

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
FIRST DISCOVERY REQUEST OF THE
TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: Donald Petry

Requests for Admission:

1. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that TAWC considers the Town of Signal Mountain as one of its Sale for Resale ("SFR") customers along with the City of Fort Oglethorpe, GA, Walden's Ridge Utility District, and Catoosa County, GA. Page 22.

Response:

Admit.

Tennessee American Water
Monthly Costs For Waldens Ridge Utility District
Docket No. 12-00049

2007	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Electrical	17,219.63	15,680.88	18,454.08	17,144.56	17,435.29	15,002.07	19,443.02	\$120,379.53
OpEx								\$0.00
CapEx								\$0.00
Total	\$17,219.63	\$15,680.88	\$18,454.08	\$17,144.56	\$17,435.29	\$15,002.07	\$19,443.02	\$120,379.53

2008	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Electrical	\$20,360.31	\$20,704.30	\$15,033.19	\$17,532.56	\$17,747.59	\$24,881.98	\$25,721.85	\$25,854.45	\$1,690.87	\$25,449.95	\$22,671.65	\$16,379.10	\$234,027.80
OpEx													\$0.00
CapEx													\$0.00
Total	\$20,360.31	\$20,704.30	\$15,033.19	\$17,532.56	\$17,747.59	\$24,881.98	\$25,721.85	\$25,854.45	\$1,690.87	\$25,449.95	\$22,671.65	\$16,379.10	\$234,027.80

2009	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Electrical	\$17,250.93	\$15,458.80	\$15,432.38	\$15,608.79	\$16,887.67	\$18,410.75	\$19,036.68	\$15,865.29	\$14,375.48	\$12,945.66	\$12,819.41	\$13,158.94	\$187,250.78
OpEx			\$4,859.00	\$4,924.00	\$11,483.00			\$631.00	\$49,727.77				\$71,624.77
CapEx					\$2,571.08								\$2,571.08
Total	\$17,250.93	\$15,458.80	\$20,291.38	\$20,532.79	\$30,941.75	\$18,410.75	\$19,036.68	\$16,496.29	\$64,103.25	\$12,945.66	\$12,819.41	\$13,158.94	\$261,446.63

2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Electrical	\$13,773.72	\$13,419.32	\$14,284.10	\$14,775.29	\$14,761.45	\$16,986.34	\$18,456.27	\$18,711.14	\$20,288.73	\$18,903.68	\$16,439.62	\$15,789.86	\$196,589.52
OpEx								\$4,269.00					\$4,269.00
CapEx											\$34,931.91		\$34,931.91
Total	\$13,773.72	\$13,419.32	\$14,284.10	\$14,775.29	\$14,761.45	\$16,986.34	\$18,456.27	\$22,980.14	\$20,288.73	\$18,903.68	\$51,371.53	\$15,789.86	\$235,790.43

2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Electrical	\$15,292.50	\$14,759.42	\$14,938.05	\$15,022.69	\$16,525.56	\$20,977.32	\$18,318.57	\$20,372.65	\$18,050.61	\$16,617.03	\$15,124.92	\$14,830.65	\$200,829.97
OpEx													\$0.00
CapEx													\$0.00
Total	\$15,292.50	\$14,759.42	\$14,938.05	\$15,022.69	\$16,525.56	\$20,977.32	\$18,318.57	\$20,372.65	\$18,050.61	\$16,617.03	\$15,124.92	\$14,830.65	\$200,829.97

2012	Jan	Feb	Mar	Apr	May	Total
Electrical	\$14,113.11	\$14,160.92	\$14,168.66	\$16,731.47	\$19,154.77	\$78,328.93
OpEx						\$0.00
CapEx						\$0.00
Total	\$14,113.11	\$14,160.92	\$14,168.66	\$16,731.47	\$19,154.77	\$78,328.93

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
FIRST DISCOVERY REQUEST OF THE
TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: Kevin Rogers/Linda Bridwell

Question:

2. What has been the cost for construction of any pumping facilities by TAWC similar to the pumping facility operated by the Town of Signal Mountain during the past five years?

Response:

TAW does not have detailed specifications of the pumping facility operated by the Town of Signal Mountain and thus is unable to determine if TAW has constructed any similar pumping facilities in the last five years.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Kevin Rogers/Linda Bridwell

Question:

3. What is the estimated cost of constructing storage facilities for water such as those previously purchased and maintained by the Town of Signal Mountain at the top of the mountain as part of its utility services for its water customers?

Response:

TAW does not have any details or specifications regarding the storage facilities purchased and maintained by the Town of Signal Mountain at the top of its mountain, and therefore TAW is unable to provide an estimated cost of constructing similar storage facilities.

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Responsible Witness: Kevin Rogers/Linda Bridwell

Question:

4. What is the estimated cost of construction of new pumping facilities and land at the bottom of the mountain similar to those previously purchased and maintained by the Town of Signal Mountain as part of its utility services for its water customers?

