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January 21, 2011

Via Hand-Delivery

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

filed electronically in docket office on 01/21/11

**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 you will find an original and five (5) copies of Tennessee American Water Company's Responses to the Second Discovery Requests of the Consumer Advocate and Protection Division to Tennessee American Water Company. This material is also being filed today by way of email to the Tennessee Regulatory Authority Docket Manager, Sharla Dillon.

Please file the original and four copies of this material and stamp the additional copy as "filed". Then please return the stamped copies to me by way of our courier.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

RDG:smb
Enclosures

cc: Hon. Sara Kyle (*w/o enclosure*)
Hon. Eddie Roberson (*w/o enclosure*)
Mr. David Foster, 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*)
Ryan McGehee, Esq. (*w/enclosure*)
Mary L. White, Esq. (*w/enclosure*)
David C. Higney, Esq. (*w/enclosure*)
Henry M. Walker, Esq. (*w/enclosure*)
Michael A. McMahan, Esq. (*w/enclosure*)
Valerie L. Malueg, Esq. (*w/enclosure*)
Frederick L. Hitchcock, Esq. (*w/enclosure*)
Harold L. North, Jr., Esq. (*w/enclosure*)
Mark Brooks, Esq. (*w/enclosure*)
Scott H. Strauss, Esq. (*w/enclosure*)
Katharine M. Mapes, Esq. (*w/enclosure*)
Donald L. Scholes, Esq. (*w/enclosure*)

**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

**TENNESSEE AMERICAN WATER COMPANY'S RESPONSES TO THE SECOND SET
OF DISCOVERY REQUESTS OF THE CONSUMER ADVOCATE AND PROTECTION
DIVISION TO TENNESSEE AMERICAN WATER COMPANY**

The Tennessee American Water Company ("TAWC") hereby responds as follows to the Consumer Advocate and Protection Division's ("CAPD") Second Set of Discovery Requests to TAWC:

GENERAL OBJECTIONS

(1) TAWC objects to all requests that seek information protected by the attorney-client privilege, the work product doctrine and/or any other applicable privilege or restriction on disclosure.

(2) TAWC objects to the definitions and instructions accompanying the requests to the extent the definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations or orders of the Tennessee Regulatory Authority.

(3) TAWC objects to the definitions of the words “communication,” “you,” “person,” “identify,” and “document” that accompany the data requests because such definitions are overbroad and unduly burdensome.

(4) The specific responses set forth below are based upon information now available to TAWC, and TAWC reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information and/or documents produced.

(5) TAWC is providing its responses herein without waiver of, or prejudice to, its right at any later time to raise objections to: (a) the competence, relevance, materiality, privilege, or admissibility of the response, or the subject matter thereof; and (b) the use of any response, or subject matter thereof, in any subsequent proceedings.

(6) TAWC objects to each request to the extent that it is unreasonably cumulative or duplicative, or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

(7) TAWC objects to each request to the extent it seeks information outside TAWC’s custody or control.

(8) TAWC objects to requests that call upon TAWC to create, categorize, manipulate, customize or otherwise organize data regarding time periods outside of TAWC’s historical test year. TAWC objects to all such requests because they are unduly burdensome, seek to have TAWC create work product and seek information that is not relevant to this rate case.

(9) TAWC’s specific objections to each request are in addition to the General Objections set forth in this section. These General Objections form a part of each discovery response, and they are set forth here to avoid the duplication and repetition of restating them for each discovery response. The absence of a reference to a General Objection in response to a

particular request does not constitute a waiver of any General Objection with respect to that discovery request. All responses are made subject to and without waiver of TAWC's general and specific objections.

Respectfully submitted,



R. Dale Grimes (#006332)

E. Steele Clayton (#017298)

C. David Killion (#026412)

BASS, BERRY & SIMS PLC

150 Third Ave. South, Suite 2800

Nashville, TN 37201

(615) 742-6200

Counsel for Petitioner

Tennessee American Water Company

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Michael A. Miller

Question:

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:

Please refer to the enclosed CD and Excel document labeled as TN-CAPD-02-Q1-ATTACHMENT.

