

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

<b>IN RE:</b>	)	
	)	
<b>PETITION OF TENNESSEE</b>	)	
<b>AMERICAN WATER COMPANY TO</b>	)	
<b>CHANGE AND INCREASE CERTAIN</b>	)	
<b>RATES AND CHARGES SO AS TO</b>	)	<b>DOCKET NO. 10-00189</b>
<b>PERMIT IT TO EARN A FAIR AND</b>	)	
<b>ADEQUATE RATE OF RETURN ON</b>	)	
<b>ITS PROPERTY USED AND USEFUL IN</b>	)	
<b>FURNISHING WATER SERVICE TO</b>	)	
<b>ITS CUSTOMERS</b>	)	

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

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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 Ryan L. McGehee, on or before 4:00 p.m. (CDT), January 24, 2011.

## **PRELIMINARY MATTERS AND DEFINITIONS**

Each discovery request calls for all knowledge, information and material available to TAWC as a party, including any of TAWC's parent companies, affiliates, agents, or assigns, whether it be TAWC's, in particular, or in the form of knowledge, information or material possessed or available to TAWC, it'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 TAWC which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that TAWC 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, as well as any subsidiary, affiliate or parent companies associated with TAWC.

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, work paper, 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.

### **DISCOVERY REQUESTS**

1. Please provide the amounts, accounts and dates for each journal entry on TAWC's books to record the "level of rate base reduction...in the Company's filing related to deferred income taxes-capitalized repairs (net of the FIN 49 reserve)." Refer to Mike Miller's Direct Testimony, page 63, line 16-17. Provide the response in excel format.

#### **RESPONSE:**

2. This request seeks information concerning changes in employee levels since the filing of this rate case. Please provide the hiring date, position filled, hourly/salary rate and the termination date by employee from September 2010 through January 24, 2011. Include in your response the amount of any separation payments and account charged for terminated employees. Provide the response in excel format.

#### **RESPONSE:**

3. Please provide the costs and accounts charged by consultant incurred in this docket for Pat Schumaker, Bernard Uffelman and any other consultant hired subsequent to TAWC's rate filing in Docket 10-00189.

#### **RESPONSE:**

4. For purposes of this request, refer to CAPD Discovery Request 74, which is reproduced below, and the Company's discovery response.

CAPD Request 74: Provide the 2011 budget for AWWSC in the format of TRA-01-Q042-ATTACHMENT. Include in your response a written narrative describing the budgeting guidelines and procedures employed by AWWSC.

Please provide a status update on when the 2011 budget information requested in CAPD Request 74 will be provided. Provide the 2011 budget information requested in excel format.

**RESPONSE:**

5. Please provide the 2011 budget information for TAWC in the format of TRA-01-0018 in excel format.

**RESPONSE:**

6. For purposes of this request, refer to CAPD Discovery Request 73, the Company response, and page 41 of the Schumaker & Company Affiliate Audit Report submitted in this docket, a portion of which is reproduced below:

In Schumaker & Company's PAWC management audit report (2008) a recommendation was made to "perform a detailed analysis to verify that the use of the number of customers for allocating AWWSC costs among regulated utilities reasonably approximates the use of cost-causative factors: subsequently make modifications as appropriate." The study was underway at the time of our field work for this affiliate audit and was to be completed by mid 2010 and provided to the PaPUC, although Shumaker & Company has not yet been provided a copy of such a report.

CAPD Discovery Request 73 requested a copy of the study referenced on page 41 of the Shumaker & Company audit submitted in this docket. In response, the Company provided a copy of the 2008 Pennsylvania Shumaker & Company audit report.

Please provide the study that was performed and submitted in Pennsylvania to verify that the use of customers for allocating AWWSC costs among regulated utilities reasonably approximates the use of cost-causative factors as recommended by the 2008 Pennsylvania Shumaker & Company management audit as described on page 41 of the Shumaker & Company audit report submitted in this docket.

**RESPONSE:**

7. Before the Kentucky Public Service Commission in a 2010 rate case on behalf of Kentucky American Water Company, Mr. Baryenbruch testified he had made changes or modifications to his methodology and analysis since TRA Docket 06-00290. Please provide a listing and description of the changes in methodology and conclusions made by Mr. Baryenbruch in providing his analysis submitted in this docket and submitted Mr. Baryenbruch in the rate cases of other affiliates of TAWC since TRA Docket 06-00290.

**RESPONSE:**

8. For purposes of this request, refer to CAPD Discovery Request 114, the Company's corresponding response, the City of Chattanooga Discovery Request 19 and the Company's corresponding response. CAPD Discovery Request 114 requested the Shumaker workpapers filed in Docket 09-00086 with reference to the Company's letter of September 27, 2010 filed in Docket 09-00086. The Company response to CAPD Discovery Request 114 referred the Consumer Advocate to the Company's Response to City of Chattanooga Discovery Request 19. The response to the City of Chattanooga contains documents concerning dividend policies rather

than documents or workpapers related to the Shumaker Audit.

Please provide an electronic copy in native format (Excel, Word, etc.) of all workpapers related to the Shumaker & Company Audit report, including the confidential and proprietary work papers filed by TAWC in Docket 09-00086.

**RESPONSE:**

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Ryan L. McGehee". The signature is fluid and cursive, with the first name "Ryan" and last name "McGehee" clearly distinguishable.

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Ryan L. McGehee BPR#025559  
Assistant Attorney General  
Office of the Attorney General and Reporter  
Consumer Advocate and Protection Division  
P.O. Box 20207  
Nashville, TN 37202-0207



### CERTIFICATE OF SERVICE

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

R. Dale Grimes  
Bass, Berry & Sims PLC  
150 Third Avenue South, Suite 2800  
Nashville, TN 37201

Henry Walker  
Bradley Arant Boult Cummings, LLP  
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Frederick L. Hitchcock  
1000 Tallan Building  
Two Union Square  
Chattanooga, TN 37402

on this the 14 day of January, 2011.



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Ryan L. McGehee