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. 08-00039

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AMENDED PRE-FILED DIRECT TESTIMONY OF TERRY BUCKNER

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August 8, 2008

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AFFIDAVIT

I, Terry Buckner, Regulatory Analyst, for the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Amended Pre-Filed Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

Terry Buckner

TERRY BUCKNER

Sworn to and subscribed before me this 8th day of August, 2008.

EMILY KNIGHT
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY, TENN.
My Commission Expires AUG. 23, 2011

Emily Knight

NOTARY PUBLIC

My commission expires: Aug. 23, 2011

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INTRODUCTION

Q. Please state your name for the record.

A. My name is Terry Buckner.

Q. By whom are you employed and what is your position?

A. I am employed by the Consumer Advocate and Protection Division ("CAPD") in the Office of the Attorney General for the state of Tennessee ("Office") as a Regulatory Analyst.

Q. How long have you been employed in conjunction with the public utility industry?

A. Approximately thirty years. Before my current employment with the Office, I was employed by the Comptroller of the Treasury for the state of Tennessee for nearly two years as the Assistant Director responsible for public utility audits. Prior to that I was employed for approximately eight years with the Office. Formerly, I was employed with the Tennessee Public Service Commission ("Commission") in the Utility Rates Division as a financial analyst for approximately six years. My responsibilities included testifying before the Commission as to the appropriate cost of service for public

utilities operating in Tennessee. Prior to my employment with the Commission, I was employed by TDS Telecom for eight years and the First Utility District of Knox County for three years.

Q. What is your educational background and what degrees do you hold?

A. I have a Bachelors degree in Business Administration from the University of Tennessee, Knoxville with a major in Accounting. I am also a Tennessee Certified Public Accountant ('CPA") and a member of the American Institute of Certified Public Accountants.

Q. Would you briefly describe your responsibilities as a Regulatory Analyst with the CAPD?

A. I prepare testimony and financial exhibits in rate proceedings as an employee with the CAPD. Additionally, I review tariff filings by Tennessee public utilities, which are subject to the jurisdiction of the Tennessee Regulatory Authority ("TRA").

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to represent the forecasted financial exhibits prepared by the CAPD ("Exhibits of CAPD") and provide my exhibit of work papers ("work papers of CAPD") for forecasted Operating Revenues, Operation and Maintenance expenses, Depreciation Expense, Taxes Other Than Income, Income Taxes, and Rate Base for Tennessee American Water Company ("TAWC") for the attrition year ending August 31, 2009.

SUMMARY OF RESULTS

Q. Please summarize the results of the CAPD forecast of TAWC's earnings for the attrition year.

A. The attrition year in this case is the twelve months ending August 31, 2009. For the attrition year, TAWC asked for a $7.645 million rate increase whereas the CAPD's forecasted results show that customer rates should actually be reduced by $1.641 million instead, which is a difference of $9.286 million between TAWC's forecast and CAPD's forecast. The $9.286 million difference is due to the following areas of disagreement between TAWC and the CAPD: (1) The CAPD believes that

TAWC will collect about $2.4 million more in operating revenue than the revenue estimates included in TAWC's rate increase petition; (2) The CAPD is projecting about $1.3 million less in operation and maintenance expenses than the amount projected by TAWC; (3) The CAPD's calculation of depreciation expense is approximately $400,000 less than the depreciation expense projected by TAWC; (4) The CAPD forecasts approximately $100,000 less in "taxes other than income taxes" than the taxes projected by TAWC; (5) The CAPD computes about $1 million less in income taxes than TAWC's income tax computations; (6) The amount of revenue required for TAWC to have an opportunity to earn a fair profit is about $3.7 million less in the CAPD's forecast due to the CAPD's computation of a lower cost of capital; and (7) The amount of revenue required for TAWC to have an opportunity to earn a fair profit is about $400,000 less in the CAPD's forecast due to the CAPD's computation of a lower gross revenue conversion factor.

Accordingly, the CAPD's position is that TAWC has requested over $9.3 million more in customer rates than the company actually needs to meet their expenses and provide a fair return to their shareholders while providing quality water

services to TAWC's customers. Although there are many underlying details supporting the CAPD's position, all of which are discussed below and shown in the testimony, work papers, and exhibits of the CAPD's witnesses, the seven areas discussed above serve as an overview of the primary areas of dispute between TAWC and the CAPD in this case.

