

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

TENNESSEE AMERICAN WATER COMPANY, :  
PETITION TO CHANGE AND INCREASE : DOCKET NO. 06-00290  
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 SERVICES TO ITS :  
CUSTOMERS. :

**CITY OF CHATTANOOGA'S REQUEST THAT CONTESTED  
CASE HEARING BE CONDUCTED IN CHATTANOOGA, TENNESSEE**

COMES NOW the City of Chattanooga and joins the motion of the Chattanooga Manufacturers' Association ("CMA") and requests that this case be heard in Chattanooga, Tennessee. On behalf of the Mayor of Chattanooga, we would cordially invite the Directors of the Tennessee Regulatory Authority ("TRA") to hold the hearing on this matter in our fair City.

1. In addition to the reasons cited by CMA, which are adopted by the City, it is submitted holding a hearing in this matter in Chattanooga presents an educational opportunity for the TRA and the citizens of southeast Tennessee. It would be fair to say that many, if not most, of the citizens of Chattanooga and surrounding communities "do not have a clue" about the activities of the TRA. Although the activities of the TRA that have a peculiar local impact may be reported in the local paper, and, occasionally in other media outlets, it is reasonable to assume in that holding a hearing in Chattanooga will provide a vehicle for educating the public about the purpose and role of the TRA.

2. The Directors are also reminded that in the 2004 rate hearing case that we filed a request that the hearing be held in Chattanooga but time and logistics were cited as reasons why

our request was denied. A portion of the transcript of that hearing starting on page seven is set forth below:

MR. MCMAHAN: Chairman Miller, we noticed that you-all declined our invitation to come to Chattanooga this time, but our city and our downtown is being transformed as we speak. Right now you see a lot of construction going on. But in about two months you'll see two beautiful new parks. You will see a river pier. You will see an aquarium which is twice the size of our current aquarium. You'll see a Hunter Museum which is twice the size of our current Hunter Museum. We're very proud of our \$120 million improvement known as the 21st Century Waterfront Plan. And we hope that the next time we have a rate hearing, whether it be this water company or gas company or whatever, that you-all would consider coming to Chattanooga to see our fine new city.

CHAIRMAN MILLER: Well, I appreciate your bringing that up, because we probably ought to address that matter. For the record, I think we were polled individually as to why we didn't -- whether or not we wanted to move the hearing. And I -- my decision was based on the late hour of the filing. We didn't receive the request in writing until the 11th, and the hearing was proposed to be on the 31st. And I just ran into -- as Chair -- ran into all kinds of logistical problems with moving everybody from Nashville to Chattanooga. But I think the last time we had this rate case -- a rate case from Tennessee American Water -- there was a request, and we seriously considered, but the request was withdrawn. But we would, I think -- I think it's important that this Commission hears cases in affected areas, and I certainly in the future will consider that. But I think under the circumstances in this case, we had to -- we just couldn't move, you know, all the lawyers and the court reporters and find a location in the short period of time that we had during that --

MR. MCMAHAN: We thank you for that. And next time we will be more timely in our request. Thank you.

DIRECTOR KYLE: Thank you very much. I appreciate -- I have had the opportunity to hold a hearing in Chattanooga years ago, and I appreciate the treatment and appreciate the sincere welcome that you-all showed to us. It was an opportunity to see those that we affect in their hometowns. Of course, I have visited there a lot and certainly enjoy being in Chattanooga. But I will agree with Chairman Miller's statements and look forward to joining you in Chattanooga in the future.

CHAIRMAN MILLER: If there are no other preliminary matters --

MR. HIGNEY: Chairman Miller, this is David Higney on behalf of the Chattanooga Manufacturers Association.

CHAIRMAN MILLER: Yes, sir, Mr. Higney.

MR. HIGNEY: It was our request to hold the hearing in Chattanooga. And I just wanted to make sure we were clear in the event there's another petition for a rate increase, that we need to file the request, in addition to raising it at any status conference, we need to go ahead at that time and file the request with the docket coordinator; is that correct?

CHAIRMAN MILLER: Yes, sir. I mean, we -- there are a lot of verbal representations made in status conferences. But as a commission we don't act on them until they're filed with us as a formal motion, in writing, for the Authority to consider. And that's, you know -- if we would have had more time, we would have been in Chattanooga, I believe. I can't speak for my fellow directors, but I believe that's the case.

### **BRIEF AND ARGUMENT**

TAWC suggests that it will be too costly to hold the hearing in Chattanooga. There may be some minimal additional expense involved and some inconvenience to staff; however, it is respectfully submitted that the convenience of the witnesses to this hearing and the public benefit to be derived from the educational opportunities that are involved will outweigh those expenses and inconvenience. The amount of "free publicity" which will be generated by such a hearing about the activities of the TRA should outweigh the modest additional expenses. As noted in the CMA brief, there are public facilities available in Chattanooga that are available without charge to hold such a hearing.

TAWC's real concern may be in explaining why it has requested 19.7% overall increase in rates to its customers who are located in Chattanooga and surrounding communities. If TAWC is able to establish the reasonableness of such a large increase in rates, the public can be better educated as to why such a large increase is justified if the hearing is held in Chattanooga.

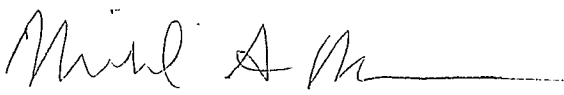
As to the issue of setting a precedent, the City is not suggesting that all such hearings be held in the communities involved. Although our request only addresses this particular case, it is respectfully submitted that holding contested case hearings one or twice a year outside Nashville

in different areas of the state will better serve the public interest by keeping all Tennessee citizens who live away from Nashville more informed about the role and purpose of the TRA in our state government.

The Consumer Advocate Division of the Attorney General's Office has stated that it takes no position with respect to this joint request of the City of Chattanooga and the Chattanooga Manufacturers' Association to hold the hearing in Chattanooga.

Respectfully submitted,

CITY OF CHATTANOOGA, TENNESSEE  
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**CERTIFICATE OF SERVICE**

This is to certify that the undersigned has this day served a true and correct copy of the foregoing pleading by either hand delivery or by depositing same in the United States mail, postage prepaid, and addressed to the following:

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This the 9th day of January, 2007.

  
MICHAEL A. McMAHAN