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November 1, 2010

Via E-Mail and USPS

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

filed electronically in docket office on 11/01/10

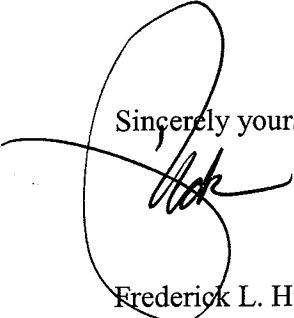
**Re: Petition of Tennessee American Water Company to Change and Increase Certain Rates and Charges so as to Permit it to Earn a Fair and Adequate Rate of Return on its Property Used and Useful in Furnishing Water Service to its Customers  
Docket No. 10-00189**

Dear Chairman Freeman:

Enclosed please find an original and five (5) copies of each of (i) The City of Chattanooga's Motion for Permission to Propound Additional Discovery Requests and (ii) The City of Chattanooga's First Discovery Requests to Petitioner Tennessee American Water Company. I would appreciate you stamping the extra copy of each 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

Chairman Mary Freeman  
c/o Ms. Sharla Dillon  
November 1, 2010  
Page 2

cc: Hon. Sara Kyle  
Hon. Eddie Roberson  
Mr. Robert E. Cooper, Jr.  
Mr. David Foster, Chief of Utilities Division  
Mr. Jerry Kettles, Chief of Economic Analysis & Policy Division  
Mr. J. Richard Collier (w/enc.)  
Mr. Vance L. Broemel (w/encl.)  
Mr. T. Jay Warner  
Mr. Ryan L. McGehee  
Ms. Mary L. White  
Mr. David C. Higney (w/encl.)  
Mr. Henry M. Walker (w/encl.)  
Mr. Michael A. McMahan (w/enc.)  
Ms. Valerie L. Maleug (w/encl.)  
Mr. R. Dale Grimes (w/encl.)  
Mr. Mark Brooks (w/encl.)  
Mr. Scott H. Strauss (w/encl.)  
Ms. Katharine M. Mapes



archived copies, and all drafts of: papers, books, writings, memoranda, letters, electronic messages, electronic files, computer files, emails, correspondence, telegraphs, notes, book entries, accounts, statements of accounts, checks, cancelled checks, minutes of meetings, contracts, cables, telex messages, intra-office communications, intra-departmental communications, recordings or notes of telephone conversations, recordings or notes of other conversations, or meetings, affidavits, schedules, tabulations, calculations, computer files, and all other written or electronic records. The term "**Document**" includes the term "**Communication**".

C. The term "**Communication**" means any oral or written statement conveyed by one person or entity to another person or entity by whatever means, including electronic **Communications**, emails, and computer files.

D. If any **Document** called for by any request herein is to be withheld pursuant to any purported privilege or immunity:

(1) State the basis for such claim of privilege or immunity (e.g., attorney-client privilege, work product doctrine);

(2) **Identify** the **Document** being withheld by stating the name or title of the **Document**; the type of **Document**; its date, author, addressee, and all recipients of copies; a general description of its subject matter; its present location(s) and custodian(s); and each person who, to your knowledge, has seen it; and

(3) State the number and/or portion of the request to which each such **Document** would be responsive.

E. "**TAWC**" means the Petitioner, Tennessee American Water Company.

F. "**TAWC Parent or Affiliate**" means **AWWC** or any subsidiary or affiliate of **AWWC**.

- G. **"AWWSC"** means American Water Works Service Company, Inc.
- H. **"AWWC"** means American Water Works Company, Inc.
- I. **"AWCC"** means American Water Capital Corp.
- J. **"AWSCorp"** means American Water Services Corp.
- K. **"AWR"** means American Water Resources.
- L. **"ACS"** means American Carbon Services.
- M. **"Explain"** means to provide a detailed explanation of the specified subject matter and to provide all **Documents** reflecting, recording, referring to, reporting, or relating to the subject matter or the response.
- N. **"Identify"** means: (i) when used with reference to an individual person, to state his/her full name, employer, job title, present or last known residence address and telephone number, and present or last known business address and telephone number: and (ii) when used with reference to a **Document**, means to state the type of the **Document**, its date, author, addressee, any other recipient(s), general subject matter, present location, and custodian. If any **Document** to be identified was, but no longer is, in your possession, state the disposition that was made of it and the reasons, facts, or circumstances associated with its disposition.
- O. **"Non-Regulated Company"** means an affiliate or subsidiary of **AWWC**, **AWWSC**, **AWR**, or **TAWC** that existed during any portion of the period 2006 to present, the rates and/or operations of which are not subject to regulation as public utilities.
- P. **"Non-Regulated Service"** means any product or service provided during any portion of the period 2006 to present by **TAWC** or by any subsidiary or affiliate of **AWWC**, **AWWSC**, **AWR**, or **TAWC**, the cost of which is not subject to regulation by any state agency that regulates public utilities.