Q. Please summarize the reasons why the CAPD is projecting $2.4 million more in operating revenues than TAWC.

A. TAWC projects total operating revenues of $37.1 million for the year ending August 31, 2009 (which is the attrition year in this case), but the CAPD projects $39.5 million for this same period of time. The CAPD disagrees with TAWC's revenue projection in three major areas.

First, TAWC reduces its revenue forecast by $1.3 million due to a "Weather Normalization Adjustment" ("WNA") that the CAPD believes should be disregarded. As explained by CAPD witness Charles W. King, the WNA model used by TAWC -- a model that relies primarily on "month of the year" to predict water usage -- does not stand the test of reasonableness, a conclusion that is supported by actual events.

In particular, the WNA reduction in revenues projected by TAWC in last year's rate case (TRA Docket #06-00290) did not occur.

Second, the CAPD included about $500,000 in operating revenue from the Walden's Ridge Utility District that TAWC excluded from their forecast. (In addition to the operating revenue, the CAPD also included associated expenses and rate base used to serve Walden's Ridge.) TAWC provides wholesale water services to four major water utilities: Walden's Ridge, Signal Mountain, Fort Oglethorpe, and Catoosa. Although TAWC includes three of the four in their forecast, the company excludes Walden's Ridge. On the other hand, the CAPD treats Walden's Ridge the same as the other three water utilities because, like the others, the service provided to Walden's Ridge by TAWC is a regulated operation that is subject to the Authority's jurisdiction, supervision, and control.

Third, the CAPD's revenue forecast includes about $600,000 in growth due to increased meters and volumes anticipated during the year ending August 31, 2009 (the attrition year). The CAPD's growth forecast is supported by historical trends and a later test period, neither of which is

considered in TAWC's forecast.

Q. Please summarize why the CAPD is projecting about $1.3 million less in operation and maintenance expenses than TAWC.

A. The $1.3 million difference in operation and maintenance expenses between the CAPD and TAWC is due to the CAPD's projecting: (1) about $200,000 in lower salaries and wages expense; (2) about $900,000 less in management fees; (3) and approximately $200,000 less in regulatory expense.

The salaries and wages difference of $200,000 is primarily due to the CAPD's rejection of TAWC's forecasted employee levels for the attrition year. The CAPD rejects this projection because in case after case, TAWC has overstated the number of employees that they actually keep on the payroll. As a result, TAWC's customers have actually been charged for an employee level that TAWC never achieved. Customers' water rates should not be set on employee levels that never materialize. In addition, the CAPD rejects TAWC's plan to charge customers for bonuses paid to salaried employees for increasing the regulated earnings of the company, an activity that benefits

TAWC's shareholders by moving money to their pockets from the pockets of TAWC's customers. Since customers are provided no benefit from this activity, they should not have to pay any costs associated with it.

The difference in TAWC's and the CAPD's management fee forecast is about $900,000. TAWC's growth in management fees exceeds any economic or cost-savings justification, and has far out-stripped inflation. Furthermore, the types of expenses charged to TAWC's customers through management fees -- expenses such as alcoholic beverages, limousines, professional sporting events, and contributions -- indicate that the American Water Service Company personnel incurring these charges are not good stewards of the customers' financial interests.

Finally, the $200,000 difference in regulatory expense stems from the CAPD's disagreement with the reasonableness of these charges. In particular, the actual regulatory expense that TAWC wants to charge customers far exceeds the amount projected by TAWC in last year's rate case (TRA Docket #06-00290). Also, the CAPD does not believe that customers should be called upon to pay TAWC's legal bills for pursing a rate increase which, as demonstrated by the testimony and exhibits

of the CAPD's witnesses, is without merit.

Q. Please summarize why the CAPD is projecting about $400,000 less in depreciation expenses than the amount projected by TAWC.

A. This difference in deprecation expense is primarily attributable to two reasons. First, based on the depreciation study conducted by CAPD witness Charles W. King, the CAPD used lower depreciation rates to compute depreciation expense for certain plant accounts than the depreciation rates used by TAWC. The testimony of CAPD witness King sets forth the details of the CAPD's position on the depreciation study and associated depreciation rates. Second, the CAPD did not compute any depreciation expense for plant accounts that were fully depreciated -- that is, the plant accounts had a net book value of zero dollars ($0.00). Once a capitalized item has been depreciated completely, depreciation expense related to that item should not be recognized any more.

Q. Please explain why the CAPD's forecast of taxes other than income taxes is about $100,000 lower than TAWC's other tax calculations.

