

February 10, 2011

Via E-Mail and FedEx

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

FILED ELECTRONICALLY IN DOCKET OFFICE ON 02/10/11

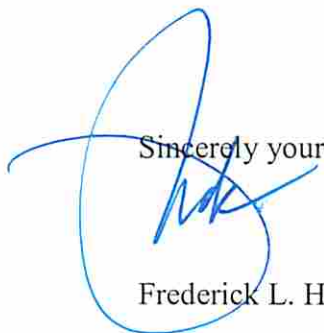
**Re: Petition of Tennessee American Water Company
Docket No. 10-00189**

Dear Chairman Freeman:

Enclosed please find an original and five (5) copies of the City of Chattanooga's Second Supplemental Responses and Objections to Tennessee American Water Company's Second Discovery Request. A hard copy of the Responses as well as a disk containing referenced attachments are being transmitted via overnight courier. I would appreciate you stamping the extra copy of the document as "filed," and returning it to me in the enclosed, self-addressed, stamped envelope.

With best regards, I am

Sincerely yours,



Frederick L. Hitchcock

FLH:pgh
Enclosures

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c/o Ms. Sharla Dillon
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cc: Mr. J. Richard Collier (w/encl.)
Mr. R. Dale Grimes (w/encl.)
Mr. Vance L. Broemel (w/encl.)
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. Malueg
Mr. Mark Brooks (w/encl.)
Mr. Scott H. Strauss (w/encl.)
Ms. Katharine M. Mapes
Mr. Donald L. Scholes (w/encl.)
Ms. Kelly Cashman-Grams (via email)
Ms. Monica Smith-Ashford (via email)
Ms. Shilina Chatterjee Brown (via email)

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

IN RE:)	
)	
PETITION OF TENNESSEE AMERICAN WATER COMPANY TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES.)	Docket No. 10-00189
)	
)	

**CITY OF CHATTANOOGA'S SECOND SUPPLEMENTAL RESPONSES AND
OBJECTIONS TO TENNESSEE AMERICAN WATER COMPANY'S SECOND
DISCOVERY REQUEST**

The City of Chattanooga ("the City"), by and through counsel, hereby serves its Second Supplemental Responses to certain of the Second Discovery Requests propounded by Tennessee-American Water Company ("TAWC").

The City incorporates by reference and restates its General Objections and Reservation of Right set forth in its Responses to the Second Discovery Requests.

DISCOVERY REQUEST NO. 5:

Please provide all information reviewed by Ms. Dismukes (or analysis performed by Ms. Dismukes) prior to the filing of her pre-filed testimony in this docket that addresses the impact that changes in ERISA pension expense and OPEB expenses have had on management fees charged to TAWC on an annual basis from 2000 to 2011.

RESPONSE:

See Third Supplemental Response.

FIRST SUPPLEMENTAL RESPONSE:

As part of her analysis of the issues in this proceeding, Ms. Dismukes reviewed numerous documents that are part of the record in the instant proceeding (discovery responses, testimony of

the Company, and testimony of other parties). As part of her normal background examination in any rate proceeding, she also reviewed documents that are publically available, like AWW Annual Reports, 10-Ks, Orders, Related Testimony, News Releases, etc. that may not be cited in her testimony. If she relied upon specific aspects of any of these, they are cited in her testimony. Ms. Dismukes specifically reviewed no additional documents not cited in her testimony and preformed no specific analyses on how the organization changes at AWW, AWWSC, or TAWC may have impacted or caused the changes in management fees for 2000 through present, including but not limited to: the creation of the national customer service facility, the creation of the centralized shared service transactional accounting facility, the creation of the centralized national procurement group, or any other organization change that has occurred at AWW, AWWSC, or TAWC.

SECOND SUPPLEMENTAL RESPONSE:

As part of her analysis of the issues in this proceeding, Ms. Dismukes reviewed numerous documents that are part of the record in the instant proceeding (discovery responses, testimony of the Company, and testimony of other parties). As part of her normal background examination in any rate proceeding, she also reviewed documents that are publically available, like AWW Annual Reports, 10-Ks, Orders, Related Testimony, News Releases, etc. that may not be cited in her testimony. If she relied upon specific aspects of any of these, they are cited in her testimony. Ms. Dismukes performed no specific analyses on the subjects of ERISA pension expense and OPEB expenses and the organizational changes to AWW, AWWSC, or TAWC, and there are no additional documents that Ms. Dismukes specifically reviewed on the subjects of ERISA pension expense and OPEB expenses and the organizational changes to AWW, AWWSC, or TAWC that are not cited in her testimony.

