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January 5, 2007

**VIA HAND-DELIVERY**

Chairman Sara Kyle  
c/o Sharla Dillon  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

***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. 06-00290***

Dear Chairman Kyle:

Enclosed please find an original and fifteen (15) sets of copies of Statement Of Tennessee American Water Company In Opposition To Chattanooga Manufacturers Association's Request That Contested Case Hearing To Be Conducted In Chattanooga, Tennessee.

Please return two copies of the Responses, which I would appreciate your stamping as "filed," and returning to me by way of our courier.

Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

RDG/ms  
Enclosures

Chairman Sara Kyle

January 5, 2007

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cc: Michael A. McMahon (*w/enclosure*)  
Timothy C. Phillips, Esq. (*w/enclosure*)  
Henry Walker, Esq. (*w/enclosure*)  
David C. Higney, Esq. (*w/enclosure*)  
Mr. John Watson (*w/enclosure*)  
Mr. Michael A. Miller (*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. 06-00290

**STATEMENT OF TENNESSEE AMERICAN WATER COMPANY  
IN OPPOSITION TO CHATTANOOGA MANUFACTURERS ASSOCIATION'S  
REQUEST THAT CONTESTED CASE HEARING TO BE CONDUCTED IN  
CHATTANOOGA, TENNESSEE**

Petitioner Tennessee American Water Company ("Petitioner") respectfully submits that the motion of the Chattanooga Manufacturers Association ("CMA") for the hearing in this matter to be held in Chattanooga, Tennessee, should be denied. The CMA has not established any grounds to justify this extraordinary request, which would burden the Directors, staff, and legal counsel of the Tennessee Regulatory Authority, the parties, their counsel, all their records, files, office equipment, computers, supplies, and other necessities, with superfluous travel to another city for a hearing of this matter. The CMA has made no showing that subjecting everyone involved to such massive inconvenience, increased cost, and arbitrary impracticality would result in rates that are one bit more just and reasonable than would be obtained in the TRA's official Hearing Room in Nashville.

The primary basis asserted in support of the motion -- to enhance individual ratepayers' opportunity to be heard -- could be cited in any case before the TRA where affected ratepayers live outside Nashville. But the TRA does not need to adopt an itinerant existence to discharge its

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public duties or to make sure the interests of ratepayers are properly considered. The ratepayers are well represented in this proceeding by three unopposed sets of intervenors: the CMA, the Consumer Advocate and Protection Division of the Office of the Tennessee Attorney General, and the City of Chattanooga itself. These interests are represented by experienced legal counsel, most of whom are located in Nashville, and all of whom have represented these same interests in numerous rate cases brought by Petitioner and other utilities such as Chattanooga Gas Company. Certainly any individual who may wish to be heard other than through these representative intervenors has every opportunity to exercise that right by attending the hearing at the TRA's normal location in Nashville.

The CMA also suggests that the hearing should be relocated to Chattanooga because a substantial number of the witnesses likely to be presented in this case are located in Chattanooga. It is more likely, however, that the majority of witnesses will not be from Chattanooga as in recent rate cases involving Chattanooga utilities. Nonetheless, while it may suit a handful of witnesses to have the hearing come to them in Chattanooga, that does not warrant uprooting the entire regulatory agency, Directors, staff, and all, as well as all the many other necessary participants in the proceeding, and relocating them to makeshift quarters in a different city.

Not only is the CMA's request unjustified, it is also unprecedented in the modern era of the TRA. Numerous important cases have been heard by the TRA in Nashville in the past decade, even though the affected ratepayers were located in other parts of the State. Moreover, the CMA appears to be arbitrarily selective in targeting its repeated requests to hold Petitioner's cases outside Nashville. A review of recent Chattanooga Gas dockets has not detected a single formal request by the CMA that the TRA travel to Chattanooga to hold its hearing in those cases.

The hearing should take place as usual in the Hearing Room of the offices of the TRA, which is located on the Ground Floor at 460 James Robertson Parkway, Nashville, Tennessee. Petitioner submits that the Hearing Room of the offices of the TRA in Nashville, Tennessee, is the best location for such hearing as (1) it is the location of the offices, staff, and resources of the TRA, (2) it is the location of the attorneys for the Petitioner, (3) it is the location of the majority of the attorneys for the Intervenors, (4) it is the most convenient location for the witnesses of the Petitioner, and (5) it best serves the interests of justice. The CMA's motion offers nothing to justify doing otherwise.

For the foregoing reasons, Petitioner respectfully requests that the motion be denied.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Dale Grimes", is written over a horizontal line.

R. Dale Grimes (#6223)  
J. Davidson French (#15442)  
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*Counsel for Petitioner  
Tennessee American Water Company*

### CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served via the method(s) indicated, on this the 5th day of January, 2007, upon the following:

<input type="checkbox"/> Hand	Michael A. McMahan
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	P.O. Box 20207
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