number of customers through the end of the attrition year.
- d. Identify all subsidiaries of AWW that charge fees to Tennessee-American and identify the test year and attrition year cost, and explain how the fee is assessed.

8. Concerning management fees included in the Company's test year filing, please provide the following:

- a. Please identify the total American Water Works Corporation (AWW) and all associates' management fees and the percentage of those fees allocated to Tennessee-American in this proceeding.
- b. Please identify the methodology for allocating total parent company management fees to Tennessee-American.
- c. Please show the change in American Water Works total company management fees over the last five years.
- d. Please show the change in the allocation of total company management fees to Tennessee-American over the last five years.
- e. Please provide an explanation of how the Company plans to manage its management fees and to keep them competitive with alternative non-affiliate suppliers of comparable services.
- f. Please explain the impact on Tennessee operations if the number of customers at other American Water Works affiliates are reduced through municipalization, loss of load, or other events that might cause a reduction in the number of customers in the total system, and the relative increase in Tennessee-American customers relative to total AWW system.

9. Please provide complete copies of any and all workpapers supporting or contradicting Tennessee-American witness Michael J. Vilbert's testimony in this proceeding.

10. Please provide copies of all credit reports issued by major credit rating agencies on American Water Works, American Water Capital Corporation, and Tennessee-American Water Company over the last two years (2006-2008).

11. Please provide complete copies of all presentations made to the credit analysts and equity analysts by or on behalf of American Water Works, American Water Capital Corporation, and Tennessee-American Water Company over the last two years.

12. Concerning the Company's development of cash working capital included in rate base, please provide the following:

- a. A description of the purpose of including cash working capital in rate base.
- b. Identify all previous Tennessee Regulatory Authority precedent for developing cash working capital in the manner proposed by the Company in this proceeding.
- c. Please describe the purpose of a lead-lag study in estimating an appropriate amount of cash working capital for regulated utility operations.
- d. Please provide a comparison on Tennessee-American's method for estimating an appropriate amount of cash working capital for Tennessee operations relative to the methodology used by affiliated AWW water utilities in other jurisdictions.

13. Please provide a comparison of Tennessee-American's residential, commercial and industrial water rates, to those of other water utilities within a 500-mile radius of the Chattanooga, Tennessee service area.

14. Please provide an assessment of why the cost of water utility service in the Chattanooga, Tennessee area would be higher or lower than the cost of water utility service in each surrounding area as defined in question 13, above.

15. To the extent not already provided to CMA, either in response to the initial data requests by the Tennessee Regulatory Authority Staff in this proceeding, or in response to others in this proceeding, please provide copies of all responses which Tennessee-American made to all other parties' data requests in this proceeding with all workpapers on electronic spreadsheet and in

hard copy format, along with copies of all documents, reference material(s) and other sources relied upon by all witnesses for the Company in this proceeding.

16. Please provide a copy of TAWC's five-year and ten-year capital expenditure and operating expense budgets, and any documents reflecting any discussion, consideration, order, directive or vote (or similar instruction) to adjust, alter, manipulate, or deviate from the same.

17. Please provide a tabulation of the authorized rates of return in orders from around the country (if any), reviewed by or referred to or regarding any RWE, AWW, or TAWC affiliated entity, that supports or contradicts TAWC's opinion that an 11.75% return on common equity is fair, just, reasonable, or representative of current investor expectations for a water utility. Please include, but do not limit your response to, the jurisdiction, docket number, authorized return, number of customers served and dates of issue of the order(s) surveyed by Tennessee-American or its affiliate(s).

18. Please identify the credit rating for all affiliates that work with TAWC to access external debt markets and, if different, copies of credit rating reports issued for the TAWC affiliates referenced above by all credit rating agencies issued since January 1, 2006.

19. Provide any and all documents, calculations or workpapers created, used or referred to in determining the revenue effect(s) of the proposed rate structure.

20. Provide on electronic spreadsheet the cost of service model prepared and/or relied on by TAWC in this proceeding, and provide all workpapers on electronic spreadsheet and in hard copy supporting or contradicting the cost of service model referred to in this data request.

21. Provide any calculations or workpapers created, used or referred to rate class impacts or customer impacts, individually for each and every tariff to which any change is proposed, resulting from the proposed rate structure.