Q. **"Schumaker Report"** means the "Shumaker & Company Affiliate Audit Report of Tennessee-American Water Company for the Tennessee Regulatory Authority, dated August, 2010."

R. **"Schumaker & Company"** means *Schumaker & Company*, its subcontractor Work & Greer, PC, and any other employee, agent, contractor, or subcontractor of *Schumaker & Company* and Work & Greer, PC.

S. **"Workpapers"** mean spreadsheets, notes, calculations, compilations, or other *Documents* related to or referring to the referenced subject.

T. **"Baryenbruch Report"** means the "Market Cost Comparison of Service Company Charges to Tennessee American Water Company, 12-Months Ended March 31, 2010" prepared by Baryenbruch & Company, LLC.

U. **"Baryenbruch"** means Patrick L. *Baryenbruch* and Baryenbruch & Company, LLC and all associates, employees, contractors, and agents of either of them.

## **DISCOVERY REQUESTS**

1. 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:**

2. Provide copies of all Comprehensive Planning Studies completed since 2000 for or by **TAWC**.

### **RESPONSE:**

3. ***Explain*** any addition, subtraction, acceleration, delay, deferral, or change in any recommended capital improvement projects identified in any Comprehensive Planning Study completed or dated since January 1, 2000.

### **RESPONSE:**

4. For each addition to plant reflected by a capital expense listed in the Net Additions to UPIS sought by TAWC in case No. 10-00189, as shown in Exhibit 1, Schedule 2 ("Capital Expense"), ***identify*** the cost of the addition to plant utilizing the following tabular format:

Description of Capital Expense	Date Initiated	Date In Service	Total Cost	Equipment Cost	Material Cost	Labor Costs	Overhead Costs	Amount Paid to Contractor	Amount Paid to TAWC Parent or Affiliate

**RESPONSE:**

5. For each addition to plant reflected by a capital expense listed in the Net Additions to UPIS sought by TAWC in case No. 08-00039, as shown in Exhibit 1, Schedule 2 ("Capital Expense"), *identify* the cost of the addition to plant utilizing the following tabular format:

Description of Capital Expense	Date Initiated	Date In Service	Total Cost	Equipment Cost	Material Cost	Labor Costs	Overhead Costs	Amount Paid to Contractor	Amount Paid to TAWC Parent or Affiliate

**RESPONSE:**

6. For each addition to plant reflected by a capital expense listed in the Net Additions to UPIS sought by TAWC in case No. 06-00290, as shown in Exhibit 1, Schedule 2 ("Capital Expense"), *identify* the cost of the addition to plant utilizing the following tabular format:

Description of Capital Expense	Date Initiated	Date In Service	Total Cost	Equipment Cost	Material Cost	Labor Costs	Overhead Costs	Amount Paid to Contractor	Amount Paid to TAWC Parent or Affiliate

**RESPONSE:**



7. **Identify** the location, by latitude and longitude or by census tract and block number, of each addition to plant reflected by a Capital Expense **identified** in response to Requests Nos. 4, 5, and 6 in excess of Five Hundred Dollars (\$500.00).

**RESPONSE:**

8. For each Capital Expense identified in response to Request Nos. 4, 5, and 6, produce all **Documents** indicating, referring to, or regarding the date that the addition to plant associated with the Capital Expense was put in service and **explain** how the addition to plant was used and useful to **TAWC** ratepayers as of that date.

**RESPONSE:**

9. For each Capital Expense identified in response to Request Nos. 4, 5, and 6, **identify** all amounts paid to any **TAWC Parent or Affiliate**, state the date of each such payment, and provide all **Documents** reflecting, recording, referring to, reporting, or relating to each such payment to a **TAWC Parent or Affiliate**.

**RESPONSE:**

10. For each Capital Expense identified in response to Request Nos. 4, 5, and 6, provide the date and amount of each payment made by **TAWC** prior to the date the plant addition associated with the Capital Expense was placed in service.

**RESPONSE:**

11. Provide for each year and quarter since January 1, 2003, the complete audited financial statements (including income statement and balance sheet) for *AWWSC* and any other *TAWC Parent or Affiliate* that has been paid any amount by *TAWC*. If audited financial statements are not available, provide unaudited financial statements (including income statement and balance sheet) for such periods.

**RESPONSE:**

12. Please provide copies of all bills or statements in the form received by *TAWC* from *AWWSC* or *AWWC* or any subsidiary or affiliate of *AWWC* from January 1, 2007 through the present date for expenses classified as Management Fees.