This file has been produced natively on the accompanying disk:

TN-CAPD-02-Q01-ATTACHMENT.xls

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: John Watson

Question:

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:

Please see attached document labeled as TN-CAPD-02-Q2-CONFIDENTIAL ATTACHMENT.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Michael A. Miller**

Question:

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:

Pat Schumaker is the TRA's expert witness and has not been retained as a consultant or expert by TAWC in this case. Accordingly, there are no charges or costs incurred by the Company with respect to Ms. Schumaker. To date the Company has not processed any invoices for consulting charges from Bernard Uffelman regarding work related to Docket 10-00189. The Company estimates that the charges for Mr. Uffelman's work regarding the study comparing the charges to TAWC from AWWSC using "cost causative" allocations versus customer allocations filed in Docket 09-00086 and provided in this case in its supplemental response to TN-CAPD-01-Q110 will be \$3,500. The Company expects Mr. Uffelman to provide rebuttal testimony in this case based on an hourly rate that is currently being negotiated. In addition, the Company may call Mr. James W. Warren as a rebuttal witness regarding income tax issues raised in the testimony of Mr. Buckner. The Company expects Mr. Warren's engagement to be based on an hourly rate. The Company will seasonably supplement this response regarding hourly rates.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Michael A. Miller

Question:

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:

The Company objects to this question on the grounds that the requested information is not available in the format requested. The level of AWWSC costs requested for the attrition year was not based on a budget, but instead was based on the historical test-year properly normalized to adjust for non-recurring expenses and items not normally recovered in rates and then adjusted for known and measurable items through the attrition year. The Service Company budget is not prepared or available in the format provided for in the attrition year in the response to TRA-01-Q42-Attachment. The Service Company budgets are produced by looking at 12 month historical data by Service Company object account and forecasting for the budget period using estimated percentages for merit increases, general inflation and other known cost increases for the budget year.

Because Service Company allocation formulas are not used in the budget process to forecast costs, the Company cannot provide the 2011 budget data in the format of TRA-01-Q42 which separated the costs by allocation formula.

Please see the attached document labeled as TN-CAPD-02-Q4-ATTACHMENT which breaks down the total 2011 Service Company budget monthly by object account for O&M expenses. This document is being provided in Excel format as well on the enclosed CD.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION
Response 02-Q4

Total Service Company 2011 Service Company Budget by Object Account
Excluding Capitalized Costs