22. With reference Mr. Herbert's Direct Testimony, please identify the other allegedly similar system (if any) that were used to determine the relationship between maximum day and maximum hour ratios and produce any and all documents identifying, regarding or relating to such "other similar systems."

23. With reference to Mr. Herbert's Direct Testimony, please state the authority used as a source for the equivalent meter and service line ratios (Classification Factors 10 and 11).

24. Please provide an electronic copy of the 2007 Cost of Service Study prepared by Mr. Herbert for the Tennessee-American Water Company in 2007, and a list of trails, court actions, or agency regulatory proceedings (dockets or contested cases) in which Mr. Herbert has participated in the past ten (10) years.

25. Please identify in tabular format and provide a copy of all cost of service studies prepared by Mr. Herbert, or those working with him, for any other rate cases involving affiliates of TAWC or its parent(s) for the past five (5) years including, but not limited to, a summary of the conclusion(s) of each such study, whether such study recognized any subsidy by one rate class benefiting another class of customers, whether his proposed rate design requested an increase "across-the board" (*i.e.* allocated proportionally among the various customer classes so that each class, as a whole, would receive the same percentage increase as the other classes) or an increase that called for differential increases amongst customer classes (identifying the differential increases), whether his rate design was opposed, and whether his design was adopted.

26. Please provide a tabulation of projected capital investment dollars, for each of the Fiscal Years 2002 through 2007, identifying the dollar amount of investment actually expended in each

of those years and whether the Company invested or failed to invest the amount it projected would be invested.

27. Please identify for each of the last five (5) years the annual cost of all affiliate transactions to TAWC including, but not limited to, identifying the affiliate(s) involved, providing a description of the service(s) provided, amount(s) involved and the date(s) of service(s).

28. Please identify and produce any and all documents concerning the Company's marketing efforts that coincide with the filing and pursuit of the current rate case including, but not limited to, communications or documents concerning strategic advertising or marketing expense(s) at or near the time of the filing of the present rate case or any special project(s), fund(s), initiative(s), or focus group(s) by the Company or its parent(s) or affiliate(s), and identify whether such costs are included in base rates being considered in this docket.

Respectfully submitted,

GRANT, KONVALINKA & HARRISON, P.C.

By: 

DAVID C. HIGNEY (BPR #14888)
Attorneys for (Petitioning Intervenor)
Chattanooga Manufacturers Association
Ninth Floor, Republic Centre, 633 Chestnut Street
Chattanooga, Tennessee 37450-0900

- and -

BOULT, CUMMINGS, CONNERS & BERRY, PLC

HENRY M. WALKER (BPR #272)
1600 Division Street, Suite 700
P.O. Box 340025
Nashville, Tennessee 37203

CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of May 2008, a true and correct copy of the foregoing First Round of Discovery to Tennessee American Water Company was served either by fax, overnight delivery service or first class mail-postage prepaid, to all parties of record at their addresses shown below: *E-mail*

Richard Collier
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 3 7243-00505

Ross Booher, Esq.
R. Dale Grimes, Esq.
Bass, Berry & Sims, PLC
AmSouth Center
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Nashville, TN 37238-3001

Michael A. McMahan, Esq.
Nelson, McMahan & Noblett
801 Broad Street, Suite 400
Chattanooga, TN 37402

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Timothy C. Phillips, Senior Counsel
Ryan L. McGehee, Assistant Attorney General
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Chattanooga, TN 37402-2500


GRANT, KONVALINKA & HARRISON, P.C.

**IN 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)
)

**FIRST DISCOVERY REQUEST OF THE CONSUMER ADVOCATE AND
PROTECTION DIVISION TO TENNESSEE AMERICAN WATER COMPANY**

To: Tennessee American Water Company, Inc.
c/o R. Dale Grimes, Esq.
Bass, Berry & Sims PLC
AmSouth Center
315 Deaderick Street, Suite 2700
Nashville, TN 37238

This Discovery Request is hereby served upon Tennessee American Water Company, ("TAWC", "Tennessee-American", or "Company"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg 1220-1-2-.11. We request that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Vance Broemel, on or before February 6, 2007.