**RESPONSE:**

13. Please *Identify* each charge or expense reflected on a bill or statement referenced in the previous Request that was challenged by *TAWC* and explain the disposition of each such challenged charge or expense. Provide all *Documents* describing, referring to, or relating to any such challenged charges and expenses. Provide all *Workpapers* that support your response.

**RESPONSE:**

14. Please provide a schedule of all fees or charges billed to, charged to, owed by, accrued by, or paid by *TAWC* for expenses classified as Management Fees, *Identifying* for each such fee or charge its total amount; any discount allowed or taken; its nature; its purpose; the business unit or entity providing it; and the entity, functional area, business unit, or service

provider by month for the period January 1, 2007 to present. In this schedule, please *identify* the budget for each Management Fee or charge, the corresponding actual expenditure, the variance calculation, and detailed variance explanation, by month for the period.

**RESPONSE:**

15. Please provide a schedule by calendar quarter from January 1, 2007 to present listing for each *AWWSC* employee (i) employee identification number; (ii) title, (iii) business unit; (iv) unburdened salary; (v) hourly rate; and (vi) number of hours billed or allocated to *TAWC*. Provide all worksheets supporting the schedule.

**RESPONSE:**

16. Please provide a schedule *Identifying* for January 1, 2007 to present (i) the number of FTE's provided by contractors, by function, by *AWWSC*; (ii) the original approved budgeted FTE's for each functional category of employees, and (iii) the actual FTE's for each functional category of employees these periods.

**RESPONSE:**

17. *Identify* the management or supervisory employee of *TAWC* that has the greatest knowledge concerning the date of initiation and completion of all additions to plant reflected by Capital Expenses sought as additions to UPIS in Case Nos. 06-00290, 08-00039, and 10-00189.

**RESPONSE:**

18. Please provide all **Documents** constituting, referencing, containing, relating to, responding to, or referring to any benchmarking studies or similar reports for **TAWC**, **AWWC**, **AWWSC**, and any other subsidiary or affiliate of **AWWC**, performed by outside consulting or benchmarking firms (for example, but not limited to: Gartner, Ernst & Young, Towers-Perrin, Hackett, Saratoga, and industry or functional associations), whether in draft or final form, with all associated documentation, including, but not limited to definitions, instructions, data inputs, and supplementary reports that have been initiated or completed since January 1, 2000. The requested **Documents** include, without limitation, all **Documents** constituting, referencing, containing, relating to, responding to, or referring to internal analyses of these reports, including, without limitation, remediation plans, schedules and progress reports associated with follow-up for this work. Please provide all **Documents** referencing, relating to, responding to, or referring to any such benchmarking stud(ies).

**RESPONSE:**

19. Please provide all **Workpapers** and **Documents** containing, referring to, relating to, or discussing information used or consulted in the preparation of the Schumaker Report.

**RESPONSE:**

20. Please provide all **Documents** referring to, relating to, discussing, responding to, or transmitting to any person or entity the **Schumaker Report**.

**RESPONSE:**

21. Please provide all **Documents** submitted to or received from **Schumaker & Company** by **TAWC, AWWC, AWWSC**, or any subsidiary or affiliate of any of them since January 1, 2008.

**RESPONSE:**

22. Please provide all **Documents** constituting, containing, referring to, or relating to questions or other requests for information submitted by **Schumaker & Company** to **TAWC, AWWC, AWWSC**, or any subsidiary or affiliate of any of them.

**RESPONSE:**

23. Please provide all **Documents** constituting, containing, referring to, or relating to responses or answers to questions or other requests for information submitted by **Schumaker & Company** to **TAWC, AWWC, AWWSC**, or any subsidiary or affiliate of any of them.

**RESPONSE:**

24. Please provide all **Documents** constituting, containing, referring to, or relating to recommendations contained in the **Schumaker Report**.

**RESPONSE:**

25. Please **Identify** all persons, including, without limitation, all employees, contractors, agents, and officers of **TAWC, AWWC, AWWSC**, or any subsidiary or affiliate of any of them, who had any written or verbal **Communication** with **Schumaker & Company** since January 1, 2008.

**RESPONSE:**

26. Please provide all *Documents* constituting, containing, referring to, or relating to written or verbal *Communications* by persons identified in response to the previous Request.

**RESPONSE:**

27. Please provide all *Workpapers* or other *Documents* prepared in connection with, transmitted in connection with, or which concern, refer to, or relate to the *Schumaker Report*.

**RESPONSE:**

28. Please provide all *Documents* referring to, relating to, discussing, responding to, or transmitting to any person or entity the *Baryenbruch Report*.