DISCOVERY REQUEST NO. 8:

Identify, and to the extent not previously produced, provide all work papers or spreadsheets in native form (e.g., excel, word) with formulas intact, annual reports and all other source documents referred to, relied upon or used by Ms. Dismukes to create the schedules attached to her testimony.

RESPONSE:

See Third Supplemental Response.

SECOND SUPPLEMENTAL RESPONSE:

All workpapers, spreadsheets, annual reports and all other source documents referred to, relied upon or used by Ms. Dismukes were previously provided. However, Ms. Dismukes has discovered that there were utilities omitted from her Schedules 15 and 16. Revised Schedules 15, 16, and 17 are included in TAWC-2-8-Supplement and include these omitted companies. TAWC-2-8-Supplement also contains responsive documents supporting these revised schedules, including workpapers, spreadsheets, and supporting annual reports.

DISCOVERY REQUEST NO. 10:

Identify "all Class A water and combination water/waste water utilities operating in the South," referred to by Ms. Dismukes on page 40, line 6 of her direct testimony.

RESPONSE:

See TAWC-2-10, which contains a listing of the requested information.

SECOND SUPPLEMENTAL RESPONSE:

TAWC-2-10-Supplement is attached, containing information on the companies referenced in the second supplemental response to Request No. 8.

DISCOVERY REQUEST NO. 22:

Please provide any studies, reports, correspondence, City Council minutes, committee minutes, ordinances, resolutions, or other documents of any kind created from January 1, 2008 to the present that reflect discussions with or requests to TAWC related to planning, proposing, or making capital improvements for reasons including, but not limited to: fire protection, downtown revitalization, service problems, economic development, or transportation improvements.

RESPONSE:

The City objects to this request on the grounds that the request seeks information that is overly broad, that the request is unduly burdensome, that the request seeks the creation of information or analysis that is not in existence and seeks its presentation in a form that may be incomplete or inaccurate, and that the request seeks information that is neither relevant nor likely to lead to the discovery of admissible evidence. Without waiving these objections or the General Objections, the City does not have any role in TAWC's capital expenditure decisions. TAWC-2-22 contains copies of documents that might be responsive to a broad reading of the request. The City will supplement as needed.

SECOND SUPPLEMENTAL RESPONSE:

City officials have not located any responsive documents. Accordingly the City has not prepared TAWC-2-22.

DISCOVERY REQUEST NO. 24:

With respect to page 27, line 20 to page 30, line 7 of Ms. Dismukes' direct testimony, list all affiliates for each water company listed by Ms. Dismukes in schedules KHD-15 and KHD-16, and identify the states in which they operate. For each affiliate, indicate: (a) whether the affiliate is regulated or non-regulated; (b) whether tariff rates are metered rates, flat rate, or some

combination; and (c) list the number of residential, commercial, industrial, governmental, public authority, fire service and other classes of customer for each affiliate.

RESPONSE:

The City objects to the request as it mischaracterizes the testimony, and it is, therefore, impossible to respond to the request. The City further objects to this request on the grounds that the request seeks information that is overly broad, that the request is unduly burdensome, that the request seeks the creation of information or analysis that is not in existence, and that the request seeks information that is neither relevant nor likely to lead to the discovery of admissible evidence.

FIRST SUPPLEMENTAL RESPONSE:

Below is a table that reflects for each company contained on Revised Schedules KHD-1 and KHD-2, whether or not the company has one or more affiliates and if the affiliate(s) is regulated or non-regulated.