PRELIMINARY MATTERS AND DEFINITIONS

Each discovery request calls for all knowledge, information and material available to Company, as a party, whether it be Company's, in particular, or knowledge, information or material possessed or available to Company's attorney or other representative.

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Company which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that Company supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the substance of the expert's testimony.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. The singular of any discovery request includes the plural and the plural includes the singular. To assist you in providing full and complete discovery, the Attorney General provides the following definitional guidelines.

The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

For purposes of these discovery requests, the term "you" shall mean and include: Tennessee

American Water Company and all employees, agents and representatives thereof.

The term “person” or “persons” as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all responses must include the company’s response. Moreover, the company’s designated person for responding must assure that the company provides complete answers. *A complete answer must provide a response which includes all matters known or reasonably available to the company.*

The term “identity” and “identify” as used herein, with respect to any person, means to provide their name, date of birth, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to an entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the nature of the document, the title of the document, the reference number (if any) of the document, and the current location of the document, including the identity of the person or entity in possession of the document.

The term “document” as used herein, means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, workpaper, spreadsheet, note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter,

note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody or control or which was, but is no longer, in your possession, custody, or control. If any such document was, but no longer is, in your possession or control, state what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

If you produce documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the “original” document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the Authority to

rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

FIRST DISCOVERY REQUESTS

PART I. GENERAL

1. Identify each and every person whom the company expects to call as an expert witness at the hearing on the merits of this matter and the subject matter on which the expert is expected to testify.

RESPONSE:

PART II: DEPRECIATION & WEATHER NORMALIZATION

1. Using Mr. Spitznagel's model, please provide a comparison of monthly weather-normalized water utilization with actual utilization for each of the past ten years.

RESPONSE:

**IN 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

**SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE AND
PROTECTION DIVISION TO TENNESSEE AMERICAN WATER COMPANY**

To: Tennessee American Water Company, Inc.
c/o R. Dale Grimes, Esq.
Bass, Berry & Sims PLC
AmSouth Center
315 Deaderick Street, Suite 2700
Nashville, TN 37238

This Discovery Request is hereby served upon Tennessee American Water Company, ("TAWC" or "Company"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg 1220-1-2-.11. The Consumer Advocate and Protection Division ("Consumer Advocate" or "CAPD") requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Ryan L. McGehee, on or before July 31, 2008.



PRELIMINARY MATTERS AND DEFINITIONS

Each discovery request calls for all knowledge, information and material available to Company, as a party, whether it be Company's, in particular, or knowledge, information or material possessed or available to Company's attorney or other representative.

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Company which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that the Company supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the facts and substance of the expert's testimony.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. The singular of any discovery request includes the plural and the plural includes the singular. To assist you in providing full and complete discovery, the Attorney General provides the following definitional guidelines.

The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

For purposes of these discovery requests, the term “you” shall mean and include: Tennessee American Water Company and all employees, agents and representatives thereof.

The term “person” or “persons” as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all responses must include the company’s response. Moreover, the company’s designated person for responding must assure that the company provides complete answers. *A complete answer must provide a response which includes all matters known or reasonably available to the company.*

The term “identity” and “identify” as used herein, with respect to any person, means to provide their name, date of birth, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to an entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the nature of the document, the title of the document, the reference number (if any) of the document, and the current location of the document, including the identity of the person or entity in possession of the document.

The term “document” as used herein, means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, workpaper, spreadsheet, note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the

original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter, note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody or control or which was, but is no longer, in your possession, custody, or control. If any such document was, but no longer is, in your possession or control, state what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

If you produce documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the “original” document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and

- (d) a brief description of the communication sufficient to allow the Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

SECOND DISCOVERY REQUESTS

DISCOVERY REQUEST NO. 1:

Please identify each material fact and every document that you rely on to support your contention(s), position(s) or belief(s) that any of the request(s) for relief, including any decrease in rates, made by the CAPD in TRA Docket No. 08-00039 should not be approved by the Tennessee Regulatory Authority ("TRA").

RESPONSE:

DISCOVERY REQUEST NO. 2:

Please identify all persons known to you, your attorney, or other agent(s) who have knowledge, information or possess any document(s) or claim to have knowledge, information or possess any document(s) which support your answer to Discovery Request No. 1 above.