A. This difference is primarily due to the CAPD's computation of lower gross receipts taxes. In computing its gross receipts tax forecast, the CAPD matched more correct franchise and excise tax credits based on TAWC's accounting records to the gross receipts tax returns. These credits offset the amount of gross receipts taxes due.

Q. Please explain why the CAPD's forecast of income taxes is about $1 million lower than TAWC's income tax calculation.

A. This $1 million difference in income taxes is due mainly to the CAPD's application of different income tax rates. The CAPD computed state and federal income taxes using the statutory tax rates found in the applicable tax codes. Accordingly, the CAPD multiplied forecasted taxable income by the 6.5% state statutory income tax rate to arrive at state income taxes and by the 35% federal statutory income tax rate to arrive at federal income taxes. On the other hand, TAWC used rates much higher than the statutory tax rates -- a 12% tax

rate to compute state income taxes and a 48% tax rate to compute federal income taxes. However, both financial and regulatory accounting principles support the CAPD's use of the statutory income tax rates; furthermore, the TRA also uses the statutory income tax rates for establishing customer utility rates and, in fact, used the statutory income tax rates to set TAWC's customer rates in last year's rate case (TRA Docket #06-00290).

Q. Please summarize the $3.7 million difference in revenue requirements attributable to the CAPD's computation of a lower cost of capital for TAWC.

A. Based on the cost of capital testimony of CAPD witness Dr. Stephen N. Brown, the CAPD incorporated a lower overall rate of return on rate base than TAWC requested in its rate increase petition. This lower return decreases the revenue requirements of TAWC by $3.7 million. The testimony of CAPD witness Brown sets forth the details of the CAPD's position on cost of capital in this case.

Q. Please explain the $400,000 difference in revenue requirements attributable to the gross revenue conversion factor issue.

A. The gross revenue conversion factor is a calculation that shows how much gross operating revenue should be adjusted to compensate for any projected surplus or deficiency in net operating profits earned by the company. The CAPD calculates about $400,000 less in gross operating revenue requirements through application of its gross revenue conversion factor rather than the factor used by TAWC. TAWC's gross revenue conversion factor is incorrect because it inappropriately includes the gross receipts tax and inappropriately excludes forfeited discounts for converting profits to revenue. Inclusion of the gross receipts tax is not valid because this tax is not paid in the period the associated revenue is collected, and exclusion of the forfeited discounts is not valid because these amounts are received in the period the associated revenue is collected. The gross revenue conversion factor difference was also an issue in last year's rate case (TRA Docket #06-00290) and the Authority properly adopted the CAPD's calculation in that case.

Q. Please summarize the comparison of capital structures and cost of capital in this docket using the CAPD's forecast.

A. As previously stated, the CAPD's cost of capital results in a rate decrease of $1.6 million. For comparison purposes, the CAPD has also applied the various cost of capital recommendations to the CAPD's financial forecast to determine their effect on the need for new rates. First, the CAPD considers the cost of capital recommendation of the Chattanooga Manufacturers Association ("CMA"). Application of CMA's proposed cost of capital to the CAPD's financial forecast shows that customer rates should still be decreased by $1 million.

Next, the CAPD considers the currently-authorized cost of capital that was ordered by the TRA in last year's rate case (Docket #06-00290). This analysis shows that if TAWC's cost of capital remains the same as the TRA ordered just last year, customer rates should be increased only slightly -- approximately $600,000.

Finally, even under TAWC's proposed cost of capital -- a proposal that the CAPD believes is unreasonable -- customer rates should be increased by only $2.3 million rather than the

$7.6 million requested by the company.

Accordingly, while there are different opinions with respect to the appropriate cost of capital that should be awarded in this case, the accounting and regulatory forecasting issues alone demonstrate that TAWC's rate increase request is unwarranted and, therefore, should be denied by the TRA.

RATEMAKING THEORY AND PRACTICE

Q. What is a public utility?

A. In the context of this case, a public utility is a business formed as a shareholder-owned corporation. Even though the public utility in this case is a for profit corporation, it is also important to note that this public utility is:

> an organization that has been designated by law as a business affected with a significant public interest, and that also possesses all of the following characteristics: (1) The business is essentially free from direct competition, i.e., it operates in a monopolistic environment; (2) The business is required by law to charge rates for its services that are reasonable and not unjustly discriminatory; (3) The business is allowed to earn (but not guaranteed) a "reasonable" profit; and (4) The business is obligated to provide adequate service to its customers, on demand.[1]

[1] *Accounting for Public Utilities*, Hahne and Aliff §1.01.