Response:

TAW does not have any details or specifications regarding the pumping facilities and land purchased and maintained by the Town of Signal Mountain and therefore is unable to estimate the cost of construction of similar new pumping facilities and land.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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Responsible Witness: Linda Bridwell

Question:

5. What is the estimated cost of constructing water lines to service customers in the Town of Signal Mountain such as those previously purchased and maintained by the Town of Signal Mountain as part of its utility services for its water customers?

Response:

TAW does not have any details or specifications regarding the water lines to service customers previously purchased and maintained by the Town of Signal Mountain as part of its utility services for its water customers and therefore is unable to estimate the cost of constructing water lines to service customers in the Town of Signal Mountain.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: Kevin Rogers/Paul Herbert

Question:

6. What credit has TAWC given to customers of the Town of Signal Mountain in any rate increase proposals for water services provided by the Town's utility during the past five years?

Response:

TAW has proposed rate increases to the Town of Signal Mountain, as a Sale For Resale customer, that are less than those proposed to other retail customers, and at a rate less than other Sale for Resale customers, until this rate case.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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Responsible Witness: Kevin Rogers

Question:

7. What interconnection of water utility of WRUD and Signal Mountain has been constructed by TAWC during the past five years?

Response:

TAW has not constructed an interconnection between the water utility of WRUD and Signal Mountain in the last five years.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Kevin Rogers/Linda Bridwell

Question:

8. What construction of waterlines for WRUD during the past five years has provided any benefit to customers of the Town of Signal Mountain water utility?

Response:

TAW has not constructed any waterlines for WRUD during the past five years.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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Responsible Witness: Kevin Rogers

Question:

9. What has been the cost of construction of new water lines by TAWC for WRUD for each year during the past five years?

Response:

TAW has not constructed new water lines for WRUD in any of the past five years.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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Responsible Witness: Kevin Rogers

Question:

10. What has been the cost of repairs to pumps or construction of new pumping facilities by TAWC for the Town of Signal Mountain customers for each year during the past five years?

Response:

TAW has not repaired or constructed new pumping facilities for the Town of Signal Mountain customers during the past five years, either within the system of the Town of Signal Mountain or dedicated solely for the purpose of serving the Town of Signal Mountain within the TAWC system.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
FIRST DISCOVERY REQUEST OF THE
TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: Donald Petry

Requests for Admission:

1. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that TAWC considers the Town of Signal Mountain as one of its Sale for Resale ("SFR") customers along with the City of Fort Oglethorpe, GA, Walden's Ridge Utility District, and Catoosa County, GA. Page 22.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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Responsible Witness: Donald Petry

Requests for Admission:

2. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that these four SFR customers purchased \$1,531,878.00 of water in 2011 representing 3.7% of TAWC total water sales. Page 22.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Kevin Rogers

Requests for Admission:

3. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that TAWC signed an agreement with WRUD effective February 1, 2006, contingent upon spending an estimated \$2.431 million to construct a pump station and infrastructure to supply water to WRUD customers. Page 22.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Donald Petry

Requests for Admission:

4. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that TAWC rate case orders from the TRA imputed increases of 12.77% and 15.21% respectively to the WRUD special contract price. Page 22.

Response:

TAW admits that the 2008 and 2010 rate case orders from the TRA imputed increases of 12.77% and 15.21%, respectively, to the WRUD special contract price.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Donald Petry

Requests for Admission:

5. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that in 2011, WRUD purchased \$493,773 of water which represented 1.2% of TAWC total water sales. Page 22.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: **Deron Allen/Kevin Rogers**

Requests for Admission:

6. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that TAWC began sending a leak detection crew one day per month to survey WRUD's system to help them find leaks and reduce their nonrevenue loss. Page 22.

Response:

This request is admitted to the extent the allegation is consistent with Gary VerDouw's testimony, but TAW states that the crew did not go to WRUD in March – June of this year.

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Responsible Witness: **Deron Allen/Kevin Rogers**

Requests for Admission:

7. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that TAWC management has kept in regular contact with WRUD by attending monthly board meetings and numerous other meetings and has provided invoice level details of the \$4.5 million construction project that was required to provide services to WRUD and to ensure proper accounting and valuation of the project. Pages 22-23.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
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TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: Kevin Rogers

Requests for Admission:

8. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that the Town of Signal Mountain purchased \$405,136 of water from TAWC in 2011, representing 1% of total water sold. Page 23.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
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FIRST DISCOVERY REQUEST OF THE
TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: **Deron Allen/Kevin Rogers**

Requests for Admission:

9. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that Signal Mountain has expressed concern that the 2010 rate order imputed the same increase on their special contract rate as other SFR customers, even though they own the pump station at the base of Signal Mountain and bear their own electrical pumping expense. Page 23.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: **Deron Allen/Kevin Rogers**

Requests for Admission:

10. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that the Town of Signal Mountain has the potential to purchase water from WRUD, rather than TAWC, if WRUD terminates its contract with TAWC.
Page 23.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
FIRST DISCOVERY REQUEST OF THE
TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: **Deron Allen/Kevin Rogers**

Requests for Admission:

11. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), the loss of both Signal Mountain and WRUD customers would have a substantial impact on TAWC demand and revenues. Page 23.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: **Deron Allen/Linda Bridwell**

Requests for Admission:

12. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), TAWC's rate and tariff structure that has been proposed in this case attempts to address the concerns of its SFR customers such as the Town of Signal Mountain. Page 23.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

Responsible Witness: **Deron Allen**

Requests for Admission:

13. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that the loss of SFR customers such as Signal Mountain and WRUD would have a substantial impact on other TAWC rate payers. Page 24.