Object Account	Object Description	2011 Jan	2011 Feb	2011 Mar	2011 Apr	2011 May	2011 Jun	2011 Jul	2011 Aug	2011 Sep	2011 Oct	2011 Nov	2011 Dec	2011 Total
501200	Labor	6,990,973	6,758,439	7,846,321	7,138,344	7,541,757	7,551,819	7,172,960	7,850,070	7,494,412	7,095,758	7,419,964	7,456,758	88,317,576
501203	Labor Internal Recharge	(11,183)	(11,191)	(11,244)	(11,206)	(11,240)	(11,236)	(11,210)	(11,264)	(11,242)	(11,214)	(11,231)	(11,223)	(134,683)
501211	Labor Overtime	143,963	129,284	150,893	119,203	129,301	146,938	125,069	154,841	123,401	127,483	72,214	85,260	1,507,851
501711	Incentive Plan-Off Annual	793,224	752,504	872,248	795,728	833,548	840,237	793,394	876,841	840,595	787,798	830,953	843,770	9,859,843
501716	Compensation Exp-Options	203,655	198,313	204,712	201,436	202,788	204,031	198,622	204,636	204,831	196,056	200,872	204,903	2,425,865
501718	Compensation Exp-Restricted Stock Units	203,655	198,313	204,712	201,436	202,788	205,041	198,622	204,636	204,831	196,056	200,872	204,903	2,425,865
504100	Group Ins Maintenance	1,376,430	1,368,585	1,356,321	1,346,078	1,385,405	1,401,908	1,387,519	1,415,615	1,407,923	1,403,087	1,394,690	1,391,204	16,634,766
504500	Other Welfare Maintenance	84,274	38,025	107,996	43,176	42,456	100,398	38,480	43,531	120,100	39,028	42,028	104,994	804,485
504610	Employee Awards	31,209	29,880	26,684	24,822	41,492	29,373	74,427	26,307	28,296	77,807	37,547	57,435	485,280
504620	Employee Physical Exam	532000	532000	532000	532000	532000	532000	532000	532000	532000	532000	532000	532000	532000
504660	Tuition Aid	78,793	29,694	54,578	25,230	43,083	46,736	57,511	50,113	52,550	40,653	33,314	47,634	559,889
504670	Training	49,687	47,154	79,694	104,972	61,488	124,310	48,736	105,394	127,136	73,962	110,430	67,151	1,000,114
505100	PBOP	245,083	243,973	244,334	244,664	243,641	245,154	243,219	243,891	244,579	241,970	242,550	244,819	2,927,877
506100	Pension	996,173	992,668	993,781	994,860	991,610	996,394	989,690	991,778	994,038	985,753	987,487	995,226	11,909,459
507100	401k	133,220	128,199	148,920	135,097	142,892	143,385	135,922	149,090	141,820	134,495	139,426	140,338	1,672,805
508101	Defined Contribution Plan	148,614	143,002	165,170	150,901	158,675	159,444	151,416	166,175	157,735	149,312	156,774	156,244	1,863,461
531000	Contract Services-Engineering	36,206	33,872	33,520	33,703	33,520	33,421	33,604	33,480	33,381	33,514	33,198	33,155	404,574
532000	Contract Services-Accounting	54,489	54,458	54,453	54,464	54,462	54,463	54,469	54,464	54,469	54,473	54,470	54,472	653,608
533000	Contract Services-Legal	82,254	80,878	112,874	81,864	83,413	113,950	81,738	84,024	113,763	83,883	83,051	113,929	1,115,623
535000	Contract Services-Other	1,054,125	1,069,364	1,223,980	1,041,065	1,032,857	1,278,303	990,244	906,910	1,103,905	978,045	897,042	1,033,428	12,609,267
535001	Contract Services-Temp Employee	120,770	123,338	144,395	75,086	69,661	90,639	60,055	68,702	53,376	54,824	54,841	60,663	976,330
536000	Contract Services-Lab Testing	(20,175)	(20,175)	(20,175)	(20,175)	(19,144)	(20,175)	(20,175)	(20,175)	(20,175)	(19,144)	(20,175)	(20,175)	(240,040)
541000	Rents-Real Property	581,621	584,680	585,284	585,577	585,086	586,121	585,908	585,884	585,175	585,387	585,730	588,348	7,025,802
541001	Rents-Real Property Intercompany	24,456	24,459	24,480	24,466	24,477	24,476	24,465	24,474	24,474	24,472	24,468	24,459	293,624