**RESPONSE:**

29. Please provide all *Documents* submitted to or received from *Baryenbruch* by *TAWC, AWWC, AWWSC*, or any subsidiary or affiliate of any of them since January 1, 2008.

**RESPONSE:**

30. Please provide all *Documents* constituting, containing, referring to, or relating to questions or other requests for information submitted by *Baryenbruch* to *TAWC, AWWC, AWWSC*, or any subsidiary or affiliate of any of them.

**RESPONSE:**

31. Please provide all **Documents** constituting, containing, referring to, or relating to responses or answers to questions or other requests for information submitted by **Baryenbruch** to **TAWC, AWWC, AWWSC**, or any subsidiary or affiliate of any of them.

**RESPONSE:**

32. Please provide all **Documents** constituting, containing, referring to, or relating to recommendations contained in the **Baryenbruch Report**.

**RESPONSE:**

33. Please **Identify** all persons, including, without limitation, all employees, contractors, agents, and officers of **TAWC, AWWC, AWWSC**, or any subsidiary or affiliate of any of them, who had any written or verbal **Communication** with **Baryenbruch** since January 1, 2008.

**RESPONSE:**

34. Please provide all **Documents** constituting, containing, referring to, or relating to written or verbal **Communications** by persons identified in response to the previous Request.

**RESPONSE:**

35. Please provide the request for proposal, the proposal, any and all **Workpapers**, interview notes, data requests, data submissions, budget vs. actual and variance reports, FERC Form 60 Reports, and all other **Documents** reviewed in connection with the preparation (whether used or not) of the **Baryenbruch Report**. Please provide all **Workpapers** and supporting **Documents** used to develop this study.

**RESPONSE:**

36. Please provide all reports or studies similar to the *Baryenbruch Report* concerning, referring to, or relating to any other subsidiary or affiliate of *AWWC* or any other regulated utility. Provide the associated direct and all rebuttal testimony concerning, referring to, or relating to these reports or studies.

**RESPONSE:**

37. Please provide all *Workpapers* or other *Documents* prepared in connection with, transmitted in connection with, or which concern, refer to, or relate to the *Baryenbruch Report*, including, without limitation all *Workpapers* and source *Documents* that support the calculation of the \$59 per customer figure depicted on page 11 of the *Baryenbruch Report*.

**RESPONSE:**

38. Identify and provide copies of all *Documents* constituting, referring to, or relating to billing contracts referred to in testimony of John S. Young, Jr. before the Public Utilities Commission of the State of California.

**RESPONSE:**

39. Please provide a copy of all advertising, promotional, or descriptive materials made available to potential customers and all contract forms used in connection with the "Service Line Protection Program" offered by *TAWC* to its customers.

**RESPONSE:**



40. Please ***Explain*** how all costs associated with any inspections, repairs, or other work undertaken in connection with the "Service Line Protection Program" offered by ***TAWC*** to its customers are recorded on the books and records of ***TAWC***. Please provide all worksheets, income and expense statements, invoices, and other ***Documents*** that address how these costs are treated for accounting and ratemaking purposes.

**RESPONSE:**

41. Please ***Explain*** how all revenues associated with the "Service Line Protection Program" offered by ***TAWC*** to its customers are recorded on the books and records of ***TAWC***. Please provide all worksheets, income and expense statements, invoices, and other ***Documents*** that address how these costs are treated for accounting and ratemaking purposes.

**RESPONSE:**

42. Please ***Explain*** how all capital expenses and debt associated with the "Service Line Protection Program" offered by ***TAWC*** to its customers are recorded on the books and records of ***TAWC***. Please provide all worksheets, income and expense statements, invoices, and other ***Documents*** that address how these costs are treated for accounting and ratemaking purposes.

**RESPONSE:**

43. Please **Identify** all monthly amounts paid by **TAWC** since January 1, 2007, to **AWWC** or any **AWWC** subsidiary or affiliate, and provide the information as to each such amount in the following format:

Payment Date	Amount of Payment	Purpose of Payment	If Payment for Services, Amount of Time Reflected in Charge	Hourly Rate Charge	If for Equipment of Materials, Description of Each Piece of Equipment or Material	Unit Charge for Each Piece of Equipment or Material	Agreement Under Which Provided (89 Service Agreement or Other)

**RESPONSE:**

44. Please provide all **Documents** that constitute, relate to, or refer to the terms of any contracts (including all attachments and amendments thereto) in effect at any time since January 1, 2006 between **TAWC** and **AWWC**, **AWWSC**, **AWR**, **AWCC**, or any subsidiary or affiliate of any of them.