Utility	Affiliates (Yes/No)	Regulated/Nonregulated
United Water Arkansas	Yes	Regulated & Nonregulated
Aqua Utilities of Florida	Yes	Regulated & Nonregulated
Indiantown Company, Inc.	Yes	Nonregulated
Lake Utility Services	Yes	Regulated & Nonregulated
Mad Hatter Utility, Inc.	Yes	Regulated
Marion Utilities, Inc.	No	
Ni Florida, LLC	Yes	Regulated & Nonregulated
North Beach Utilities, Inc.	Yes	Nonregulated
North Fort Myers Utility, Inc.	Yes	Regulated & Nonregulated
North Sumter Utility Company	Yes	Nonregulated
O&S Water Company, Inc.	No	
Peoples Water Service Co.	Yes	Regulated & Nonregulated
Rainbow Springs Utilities	Yes	Nonregulated
Royal Utility Company	No	
Sanlando Utilities Corporation	Yes	Regulated & Nonregulated
Southlake Utilities Inc.	No	
Utilities, Inc. of Florida	Yes	Regulated & Nonregulated
Water Management Services	Yes	Nonregulated
Wedgfield Utilities, Inc.	Yes	Regulated & Nonregulated
Water Service Corp. of KY	Yes	Regulated & Nonregulated
The Empire District Electric Co.	Yes	Regulated
Carolina Water Services	Yes	Regulated & Nonregulated
Kiawah Island Utility	No	
Utilities Services of South Carolina	Yes	Regulated & Nonregulated
Aqua Virginia, Inc.	Yes	Regulated & Nonregulated
Massanutten Public Service Corp.	Yes	Regulated & Nonregulated

SECOND SUPPLEMENTAL RESPONSE:

The references in the City's First Supplemental Response should have been to Schedules KHD-15 and KHD-16. Revised Schedules KHD-15, KHD-16, and KHD-17 are included in TAWC-2-8-Supplement. Ms. Dismukes does not have a compilation of the additional information requested, but it should be available in the annual reports for the utilities previously provided by the City.

Respectfully Submitted,

OFFICE OF THE CITY ATTORNEY

By:  *Michael McMahan by Fife's permission*

Michael A. McMahan (BPR No. 000810)

Valerie L. Malueg (BPR No. 023763)

Special Counsel

100 East 11th Street, Suite 200

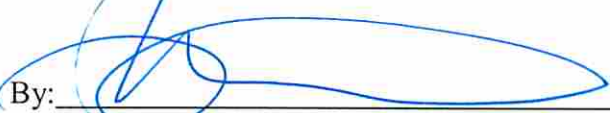
Chattanooga, TN 37402

(423) 643-8225

Email: mcmahan@chattanooga.gov

Email: malueg@mail.chattanooga.gov

CHAMBLISS, BAHNER & STOPHEL, P.C.

By: 

Frederick L. Hitchcock (BPR No. 005960)

Harold L. North, Jr. (BPR No. 007022)

Thomas C. Greenholtz (BPR No. 020105)

1000 Tallan Building

Two Union Square

Chattanooga, Tennessee 37402

(423) 757-0222 – Telephone

(423) 508-1222 – Facsimile

rhitchcock@cbslawfirm.com

hnorth@cbslawfirm.com

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
460 James Robertson Parkway
Nashville, TN 37243-0505

Mr. Vance L. Broemel
Mr. T. Jay Warner
Mr. Ryan L. McGehee
Ms. Mary L. White
Office of the Attorney General
Consumer Advocate and Protection Division
Cordell Hull Building, Ground Floor
425 5th Avenue North
Nashville, TN 37243

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

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

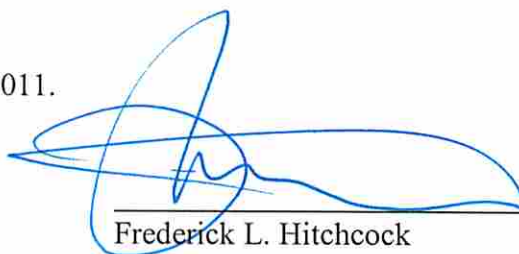
Mr. Henry M. Walker
Boult, Cummings, Conners & Berry PLC
1600 Division Street, Suite 700
Nashville, Tennessee 37203

Mr. Mark Brooks
521 Central Avenue
Nashville, TN 37211-2226

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

Mr. Donald L. Scholes
Branstetter, Stranch & Jennings, PLLC
227 Second Avenue, North, Fourth Floor
Nashville, TN 37201

This 10th day of February, 2011.



Frederick L. Hitchcock