541400	Rents-Equipment	50,305	35,322	34,915	43,938	37,276	36,129	45,502	38,024	38,529	43,109	35,791	35,817	474,657
550000	Transportation IT-Admin	7,625	7,627	7,515	7,579	7,496	7,607	7,611	7,545	7,573	7,477	7,512	7,624	90,790
550001	Transportation Lease Cost	19,916	19,916	19,916	19,907	19,892	19,912	19,901	19,549	19,461	19,548	19,541	19,536	236,999
550002	Transportation Lease Fuel	10,563	10,647	10,641	10,637	10,627	10,638	10,631	10,625	10,628	10,630	10,623	10,619	127,509
550003	Transportation Lease Maintenance	2,416	1,785	3,743	2,443	1,739	3,237	2,443	1,736	3,777	2,406	1,771	3,210	30,706
556000	Insurance Vehicle	1,922	1,916	1,918	1,919	1,914	1,923	1,906	1,911	1,914	1,899	1,903	1,921	22,967
557000	Insurance Gen Liability	31,563	31,455	31,498	31,517	31,427	31,572	31,302	31,382	31,382	31,190	31,247	31,537	377,126
558000	Insurance Work Comp	43,593	43,445	43,505	43,531	43,406	43,606	43,234	43,344	43,416	43,079	43,158	43,558	520,877
559000	Insurance Other	120,308	119,898	120,063	120,135	119,791	120,344	119,316	119,620	119,820	118,890	119,107	120,209	1,437,502
575000	Miscellaneous	(700,371)	(665,899)	(736,429)	(674,852)	(649,237)	(774,004)	(665,358)	(751,632)	(781,639)	(674,760)	(672,735)	(769,707)	(8,516,623)
575002	Misc General Office	24,351	16,623	14,691	15,016	26,881	13,733	25,399	17,004	17,955	21,749	14,117	17,773	225,292
575030	Advertising	10,025	16,905	10,007	16,910	10,003	24,826	8,024	2,117	17,932	16,956	16,959	2,112	152,775
575130	Brochures and Handouts	29,748	9,157	6,722	5,529	4,237	11,197	4,545	43,192	11,719	7,705	8,040	5,729	147,522
575140	Charitable Contributions Deduct	1,114	-	-	15,958	-	7,975	1,118	-	-	6,069	99,726	-	131,960
575220	Community Relations	1,468	1,561	16,129	2,952	2,065	12,816	1,468	1,554	4,365	15,797	2,091	6,310	68,576
575240	Co Dues/Membership Deduct	4,139	4,137	4,147	4,143	4,147	4,148	4,146	4,152	4,150	4,147	4,150	4,146	51,053
575280	Dues/Membership Deductible	64,992	45,011	49,560	47,555	52,437	61,872	60,804	41,309	60,219	47,912	65,722	82,195	679,586
575320	Electricity	88,028	85,732	86,577	78,965	86,569	96,851	103,634	101,860	99,569	87,092	83,321	83,656	1,081,853
575340	Employee Expense P/r JE	284,763	284,467	337,574	356,563	348,579	382,727	306,924	319,320	361,329	343,705	323,000	309,313	3,958,265
575342	Employee Exp Conf/Registration	34,249	38,546	65,777	42,420	42,420	115,141	34,689	43,539	65,519	56,379	41,185	35,230	618,359
575350	Meals Deduct	47,609	37,552	59,723	64,869	48,598	53,496	44,359	49,029	59,814	49,426	45,965	46,947	607,386
575351	Meals Non Deduct	43,868	32,488	52,411	55,658	42,491	44,432	37,599	40,260	50,371	39,303	37,575	42,954	519,409
575420	Forms	785	785	785	786	785	786	786	786	786	786	786	786	9,427
575460	Grounds Keeping	598	598	598	2,422	882	882	882	882	882	882	598	799	10,904
575480	Heat - Oil/Gas	4,141	3,025	6,138	1,704	2,504	5,666	1,119	970	5,764	2,218	1,888	9,141	44,278
575500	Janitorial	26,978	27,096	26,972	28,794	27,480	27,473	28,110	27,259	27,005	29,808	27,470	27,025	331,471
575545	Lab Supplies	69,308	69,307	69,307	69,308	69,307	69,308	69,307	69,308	69,308	69,307	69,306	69,305	831,686
575620	Office & Admin Supplies	68,132	77,693	78,991	78,296	65,126	73,319	89,276	70,277	71,413	78,104	64,974	93,717	909,318
575625	Overnight Shipping	37,577	37,652	41,975	37,440	37,712	37,651	37,730	37,780	38,106	37,553	37,579	38,073	456,829
575640	Penalties Nondeductible	-	-	-	-	-	75	-	-	-	-	-	-	163