**RESPONSE:**

45. Please provide the source **Documents** supporting the **Workpapers** WP1, WP2, WP6, and WP7 of Mr. **Baryenbruch** provided in response to TRA Data Request 1-3

**RESPONSE:**

46. For purposes of this request please refer to **TAWC's** response to TRA Data Request 1-3 TAWC10 Baryenbruch, WP7, Tab "AWW Calls Per Customer." Please provide the same information for each of the years 2005, 2006, 2007, and 2008. Provide the same information for calls related to Tennessee inquiries by customers.

**RESPONSE:**

47. For purposes of this request please refer to *TAWC*'s response to TRA Data Request 1-3 TAWC10 Baryenbruch WP2. Please *Explain* in detail why the costs in columns F and G were excluded from the analysis developed in this spreadsheet.

**RESPONSE:**

48. For purposes of this request please refer to *TAWC*'s response to TRA Data Request 1-3 TAWC10 Baryenbruch, WP8. Please provide the *Workpapers* and all other *Documents* that actually derive the amounts depicted in Tab "Rate Calc." Please *Explain* why each category of expense was excluded from the tab "FERC Pivot". Provide all *Workpapers* and supporting *Documents* used to develop this response.

**RESPONSE:**

49. Please provide a complete copy with all exhibits and appendices of the 2010 version of the 2007 AICPA National PCPS/TSCPA Management of an Accounting Practice Survey used by Mr. *Baryenbruch*.

**RESPONSE:**

50. Please provide for each year and quarter since January 1, 2006 and as projected for 2010, 2011, and 2012, the complete audited financial statements (including income statement and balance sheet) for *AWWSC* and *AWWC* and each subsidiary or affiliate of *AWWC* affiliate. If audited financial statements are not available, provide unaudited financial statements (including income statement and balance sheet) for such periods.

**RESPONSE:**

51. For purposes of this request please refer to *TAWC*'s response to TRA-01-Q12, the Financial Statements of *AWWC*. Please provide a detailed explanation of all sources of lines delineated "J&J Miscellaneous Income", the "Management Fees", and "Other Revenue" depicted on these financial statements for each of the years shown. Provide the amount projected for 2010 and 2011 for each of these items.

**RESPONSE:**

52. Please *Identify* and provide copies (in the original medium and format) of all advertisements published in newspapers or other media, radio advertisements, and TV advertisements paid for by *AWWC* or any subsidiary or affiliate of *AWWC* since January 1, 2008 to date which were placed, displayed, or distributed in any area served by *TAWC*.

**RESPONSE:**

53. Please provide a detailed listing of all expenditures for the advertisements identified in response to the previous Request, for all advertisements incurred by business unit 032068 CORP Marketing, and for all other advertisements since January 1, 2008 to date showing the amount, date, and payee. Explain which of these expenditures were charged to *TAWC* in whole or part and which were included in the historic, normalized, and attrition test years.

**RESPONSE:**

54. Please *Identify* all *Non-Regulated Services* provided by *TAWC*, *AWWC*, *AWWSC*, *AWR*, *AWCC*, or any other affiliate or subsidiary of *TAWC*, *AWWC*, *AWWSC*, *AWR*, or *AWCC* to unaffiliated companies or customers. Describe in detail the services provided to each non-affiliated company and customer.

**RESPONSE:**

55. *Explain* how common and support costs are allocated for each *Non-Regulated Service* and provide the number of customers of each entity and the revenues of each entity that is receiving the *Non-Regulated Service*. Provide the requested information for the years 2005, 2006, 2007, 2008, 2009, the test year, the attrition year, and as projected for 2010 and 2011. Provide all *Workpapers* and supporting *Documents* used to develop the prior response.

**RESPONSE:**

56. Please provide for each *Non-Regulated Service* the amount of revenue received or to be received by *AWWC*, and all subsidiaries and affiliates of *AWWC* in 2005, 2006, 2007, 2008, 2009, the test year, the attrition year and as projected for 2010 and 2011. *Explain* how the revenue identified is allocated to *TAWC* and to other regulated water and wastewater systems owned by *AWWC* or subsidiaries and affiliates of *AWWC*. *Identify* the accounts in which this revenue is recorded and *Explain* how it was treated in this rate case.

**RESPONSE:**

57. *Identify* the all expenses and investments that are recorded on the books of regulated water and wastewater companies of which *AWWC* is a majority owner that were

incurred or utilized in the provision of ***Non-Regulated Service*** for the years 2005, 2006, 2007, 2008, 2009, the test year, the attrition year, and as projected for 2010 and 2011. ***Identify*** all accounts in which these expenses and investments were recorded.

**RESPONSE:**

58. For each ***Non-Regulated Service*** that has been made available to customers of ***TAWC*** or any other regulated subsidiary or affiliate of ***AWWC***, ***Identify*** the number of customers who ordered, purchased, or subscribed to the ***Non-Regulated Service*** each year since first made available.