Response:

Admit.

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 12-00049
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Responsible Witness: Donald Petry

Requests for Admission:

14. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that in 2011 alone Signal Mountain and WRUD purchased \$896,909 of water from TAWC. Page 24.

Response:

TAW admits that the request for admission is consistent with Mr. VerDouw's testimony; however, Mr. VerDouw's testimony had a typographical error. The actual amount purchased by Signal Mountain and WRUD in 2011 was \$898,906.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Deron Allen

Requests for Admission:

15. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that Signal Mountain and WRUD no longer view their contracts with general rate increases spread "on top" as "special". Page 24.

Response:

TAWC admits this request to the extent that is consistent with Gary VerDouw's testimony, which is based on TAW's understanding of Signal Mountain's and WRUD's concerns, and denies any allegations inconsistent with same.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Deron Allen

Requests for Admission:

17. Pursuant to the Direct Testimony of Gary M. VerDouw (Petitioner's Exhibit GMV-1), admit that WRUD formally notified TAWC of its intent to terminate its contract with TAWC in September of 2011 and that it has engaged in preliminary negotiations to purchase its water from Hixson Utility District or another option is re-starting its water treatment plant. Page 25.

Response:

TAW admits that the allegations are consistent with Gary VerDouw's testimony, which is based upon TAW's understanding of the situation.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Deron Allen

Requests for Admission:

18. Admit that none of the services provided by TAWC to WRUD have been provided to the Town of Signal Mountain because it operates its own pumping station and has provided its own maintenance and utilities and infrastructure for that system since the 1940s to its citizens.

Response:

Deny. Differences between services provided to WRUD and the Town of Signal Mountain are based upon the contracts TAWC has with these customers. TAW provides construction, operations, and maintenance to WRUD's facilities in providing water that it does not provide to the Town of Signal Mountain because the two contracts were originally negotiated with different rates. TAW has now offered to purchase the pumping facilities to provide water service to the Town of Signal Mountain and would be responsible for ongoing operations and maintenance. Moreover, the Town of Signal Mountain has not requested leak detection assistance services.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Paul Herbert

Requests for Admission:

19. Admit that the proposed rate increases for SFR to the Town of Signal Mountain and WRUD are identical and have not been reduced for the Town even though it bears all electrical, pumping, and infrastructure charges to get water to its citizens on top of the mountain.

Response:

Deny. The rate increases for SFR to the Town of Signal Mountain and WRUD are not identical. Although the proposed rate for each customer is the same, the percentage increase in rates is not identical because the Town of Signal Mountain and WRUD presently have different rates. The present consumption charge for WRUD is \$1.218 per CCF and the present consumption charge for the Town of Signal Hill is \$1.0344 per CCF.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Paul Herbert

Requests for Admission:

20. Admit that the proposed rate increases in Docket No. 12-0049 would increase and change the wholesale water rates charged to the Town of Signal Mountain by 11% for under 45,000 CCF and by 93% for over 45,000 CCF.

Response:

Admit. For water usage up to 45,000 CCF per month, the proposed wholesale water rate for the Town of Signal Mountain is \$1.15 per CCF, for an increase of 11.2% over the current rate of \$1.0344 per CCF. For the portion of the water usage over 45,000 CCF per month, the proposed rate charged would be \$2.00 per CCF, an increase of 93.3%.

The overall increase, however, in revenue for the Town of Signal Mountain is 14.9%, which is less than the overall increase in revenue from the sale of water requested by TAW in this rate case of 25.2%.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: P. R. Herbert

Requests for Admission:

21. Admit that the proposed increase for the Town of Signal Mountain does not credit the customers of Signal Mountain for all the construction costs and maintenance costs already paid by that utility even though TAWC does not and has not experienced any infrastructure costs to provide water services to Town residents.

Response:

Deny. The rate for Sales to Other Water Utilities and to the Town of Signal Mountain is based on a class cost of service study, which shows that the Other Water Utilities class is providing revenues below the cost to provide service. Furthermore, TAW has incurred significant capital and operating costs, and continues to do so, in order to supply water to the Town of Signal Mountain and all other customers.

**TENNESSEE AMERICAN WATER COMPANY
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Responsible Witness: Kevin Rogers

Requests for Admission:

22. Admit that there is currently no interconnection or cross connection of water lines constructed between WRUD and the Town of Signal Mountain.

Response:

TAW is without sufficient knowledge to either admit or deny this request for admission and therefore denies same.