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION
Response 02-Q4

Total Service Company 2011 Service Company Budget by Object Account
Excluding Capitalized Costs

Object Account	Object Description	2011 Jan	2011 Feb	2011 Mar	2011 Apr	2011 May	2011 Jun	2011 Jul	2011 Aug	2011 Sep	2011 Oct	2011 Nov	2011 Dec	2011 Total
575660	Postage	36,138	23,737	33,554	33,550	27,404	27,763	23,744	23,748	26,534	23,742	27,123	28,213	335,250
575670	Relocation Expenses	23,199	13,133	37,740	13,187	13,193	78,271	13,151	13,239	37,658	13,126	13,180	37,705	306,783
575680	Research & Development Exp	-	-	-	437	-	-	638	-	547	377	-	-	1,999
575710	Security Service	23,213	8,803	6,299	29,457	3,298	7,086	28,701	3,301	6,316	29,217	3,284	8,567	157,540
575715	Software Licenses & Support	142,698	69,105	69,949	64,736	81,740	80,217	66,825	71,394	83,712	82,503	93,781	131,489	1,038,150
575740	Telephone	148,223	148,197	148,539	147,770	147,880	148,019	147,620	148,086	148,056	147,977	148,009	148,603	1,776,979
575741	Cell Phone	56,108	55,601	54,552	55,241	54,912	55,447	53,778	54,748	54,846	55,075	54,448	54,940	659,698
575742	Data Lines	142,138	141,763	139,981	139,823	139,677	140,413	140,135	140,441	140,560	140,649	140,967	141,042	1,687,590
575775	Trade Shows	46,859	574	575	1,374	575	12,712	14,189	15,364	15,403	32,044	35,210	574	175,453
575780	Trash Removal	4,163	4,163	4,266	4,163	4,164	4,164	4,266	4,164	4,267	4,163	4,164	4,266	50,373
675000	Misc Maintenance	596,321	593,195	584,583	611,730	603,011	595,770	614,295	617,260	612,761	624,086	621,734	1,762,460	8,437,207
675250	Comp Equip Hardware	2,030	70,434	5,481	3,279	665	3,755	4,832	3,679	22,646	4,832	3,675	6,759	132,069
675350	HVAC Equipment	25,031	3,821	5,481	14,456	2,319	16,203	14,504	2,931	5,481	12,998	3,827	8,070	115,120
675450	Office Equipment	443	2,674	6,583	1,705	2,443	3,437	866	1,641	2,768	3,738	1,449	2,181	29,927
680112	Depreciation Exp-Non Utility	2,372,726	2,242,836	2,186,340	2,195,193	2,166,169	2,168,478	2,172,125	2,186,293	2,147,152	2,139,750	2,190,537	2,362,543	26,530,142
685200	Property Taxes	5,901	5,901	5,901	5,901	5,901	5,901	5,901	5,901	5,901	5,901	5,901	5,901	70,813
685320	FUTA	50,319	21,283	9,872	190	1,588	654	753	19	8	-	-	-	84,686
685325	FICA	606,428	583,456	672,839	606,284	622,327	613,596	565,649	593,950	538,802	488,110	487,151	467,682	6,846,274
685350	SUTA	182,057	143,410	122,532	56,729	39,543	17,949	12,860	5,713	2,730	1,101	576	441	585,640
685430	Other Taxes and Licenses	332	332	332	332	332	332	332	332	332	332	332	332	3,982
810301	Interest Cap Lease-AW02	178,896	172,725	166,545	160,359	153,961	148,634	143,241	137,890	132,356	126,885	121,186	116,218	1,758,896
830100	Interest STD Inside	17,905	16,785	19,493	22,320	22,753	23,552	22,602	23,697	25,782	25,652	24,713	23,300	268,554
Grand Total		18,494,203	17,716,851	19,391,810	18,101,064	18,467,182	19,061,625	17,957,554	18,663,081	18,571,987	17,832,955	18,097,026	19,588,604	221,943,942

This file has been produced natively on the accompanying disk:

TN-CAPD-02-Q04-ATTACHMENT.xls

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Michael A. Miller/John Watson**

Question:

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

Response:

The excel files for the 2011 budget information, including the 2011 balance sheet, 2011 P&L budget, and 2011 Capex budget are included on the enclosed CD in the folder labeled as TN-CAPD-02-Q5.

This file has been produced natively on the accompanying disk:

TN-CAPD-02-Q05-ATTACHMENT 1 - 2011 Bal Sheet Budget.xls

This file has been produced natively on the accompanying disk:

TN-CAPD-02-Q05-ATTACHMENT 2 - 2011 P and L Budget.xls

This file has been produced natively on the accompanying disk:

TN-CAPD-02-Q05-ATTACHMENT 3 - 2011 Capex Budget.xls

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Michael A. Miller/Bernard Uffelman

Question:

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 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 Schumaker & Company audit submitted in this docket. In response, the Company provided a copy of the 2008 Pennsylvania Schumaker & 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 Schumaker & Company management audit as described on page 41 of the Schumaker & Company audit report submitted in this docket.