**RESPONSE:**

59. For each of the ***AWS Services*** or any other service or product attributed to American Water Solutions, please ***Explain*** what services or products are performed or provided and state which, if any, of the services or products are regulated by any state utility regulatory agency. For any services or products that are regulated, please ***Identify*** the state utility regulatory agency that regulates them.

**RESPONSE:**

60. For each of the years 2005, 2006, 2007, 2008, 2009, and the test year, and for 2010 to date, please provide all ***Documents*** that ***Identify*** all expenses and revenues incurred or received for ***AWS Services***, how the expenses and revenues were or are to be allocated, and how such expenses and revenues were or are to be treated for regulatory purposes. Provide all ***Workpapers*** and supporting ***Documents*** used to develop this response.

**RESPONSE:**

61. With respect to all expenses allocated to *TAWC* by *AWWC*, *AWWSC*, *AWR*, *AWCC*, or any other subsidiary or affiliate of any of them, please provide for 2006, 2007, 2008, 2009, the test year, the normalization period, and the attrition period and as projected for 2010 and 2011, the total dollars charged by each company, affiliate, or subsidiary, the NARUC account number to which such expenses were recorded, the allocation factor or method applied to each such expense account, and a complete description of the allocation factor or method. Provide all *Workpapers* and supporting *Documents* used to develop this response.

**RESPONSE:**

62. With respect to costs directly charged to *TAWC* by *AWWC*, *AWWSC*, *AWR*, *AWCC*, or any other subsidiary or affiliate of any of them, please provide for the following information for 2006, 2007, 2008, 2009, the test year, the normalization period, and the attrition period and as projected for 2010 and 2011 the total dollars charged by each company, affiliate, or subsidiary, the NARUC account number to which such expenses were recorded, the allocation factor or method applied to each such expense account, and a complete description of the allocation factor or method. Provide all *Workpapers* and supporting *Documents* used to develop this response.

**RESPONSE:**

63. Please *Identify* for each year since January 1, 2003, the number of employees by position at the National Call Centers and for each position set forth the unburdened base hourly

wage or salary rate (without overheads). In the event there is more than one base hourly rate for each position, provide the average and median base hourly rates for each such position.

**RESPONSE:**

64. *Identify* and provide all *Documents* constituting, reporting, or referring to call center operating statistics and reports that are prepared for management of *TAWC*, *AWWSC*, or any other subsidiary or affiliate of *AWWC* relating to, referring to, or concerning the efficiency, effectiveness, or other aspects of the operations of the call centers, including, without limitation, such information for operations related to *Non-Regulated Services* or other activities of non-regulated operations and companies served by the call centers.

**RESPONSE:**

65. Please provide the number of customers for all water and wastewater operations of *TAWC* and other *AWWC* subsidiaries and affiliates, by company, for each of the years 1999 through 2009, each month of 2010 and as projected for 2010 and 2011.

**RESPONSE:**

66. For each of the years 2005, 2006, 2007, 2008, 2009, each month of 2010 and as projected for 2010 and 2011, please provide total *AWWSC* charges to each *AWWC* subsidiary or affiliate, whether regulated or not, that provides water or wastewater services, and each unaffiliated company that is provided services by *AWWSC*.

**RESPONSE:**



67. Provide a detailed description of each business unit of *AWWSC*.

**RESPONSE:**

68. Provide the job descriptions for all National Service Center positions and all Local Service Center positions.

**RESPONSE:**

69. Describe all business development projects any portion of which was charged to *TAWC* during for 2006, 2007, 2008, 2009, the test year, the normalization period, the attrition period each month of 2010 and as projected for 2010 and 2011; state the amount of the charges to *TAWC*; and for each such project *Explain* how these charges benefited ratepayers of *TAWC*.

**RESPONSE:**

70. *Identify* the total amount of charitable contributions, corporate social responsibility, external affairs/communication, and functions expense, recorded at the National Service Center and Local Service Center levels for 2006, 2007, 2008, 2009, the test year, the normalization period, the attrition period, each month of 2010 and as projected for 2010 and 2011, the amount allocated to *TAWC* or any other regulated subsidiaries or affiliates of *AWWC* during each such period, and the accounts to which the costs were or are to be charged.

**RESPONSE:**

71. Provide all 2008, 2009, and 2010 travel and entertainment vouchers and receipts associated with charges to the following business units: CORP-Government Affairs, CORP-External Affairs, CORP-Marketing, CORP-External Communications, CORP-Internal Communications, CORP-Corp Social Resp, WE-External Affairs, Business Transformation, and CORP-Investor Relations.

