

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

IN RE:)
)
PETITION OF TENNESSEE WATER)
SERVICE, INC. TO CHANGE AND) **DOCKET NO. 09-00017**
INCREASE CERTAIN RATES AND)
CHARGES)

**CONSUMER ADVOCATE'S FIRST DISCOVERY REQUEST TO TENNESSEE
WATER SERVICE, INC.**

Robert E. Cooper, Jr., Attorney General and Reporter for the State of Tennessee, by and through the Consumer Advocate and Protection Division of the Office of Attorney General ("Consumer Advocate" or "CAPD"), hereby serves its First Discovery Request upon Tennessee Water Service, Inc., ("TWS" 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 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 Mary Leigh White, on or before June 3, 2009.

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: TWS 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.

REQUESTED INFORMATION AND DOCUMENTARY MATERIALS

1. Provide a copy of all **contracts** between TWS and all affiliated companies or entities.

RESPONSE:

2. Provide a copy of all **contracts** between TWS and all non-affiliated companies or entities.

RESPONSE:

3. Provide copies of all **tax returns**, state and federal, for the past three years for TWS, including but not limited to the following taxes: (a) Tennessee Gross Receipts Tax Returns; (b) Tennessee Franchise and Excise Tax Returns; (c) Property Tax Statement Tennessee Ad Valorem Tax Report; (d) Employer's Quarterly Federal Tax Returns (Form 941).

RESPONSE:

4. Provide copies of all **audits** of TWS for the past three years.

RESPONSE:

5. Provide a copy of the **General Ledger** in electronic format for TWS for the period December 2007 – December 2008.

RESPONSE:

6. Provide a copy of the **General Ledger** in electronic format for TWS's parent company for the period December 2007 – December 2008.

RESPONSE:

7. Provide a **chart of accounts** for TWS for the past three years.

RESPONSE:

8. Provide a **chart of accounts** for TWS's parent company for the period December 2007 – December 2008 .

RESPONSE:

9. Provide a copy of all **financial statements** for TWS for the past three years.

RESPONSE:

10. Provide a copy of all **financial statements** for TWS's parent company for the past three years. .

RESPONSE:

11. Provide a **consolidated balance sheet**, or the information needed to prepare a consolidated balance sheet.

RESPONSE:

12. Provide a **consolidated balance sheet**, or the information needed to prepare a consolidated balance sheet for TWS's parent company.

RESPONSE:

13. Provide a **summary of purchased water expenses**, including gallons of water purchased and produced from 2004 to the current month.

RESPONSE:

14. Provide the **trial balance** for the twelve months ended December 31, 2008 for TWS.

RESPONSE:

15. Are any expenses including, but not limited, to entertainment and lodging, related to legal expenses, lobbying expenses or consulting expenses (provide amounts) included by TWS in their income statements?

RESPONSE:

16. Provide details of **payroll expenses** including amounts, names, and job titles, for the past three years.

RESPONSE:

17. Identify any and all **expert witnesses** TWS intends to call in support of the petition in this docket, and for each expert witness:

- (a) Identify the field in which the witness is to be offered as an expert;
- (b) Provide complete background information, including the witness's current employer, as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify;
- (c) Identify all publications written or presentations presented in whole or in part by the witness, including either a copy of all such publications and presentations or a reference to where such publications and presentations may be publicly obtained;
- (d) Provide the grounds (including, without limitation, any factual bases) for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion;

- (e) Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
- (f) Identify the terms of the retention or engagement of each expert including, but not limited to, the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;
- (g) Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert; and
- (h) Please produce copies of all documents, summaries, charts, trade articles, journals, treatises, publications, workpapers, and file notes produced by any proposed expert witness in evaluating, reaching conclusions or formulating an opinion in this matter.

RESPONSE:

18. Identify any and all **non-expert witnesses** TWS intends to call in support of the petition in this docket and any position(s) their testimony is intended to support.

RESPONSE:

19. Please produce copies of all documents -- including, without limitation, workpapers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- that TWS contends support the factual assertions, conclusions, or opinions of any TWS witness in this matter, as well as copies of all hearing exhibits that you will introduce, use, or reference during the hearing for this matter.

RESPONSE:

20. Please produce copies of all **hearing exhibits** that you will introduce, use, or reference during the hearing for this matter.

RESPONSE:

21. Please provide **Schedules A – E and Schedules 1 – 11**, in electronic format, for the twelve months ended December 31, 2007 and December 31, 2008, as requested by the TRA on April 1, 2009.

RESPONSE:

22. Please provide **Schedules A – E and Schedules 1 – 11**, in electronic format, a forecasted attrition year, as requested by the TRA on April 1, 2009.

RESPONSE:

23. Prove the cost of long-term debt and short-term debt capital as of April 2009.

RESPONSE:

24. Provide the current balances of each note and bond used in calculating long-term debt cost.

RESPONSE:

25. If any such notes or bonds are callable, identify the note or bond and provide the terms and conditions of the call.

RESPONSE:

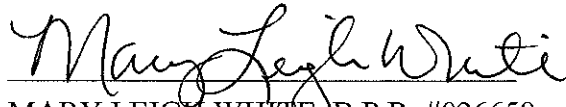
26. Provide the daily balances for all forms of short-term debt and provide the fixed charges and carrying charges being applied to the short-term debt.

RESPONSE:

27. Provide the current balance for common equity and preferred equity, if any.

RESPONSE:

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script that reads "Mary Leigh White".

MARY LEIGH WHITE, B.P.R. #026659

Assistant Attorney General

Office of the Attorney General

Consumer Advocate and Protection Division

P.O. Box 20207

Nashville, Tennessee 37202

(615) 741-4657

Dated: May 6, 2009

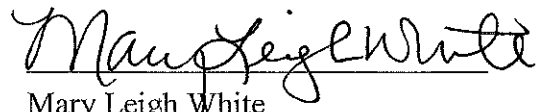
CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via first-class U.S. Mail, postage prepaid, or electronic mail upon:

Christopher J. Ayers
Hunton & Williams LLP
421 Fayetteville Street
Suite 1400
Raleigh, North Carolina 27601

J. Keith Coates
Woolf, McClane
P.O. Box 900
Knoxville, Tennessee 37901-0900

This the 6 day of May, 2009.


Mary Leigh White
Assistant Attorney General