Response:

Please see attached document labeled as TN-CAPD-02-Q6-CONFIDENTIAL ATTACHMENT.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: Patrick L. Baryenbruch

Question:

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:

The Company objects to this question on the grounds that the requested information is not relevant nor reasonably calculated to lead to the discovery of admissible evidence, and is vague and ambiguous. Without waiving these objections, Mr. Baryenbruch did not testify in the 2010 Kentucky American Water Company rate case that he made changes or modifications to his methodology since TRA Docket 06-00290. Mr. Baryenbruch did add one question to his market cost comparison studies since that case. In the current TAWC case, the additional question asks “Are the Service Company’s charges to TAWC during the 12 months ended March 31, 2010 reasonable?” The other three questions that make up Mr. Baryenbruch’s market cost comparison study for TAWC in this rate case, employ the same analysis approach and methodology as his report for TRA Docket 06-00290.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
SECOND DISCOVERY REQUEST OF THE
CONSUMER ADVOCATE AND PROTECTION DIVISION**

Responsible Witness: **Michael A. Miller**

Question:

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:

The CAPD, as well as all intervenors and the TRA, have previously received the Schumaker work papers. In response to TN-COC-01-Q19, on November 19, 2010, TAWC produced a CD containing Schumaker work papers that were designated under the Protective Orders as Confidential. On December 2, 2010, TAWC supplemented its response to TN-COC-01-Q19 and produced another CD containing additional Schumaker work papers filed in Docket No. 09-00086.

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

**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

AFFIDAVIT

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

I, MICHAEL A. MILLER, Treasurer/Comptroller for Tennessee American Water Company, do hereby certify that the foregoing responses to the Second Discovery Requests of the Consumer Advocate and Protection Division were prepared by me or under my supervision and are true and accurate to the best of my knowledge and information.

DATED this 21st day of January, 2011.

Michael A. Miller
(signature)

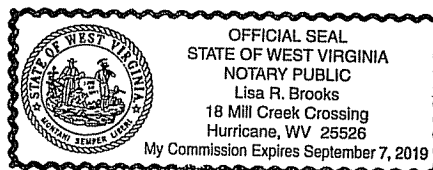
Michael A. Miller
(printed name)

Sworn to and subscribed before me this 21st day of January, 2011.

Lisa R. Brooks
NOTARY PUBLIC

My Commission Expires:

September 7, 2019



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served by way of the method(s) indicated, on this the 21st day of January, 2011, upon the following:

<input checked="" type="checkbox"/> Hand-Delivery	Ryan McGehee, Esq.
<input type="checkbox"/> U.S. Mail	Mary L. White, Esq.
<input type="checkbox"/> Facsimile	Counsel for the Consumer Advocate
<input type="checkbox"/> Overnight	and Protection Division
<input checked="" type="checkbox"/> Email	OFFICE OF THE ATTORNEY GENERAL
	425 5th Avenue North, 2nd Floor
	Nashville, TN 37243-0491
<input type="checkbox"/> Hand-Delivery	David C. Higney, Esq.
<input type="checkbox"/> U.S. Mail	Counsel for Chattanooga Regional
<input type="checkbox"/> Facsimile	Manufacturers Association
<input checked="" type="checkbox"/> Overnight	GRANT, KONVALINKA & HARRISON, P.C.
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<input checked="" type="checkbox"/> Hand-Delivery	Henry M. Walker, Esq.
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<input type="checkbox"/> Hand-Delivery	Michael A. McMahan, Esq.
<input type="checkbox"/> U.S. Mail	Valerie L. Malueg, Esq.
<input type="checkbox"/> Facsimile	City of Chattanooga (Hamilton County)
<input checked="" type="checkbox"/> Overnight	OFFICE OF THE CITY ATTORNEY
<input checked="" type="checkbox"/> Email	100 East 11 th Street, Suite 200
	Chattanooga, TN 37402
<input type="checkbox"/> Hand-Delivery	Frederick L. Hitchcock, Esq.
<input type="checkbox"/> U.S. Mail	Harold L. North, Jr., Esq.
<input type="checkbox"/> Facsimile	Counsel for City of Chattanooga
<input checked="" type="checkbox"/> Overnight	CHAMBLISS, BAHNER & STOPHEL, P.C.
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