**RESPONSE:**

72. Please describe the services provided to *TAWC* for each month of 2008 and 2009 and as projected for 2010 and 2011 which are associated with the charges from "Business Transformation" business unit. *Explain* how these costs were allocated or changed to *TAWC* and precisely the work performed. Provide all travel and entertainment vouchers and receipts associated with charges to this business unit.

**RESPONSE:**

73. *Identify* each employee, by unique *Identifying* number, at the Local Service Center and National Service Center service level that allocated or directly charged costs to *TAWC* during 2008 and 2009 and as projected for 2010 and 2011.

**RESPONSE:**

74. Provide a mapping of the National Service Center and Local Service Center business units to the Uniform System of Accounts.

**RESPONSE:**

75. *Identify* by business unit the amount of expense included in Exhibit 2, Schedule 3, page 1, under the line item labeled "Management Fees."

**RESPONSE:**

76. Please provide all *Documents* that *Explain*, relate to, refer, or describe the process of allocating costs from any subsidiary or affiliate of *AWWC* to *TAWC*, including but not limited to how and when new allocation factors are developed, how costs are directly assigned, and how companies can choose to acquire from other sources services provided by *AWWSC*.

**RESPONSE:**

77. Please *Identify* and provide a copy of all management audits completed since January 1, 2007, including any directed by the TRA or any other state regulatory agency, performed by or for *TAWC*, *AWWSC*, *AWWC* or any subsidiary or affiliate of *AWWC* other than the *Schumaker Report*.

**RESPONSE:**

78. In connection with "Summary of Adjustment to Test Year Operating Expense" (Exhibit 2, Schedule 3 of the filing), please *Identify* in detail all adjustments (Column "Test Year Adjustments Present Rates" and "Attrition Year Adjustments") for the Management Fees (Line 11) and provide all *Documents* constituting, referencing, containing, relating to, or referring to the Exhibit and Schedule and to such adjustments.

**RESPONSE:**

79. Please provide a schedule *Identifying* for each of calendar years 2006 through 2009, 2010 to date, and as projected for 2010 and 2011 (i) each subsidiary or affiliate of *AWWC* to which *AWWSC* provided services of any kind; (ii) the total amount paid by each such subsidiary or affiliate to *AWWSC* and (iii) the number of end-user customers for each such subsidiary or affiliate at the beginning and end of each calendar year. Provide all *Workpapers* and *Documents* supporting, referring to, or related to the requested information.

**RESPONSE:**

80. Please provide for all companies that charge salaries and wages to *TAWC*, a breakdown of the total amount of gross payroll and employee benefit costs (by benefit type) for the test year, the prior two historical years, the normalization year, the attrition year and as projected for 2010 and 2011 and between amounts expensed and amounts capitalized, and provide the percentage of payroll and employee benefits (by benefit type) charged to expense for each year. Provide all *Workpapers* and *Documents* supporting, referring to, or related to the requested information.

**RESPONSE:**

81. Please provide documentation containing the salary and/or wages for each position at *TAWC* or *AWWSC*, all or part of the cost of which is charged to *TAWC*.

**RESPONSE:**

82. Please list separately for all companies, divisions, or entities that charge salaries and wages to **TAWC**, the actual number of employees (where available), for each year 2003 through 2009, and monthly for 2010. If the labor force levels are other than full-time equivalent positions, please provide a separate listing stated in terms of full-time equivalent positions. Provide all **Workpapers** and **Documents** supporting, referring to, or related to the requested information.

**RESPONSE:**

83. 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 **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 of the **TAWC** witnesses.

**RESPONSE:**

84. Please **Identify** and produce any and all **Documents** or 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:**

85. For all expenses included in the "Summary Bill Reports," during each year 2003 through 2009, and monthly for 2010, please provide for each category of service and for each month a description of the purpose and amount of each expense.

**RESPONSE:**

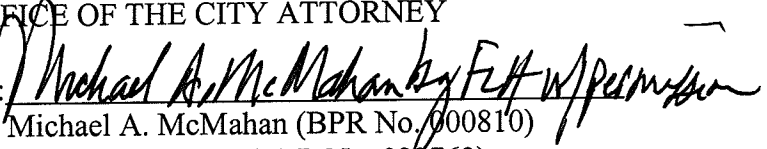
86. Please provide all **Documents** constituting, referencing, containing, relating to, responding to, or referring to any benchmarking studies or similar reports for **TAWC**, **AWWC**, **AWWSC**, and any other subsidiary or affiliate of **AWWC**, performed by outside consulting or benchmarking firms (for example, but not limited to: Gartner, Ernst & Young, Towers-Perrin, Hackett, Saratoga, and industry or functional associations), whether in draft or final form, with all associated documentation, including, but not limited to definitions, instructions, data inputs, and supplementary reports that have been initiated or completed since January 1, 2000. The requested **Documents** include, without limitation, all **Documents** constituting, referencing, containing, relating to, responding to, or referring to internal analyses of these reports, including, without limitation, remediation plans, schedules and progress reports associated with follow-up for this work. Please provide all **Documents** referencing, relating to, responding to, or referring to any such benchmarking stud(ies).

