

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:	PETITION OF TENNESSEE-AMERICAN)	
	WATER COMPANY FOR APPROVAL OF)	
	AND AUTHORITY TO BORROW UP TO)	DOCKET NO.
	\$44,900,000 TO REFINANCE OUTSTANDING)	
	INDEBTEDNESS AND FINANCE ADDITIONS)	06-00305
	AND IMPROVEMENTS TO FACILITIES)	
	AND ACQUISITIONS AND TO REPAY)	
	SHORT-TERM INDEBTEDNESS PURSUANT)	
	TO T.C.A. § 65-4-109)	

PETITION TO INTERVENE

Comes now the City of Chattanooga, Tennessee, a municipal corporation, by and through counsel, pursuant to Tennessee Code Annotated §65-2-107, and Rule 1220-1-2-.08 of the *Rules of the Tennessee Regulatory Authority, Division of Practice and Procedure*, and petitions to intervene in this docket because the petitioner's legal rights, duties, privileges, immunities or other legal interests may be adversely affected by Tennessee American Water Company's Petition for approval of and authority to borrow up to FORTY-FOUR MILLION NINE HUNDRED THOUSAND (\$44,900,000.00) DOLLARS to refinance outstanding indebtedness and finance additions and improvements to facilities and acquisitions and to repay short-term indebtedness pursuant to T.C.A. § 65-4-109. For cause, the petitioner would show as follows:

1. This is a contested case within the meaning of T.C.A. §65-2-101(2) as it involves the legal rights, duties, and privileges of the parties. The issuance of such a large amount of long-term debt could affect future rate cases for years. Your petitioner has been granted authority to intervene on Docket No. 06-00290, a rate case wherein the issuance of said debt is already a contested issue. If Tennessee American Water Company ("TAWC") is permitted to raise its debt limit and issue such a large amount of debt, the rights of petitioners and others in the rate case may be materially adversely affected.

2. TAWC is a Tennessee corporation regulated by the Tennessee Regulatory Authority ("TRA"). TAWC is a public utility and is engaged in providing residential, commercial, industrial and municipal water service, including public and private fire protection service to the City of Chattanooga and surrounding areas.

3. The present docket, Docket No. 06-00305, involves a Petition for approval of and authority to borrow up to FORTY-FOUR MILLION NINE HUNDRED THOUSAND (\$44,900,000.00) DOLLARS to refinance outstanding indebtedness and finance additions and improvements to facilities and acquisitions and to repay short-term indebtedness pursuant to T.C.A. § 65-4-109.

4. The City of Chattanooga is a proper party to intervene in this case as the City of Chattanooga is a customer of TAWC and the legal rights, duties, privileges, immunities or other legal interests of the City of Chattanooga and its citizens may be determined in these proceedings.

5. In support of this petition, your petitioner would show that issuance of in excess of FORTY-FOUR MILLION (\$44,000,000.00) DOLLARS, of long-term debt is likely to have a significant impact upon the cost of capital and cost of debt issues that are critical factors in the rate case, Docket No. 06-00290. It is noted that Tennessee American proposes to refund in excess of NINETEEN MILLION (\$19,000,000.00) DOLLARS, long-term debt that currently carries a four and three quarters (4.75%) percent interest rate with new debt at a projected six and fifteenths (6.15%) percent interest rate. Increasing the cost of the indebtedness of TAWC may not be in the public interest and may have a deleterious effect in the contested rate case, and these issues need to be explored in a contested case. Creating a higher price for stock to be sold by TAWC's German parent, RWE Aktiengesellschaft, in a planned initial public offering is neither consistent with the interests of TAWC's ratepayers nor a legitimate business purpose.

6. Only by intervening and participating in this proceeding can the City of Chattanooga property protect its interests and the interests of its citizens.

WHEREFORE, the petitioner prays the authority to grant its Petition to Intervene.

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 2nd day of February, 2007.



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