Q. Does TAWC possess these public utility characteristics?

A. Yes. TAWC is a shareholder-owned public utility[2] that has been granted the advantage of operating in a monopolistic environment in exchange for special obligations, namely, the requirement to provide adequate service to all customers at rates that are just, reasonable, and non-discriminatory.

Q. From a regulated ratemaking perspective, what is the TRA called upon to do in this proceeding?

A. In a rate case such as this one, the TRA is asked to establish the amount of revenues that the utility should collect in order to cover its reasonable and necessary expenses and to reasonably compensate the utility's investors for their investment in the plant and equipment necessary to provide utility service to the public. The following ratemaking formula can be used to express this concept:

Revenue Requirement = (Rate Base X Rate of Return) + Operations and Maintenance Expense + Depreciation Expense + Taxes.

In this equation, "Rate Base" is essentially the plant and

[2]TAWC is a subsidiary of American Water Works Company, Inc. ("AWWC").

equipment paid for by the investors in the utility. The "Rate of Return" is comprised of two major components: (1) the "Cost of Debt," which constitutes the interest rate on borrowed money and (2) the "Return on Shareholders' Equity" ("ROE"), which is the rate of compensation that flows to the owners of the utility for their investment. "Operations and Maintenance Expense" is the costs of operating the utility day-to-day, such as payroll, employee benefits, fuel and power to pump the water, chemicals to treat the water supply, rents, office supplies, postage and billing costs, etc. "Depreciation Expense" is the systematic recovery of the cost of the plant and equipment over their useful lives. And "Taxes" are the business taxes owed by the utility to federal, state, and municipal governments, such as income taxes, payroll taxes, property taxes, and franchise taxes.

In order to arrive at the appropriate amounts for each component of the ratemaking formula, the TRA should consider the expert witness testimony of economists, accountants, and other subject matter experts. These experts usually calculate the amount of each component of the ratemaking formula for the "Attrition Year." In making their "Attrition Year" forecast, ratemaking experts often consider

"Test Year" data.

Q. Please explain the difference between a "Test Year" and an "Attrition Year."

A. A "test year" is a measure of a utility's financial operations and investment over a specific twelve month period. It is the "raw material" for developing an attrition year measure of the utility's financial operations and investment (that is, the utility's Rate Base, Operations and Maintenance Expense, Depreciation Expense, and Taxes). Therefore, the selection of the test year is quite important:

> The selection of the timing of the test year may be the most significant single factor in the rate-making process. The more outdated the test year levels of operations, the more critical is the need for significant restatement to produce representative levels of future conditions.[3]

An "attrition year," also known as a forecast period, is the "finished product" and is to be representative of the period for any rate adjustment. The attrition year can also be viewed as the first year during which the TRA's rate order will be applied.

In this docket, TAWC's filing used a test year ended

[3] *Accounting for Public Utilities*, Hahne and Aliff §7.03.

November 2007 and an attrition year ending August 2009. In an effort to eliminate outdated financial information and to shorten the forecast window, the CAPD has adopted the test year ended March 2008 in its forecast for the attrition year ending August 2009.

Q. Please explain how the TRA should calculate any adjustment in customer rates to be applied during the attrition year.

A. Once the TRA arrives at the appropriate Revenue Requirement for the attrition year (as described above), it must then determine whether a rate adjustment is needed. If the Revenue Requirement is greater than the amount of operating revenue forecasted for the attrition year at present customer rates, then a rate increase is required. However, if the Revenue Requirement is less than the amount of operation revenue forecasted for the attrition year at present customer rates, then a rate decrease is required.

In determining whether a rate increase or rate decrease is warranted, the TRA should again consider the testimony of the parties' expert witnesses. In addition to forecasting the Revenue Requirement for the attrition year, these experts also

forecast the amount of operating revenue that the utility is expected to collect during the attrition year at the current customer rates set forth in the utility's tariff.

OPERATING REVENUES

Q. Please describe the components of your forecast for Operating Revenues.

A. The components for forecasting Operating Revenues are monthly rates or prices multiplied by annualized volumes. The monthly rates are established by the TRA and are set forth in TAWC's current tariff; and the volumes consist of two components: the number of meters and the volume of water usage. The monthly meter rate is dependent upon the size of the meter and the monthly rates for water usage differ according to the billed volume of cubic feet. There are several usage rates, which are applied to volumetric blocks. These are the billing determinants generating most of TAWC's operating revenue.