**RESPONSE:**

Respectfully Submitted,

OFFICE OF THE CITY ATTORNEY

By:

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### CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing pleading was emailed and was served upon the following person(s) via ☐ hand delivery or ☒ United States first class mail with proper postage applied thereon to ensure prompt delivery:

Mr. J. Richard Collier  
General Counsel  
State of Tennessee  
Tennessee Regulatory Authority  
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Mr. R. Dale Grimes  
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150 Third Avenue South, Suite 2800  
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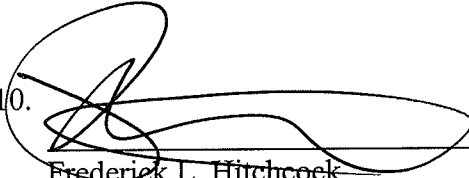
Mr. David C. Higney  
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Nashville, TN 37211-2226

Mr. Scott H. Strauss  
Ms. Katharine M. Mapes  
Spiegel & McDiarmid LLP  
1333 New Hampshire Avenue, NW  
Washington, DC 20036

This 01 day of November, 2010.



Frederick L. Hitchcock



**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. 10-00189**

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**THE CITY OF CHATTANOOGA'S MOTION FOR PERMISSION TO PROPOUND  
ADDITIONAL DISCOVERY REQUESTS**

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Intervenor, the City of Chattanooga ("Chattanooga"), by and through counsel, hereby moves for an Order providing relief from the 40 question limit set forth in Rule 1220-1-2-.11(5)(a) in order to propound additional discovery requests in this complex proceeding.

In this matter, Petitioner, Tennessee American Water Company ("TAWC") seeks the largest percentage rate increase that it has ever sought. TAWC's request follows a pattern of similar very large rate requests by other affiliates and subsidiaries of the American Water Works Company, TAWC's parent. TAWC's historic request also follows double-digit rate requests filed in 2004, 2006 and 2008, the latter two of which generated appeals. As of this date, many important issues raised in those appeals have not yet been resolved by the Tennessee Court of Appeals and require inquiry before this Authority.

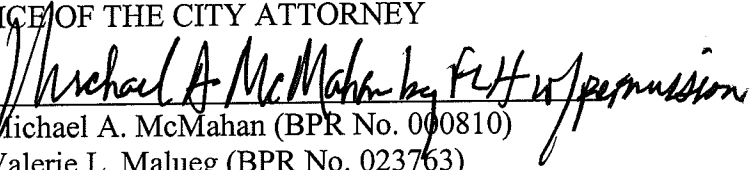
TAWC has submitted more than 4,000 pages of documentation in its initial filing and in response to the TRA staff's first information requests. The TRA staff's first information requests totaled 87 requests. On October 26, 2010, the TRA staff submitted an additional 51 requests to TAWC, for a total of 138. The Consumer Advocate and Protection Division ("CAPD") has

submitted its initial 80 requests and has announced the necessity of propounding additional requests beyond the initial 80.

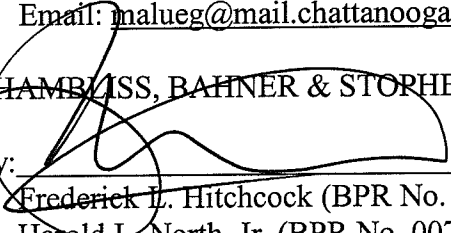
Chattanooga has reviewed the TRA staff data requests and the initial data requests filed by CAPD and has endeavored to avoid unnecessary duplication of those requests. Nevertheless, it is necessary for Chattanooga to propound more than 40 discovery requests in order to develop necessary information to permit an adequate review and analysis of TAWC's extraordinary request. Chattanooga has filed and served simultaneously with this Motion its First Discovery Requests, totaling 86 requests.

For these reasons, Chattanooga respectfully requests that an order be entered granting its permission to exceed the standard forty request limit.

Respectfully Submitted,  
OFFICE OF THE CITY ATTORNEY

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### CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing pleading was emailed and was served upon the following person(s) via ☐ hand delivery or ☒ United States first class mail with proper postage applied thereon to ensure prompt delivery:

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This 01 day of November, 2010.



Frederick L. Hitchcock