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

Please produce each document, photograph, or any other article or thing whatsoever, which refers or relates to any part of your contention(s), position(s) or belief(s) that any of the request(s) for relief, including any decrease in rates, made by the CAPD in TRA Docket No. 08-00039 should not be approved, whether as to the issues of credibility or any other issue.

RESPONSE:**DISCOVERY REQUEST NO. 4:**

Please identify any person you intend to call as a fact or expert witness, the subject matter of the witness' testimony, the substance of the facts and opinions to be expressed and the basis and reasons therefor, the data, documents, materials or other information shown to, relied upon, created by or considered by the witness as part of this case and/or as a basis in forming his or her opinions, any exhibits to be used as a summary of or support for each such opinion, the qualifications of the witness, including a full resume, a list of all publications authored by the witness, the compensation

to be paid for the study and testimony, and a listing of any other cases in which the witness has testified at trial or by deposition.

RESPONSE:

DISCOVERY REQUEST NO. 5:

Please provide any and all documents identified or specified in your answers or responses to the discovery requests served upon you in this matter or relied on or referred to in responding thereto.

RESPONSE:

DISCOVERY REQUEST NO. 6:

Please provide any and all engagement letters and all expert reports and work papers (including drafts) which have been obtained from, created by or provided to any expert or witness.

RESPONSE:

DISCOVERY REQUEST NO. 7:

Please provide in electronic media (Word, Excel, or other Microsoft Office compatible format) and in hard copy all workpapers and other documents, generated by or relied upon by all TAWC witnesses.

RESPONSE:

DISCOVERY REQUEST NO. 8:

Please produce a copy of all trade articles, journals, treatises, speeches and publications of any kind in any way utilized or relied upon by any of the TAWC's proposed expert witnesses in evaluating, reaching conclusions or formulating an opinion in the captioned matter as well as all articles, journals, speeches, or books written or co-written by any TAWC witness

RESPONSE:

DISCOVERY REQUEST NO. 9:

Please identify and produce any and all documentation, items, reports, data, communications, and evidence of any kind that TAWC intends to offer as evidence at the hearing or to refer to in any way at the hearing.

RESPONSE:

DISCOVERY REQUEST NO. 10:

Please identify each person who provided information or participated in the preparation of the responses to each of these discovery requests, and for each such person specify the responses for which he or she provided information or participated in preparing, and describe the information

provided or the participation in preparation.

RESPONSE:

DISCOVERY REQUEST NO. 11:

Specifically identify each conclusion or aspect of the depreciation study and testimony set forth in Part II of the pre-filed testimony of CAPD witness Charles W. King that TAWC intends to contest, if any, and TAWC's grounds and/or bases therefor, including any facts and/or documents TAWC contends support those grounds.

RESPONSE:

DISCOVERY REQUEST NO. 12:

Specifically identify each conclusion or aspect of the weather normalization testimony set forth in Part III of the pre-filed testimony of CAPD witness Charles W. King that TAWC intends to contest, if any, and TAWC's grounds and/or bases therefor, including any facts and/or documents TAWC contends support those grounds.

RESPONSE:

DISCOVERY REQUEST NO. 13:

Please provide in hardcopy and electronic format a copy of all exhibits that TAWC and/or its witnesses plan to use, discuss, reference, and/or introduce into evidence at the hearing on the merits in this matter.

RESPONSE:

DISCOVERY REQUEST NO. 14:

Please provide a copy of the 2007 Towers Perrin Actuarial Valuation Report for American Water Works Company, Inc. Pension Plan.

RESPONSE:

DISCOVERY REQUEST NO. 15:

Please provide a copy of the invoices, credit statements, and insurance policies for all general insurance premiums other than group insurance for the last 24 months ended March 2008. (The invoices, statements and applicable insurance policies should identify policy numbers, type of coverage, amount of coverage and the term of coverage.)

RESPONSE:

DISCOVERY REQUEST NO. 16:

Please provide a copy of all current debt covenants requiring minimum cash compensating balances for Tennessee American Water Company.

RESPONSE:

DISCOVERY REQUEST NO. 17:

Please provide a copy of all current contract agreements between TAWC and its management service companies.

RESPONSE:

DISCOVERY REQUEST NO. 18:

Please provide the total sales tax billing, sewer billings, and lag days by month for the months of January, February, and March 2008 in the format of Tennessee American Water work papers TN-TRA-Q013-SALES & USE TAX, page 1 of 13; and TN-TRA-Q013-SEWER COLLECTIONS & USE TAX, page 1 of 14.

RESPONSE:

DISCOVERY REQUEST NO. 19:

Please identify each payee, amount paid to each payee, and business reason for the Lobbying Expenses recorded in JDE Account 575560 "Lobbying Expenses" for March 2007 (totaling \$15,601) and March 2008 (totaling \$300).

RESPONSE:

DISCOVERY REQUEST NO. 20:

Please state the business reasons for the Bank Service charges recorded in JDE Account 575100, "Bank Service Charges" for the 12 months ended March 31, 2008.

RESPONSE:

DISCOVERY REQUEST NO. 21:

Please provide in working Excel format a copy of the Orcom billing analysis for the months of April, May, June, and July of 2008. If the Orcom billing analysis for the month of July 2008 is not available at the time this request is answered, please provide it as soon as it becomes available.

RESPONSE:

DISCOVERY REQUEST NO. 22:

Please provide in working Excel format a copy of all Excel files submitted monthly to the Tennessee Regulatory Authority (“TRA”) for the months of April, May, June, and July 2008. (The monthly files should include a balance sheet, balance sheet by account, income statement, income statement by account, and statistical information.) If the Excel file submitted to the TRA for the month of July 2008 is not available at the time this request is answered, please provide it as soon as it becomes available.

RESPONSE:

DISCOVERY REQUEST NO. 23:

Please provide corrected November 2007 and May 2008 TRA 3.06 surveillance reports. Specifically, except for the month of report, the figures presented in the November 2007 TRA 3.06 surveillance report are identical to the figures presented in the October 2007 report; and page 1 of the May 2008 TRA 3.06 surveillance report contains an incorrect figures for column (c) (“Amount for this Month Last Year”), column (e) (“Year-To-Date Last Year”), and column (g) (“12 Months-To-Date Last Year”).

RESPONSE:

DISCOVERY REQUEST NO. 24:

In its S-1 Registration statement filed May 6, 2008 with the SEC, American Water Works (“AWW”) stated: “RWE intends to fully divest its ownership of American Water through the

consummation of one or more public offerings of common stock of American Water as soon as reasonably practicable, subject to market conditions.” Provide any study, document, emails and written material in possession of AWW and/or TAWC where RWE or RWE Aqua Holdings GmbH considered or considers what circumstances, financial or otherwise, constitute market conditions that “are reasonably practicable” for the public offerings of common stock.

RESPONSE:

DISCOVERY REQUEST NO. 25:

Please provide any study, document, emails and written material in possession of AWW and/or TAWC where RWE, RWE Aqua Holdings GmbH, or American Water Works has performed or caused to be performed a study of American Water Works' expected market value between now and 2010.

RESPONSE:

DISCOVERY REQUEST NO. 26:

Please provide any study, document, emails and written material in possession of AWW and/or TAWC where RWE, RWE Aqua Holdings GmbH, or American Water Works has performed or caused to be performed a study involving the issuance of a second class of stock or a proposal for a second class of stock.

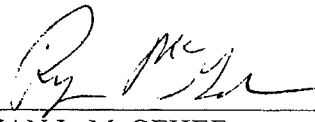
RESPONSE:

DISCOVERY REQUEST NO. 27:

Please provide any study, document, emails and written material in possession of AWW and/or TAWC where RWE, RWE Aqua Holdings GmbH, or American Water Works has performed or caused to be performed a study involving the issuance of dividends to AWW shareholders, whether actual or proposed.

RESPONSE:

RESPECTFULLY SUBMITTED,



RYAN L. McGEHEE
Assistant Attorney General
Office of the Attorney General and Reporter
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202-0207

Dated: July 24, 2008

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing is being served via U.S. Mail and/or electronic mail upon:

R. Dale Grimes, Esq.
Ross Ian Booher, Esq.
Bass, Berry & Sims PLC
315 Deaderick Street, Suite 2700
Nashville, TN 37238

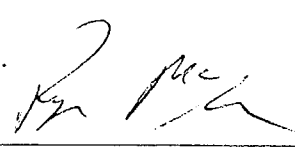
Michael A. McMahan, Esq.
Valerie L. Malueg, Esq.
Special Counsel
City of Chattanooga
801 Broad Street, Suite 400
Chattanooga, TN 37402

Frederick L. Hitchcock, Esq.
Harold L. North, Jr., Esq.
Chambliss, Bahner & Stophel, P.C.
1000 Tallan Building
Two Union Square
Chattanooga, TN 37402-2500

David C. Higney, Esq.
Grant, Konvalinka & Harrison, P.C.
Ninth Floor, Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-0900

Henry M. Walker, Esq.
Boult, Cummings, Conners & Berry, PLC
1600 Division Street, Suite 700
Nashville, TN 37203

This the 27 day of July, 2008.



RYAN L. McGEHEE
Assistant Attorney General

#121715

BASS, BERRY & SIMS PLC
Attorneys at Law

A PROFESSIONAL LIMITED LIABILITY COMPANY

Adam B. Futrell
PHONE: (615) 742-7822
FAX: (615) 742-0431
E-MAIL: AFUTRELL@bassberry.com

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

OTHER OFFICES

KNOXVILLE
MEMPHIS

August 12, 2008

VIA E-MAIL AND HAND DELIVERY

Chairman Tre Hargett
c/o Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

filed electronically in docket office on 08/12/08

**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 Hargett:

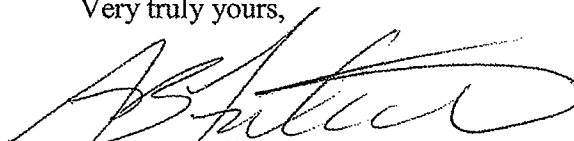
Enclosed please find an original and seven (7) sets of copies of Tennessee American Water Company's First Supplemental Response to First Discovery Requests by the Consumer Advocate and Protection Division. In addition, TAWC includes two compact disks. The first compact disk contains TAWC's Supplemental Responses in their native Word format. The second compact disk contains a pdf image of TAWC's Supplemental Responses.

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

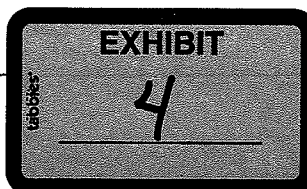
Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

With kindest regards, I remain

Very truly yours,


Adam Futrell

Enclosures



Chairman Tre Hargett
August 12, 2008
Page 2

cc: Hon. Ron Jones (*w/o enclosure*)
Hon. Sara Kyle (*w/o enclosure*)
Hon. Eddie Roberson, PhD (*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*)

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

Responsible Witness: Michael Miller

PART I: GENERAL

Question:

1. Identify each and every person whom the company expects to call as an expert witness at the hearing on the merits of this matter and the subject matter on which the expert is expected to testify.

Response:

The Company has provided direct testimony for nine witnesses consisting of the testimony of:

1. John Watson – President
2. Michael Miller – Treasurer/Comptroller
3. Sheila Miller – Asst. Treasurer
4. Robert Shiltz – Sr. Financial Analyst
5. Dr. Edward Spitznagel – Revenue Normalization
6. Joseph Van den Berg – Management Audit
7. Paul Herbert – Cost of Service and Tariff Design
8. John Spanos – Depreciation Study
9. Dr. Michael Vilbert – Cost of Capital

The Company does not anticipate any other witnesses in this case, but retains the right to do so if required.

August 12, 2008 Supplemental Response:

Mark Manner, a shareholder with the law firm of Harwell, Howard, Hyne, Gabbert, and Manner, was retained on August 6, 2008 to serve as a consultant

regarding the Sarbanes-Oxley issues raised by Mr. Majoros and Dr. Brown. On August 11, 2008, the Company determined that Mr. Manner should submit expert testimony to rebut testimony offered by the Intervenor's witnesses. Mr. Manner is expected to offer testimony that refutes allegations made by the Intervenor's witnesses by establishing that American Water Works is compliant with Sarbanes-Oxley and that the management audit sponsored by Mr. Van den Berg is compliant with the requirements of Sarbanes-Oxley.