Additionally, these billing determinants are used by TAWC in six classes of service, which are: (1) residential; (2) commercial; (3) industrial; (4) other public authority; (5) other

water utility; and (6) private fire service. Within five of the six classes of service there are different locations. Distinguishing the location is important because the meter and volumetric rates vary by location. TAWC's residential and commercial classes include the locations of: Chattanooga, Lookout Mountain, Lakeview, Suck Creek; and Lone Oak Utility District ("Lone Oak"). The industrial class is confined to Chattanooga. The other public authority class includes the same locations as the residential and commercial classes except for Lone Oak. The "other water utility" class of service is the resale of water to Fort Oglethorpe, Georgia ("Ft. Oglethorpe"); Catoosa Utility District, Georgia ("Catoosa"); Signal Mountain; and Walden's Ridge Utility District ("Walden's Ridge"). TAWC's private fire service tariff does not distinguish locations.

Other Operating Revenues are not dependent upon the normal billing determinants and include: new service fees; late payment penalties; rent; sewer billing revenues; re-connection fees; and other miscellaneous revenues.

Q. Please describe the forecasting methodologies for the

Residential Operating Revenues.

A. The CAPD adopted the test period ended March 2008 for its forecast of Residential Operating Revenues. Billing determinants for all the locations and classes were compiled by month from August 2003 through March 2008.[4] The residential billing determinants were calculated by trending the meters and usage history from the twelve month period ended July 2004 through the twelve months ended March 2008 for the locations of Chattanooga, Lookout Mountain, and Lakeview. The billing determinants for only the twelve months ended March 2008 were adopted for Suck Creek and Lone Oak due to a lack of historical data available at these locations for trending purposes. The blended billing determinants of actual amounts for the twelve months ended March 2008 and trended amounts for the attrition year were applied to present rates, which resulted in $16,353,100[5] in Residential Operating Revenues.

TAWC adopted the test period ended November 2007 in forecasting their Residential Operating Revenues. TAWC grew their normalized 5/8" meters from the test period by .69% for

[4]CAPD work papers, Index of work papers, pages 13-38.

[5]CAPD work paper R-RES SUMMARY, Index of work papers, page 2.

Chattanooga, Lookout Mountain, and Lakeview. TAWC adopted the normalized test period amounts from all other meter sizes and other locations for the attrition year.

For the volumetric usage, TAWC grew the normalized volumetric usage from the test period by .75% for Chattanooga, Lookout Mountain, and Lakeview. TAWC adopted the normalized test period amounts from all volumetric usage and other locations for the attrition year.

As a result, TAWC is forecasting Residential Operating Revenues of $14,994,956 at present rates for the attrition year, which is a .66% increase over the test period. The test period Residential Operating Revenues are stunted mainly due to TAWC's weather normalization adjustment ("WNA"). TAWC uses the WNA to decrease its test period residential revenues by $1,059,075.[6] This WNA is netted against an increase in test period revenues of $851,516[7] to reflect the annualized rate increase effective May 22, 2007 in TRA Docket #06-00290. As explained by CAPD witness, Mr. Charles W. King, the CAPD concludes that TAWC's WNA is improper and should be

[6]TAWC response to TRA Data Request #13, TN-TRA-01-Q013-REVENUES, page 18 of 99.

[7]Ibid.

disallowed.

Q. Please describe the forecasting methodologies for the Commercial Operating Revenues.

A. The CAPD adopted the test period ended March 2008 for its forecast of Commercial Operating Revenues. The billing determinants were calculated by trending the meters and usage from the twelve month period ended July 2004 through the twelve months ended March 2008 for only Chattanooga. For the remaining locations, the billing determinants for the twelve months ended March 2008 were adopted. The blended billing determinants of actual amounts for the twelve months ended March 2008 and trended amounts for the attrition year were applied to present rates, which resulted in $11,947,283[8] in Commercial Operating Revenues.

TAWC adopted the test period ended November 2007 in forecasting their Commercial Operating Revenues. Although there are nine sizes of meters currently being billed, TAWC grew only their normalized 1" meters from the test period by 5.47% for Chattanooga, 4.29% for Lookout Mountain, and

[8]CAPD work paper R-COMM SUMMARY, Index of work papers, page 51.

11.24% for Lakeview. TAWC adopted the normalized test period amounts from all other meter sizes and other locations for the attrition year, which has the effect of projecting no growth in these meter sizes for the attrition period.

For the volumetric usage, TAWC grew the normalized volumetric usage from the test period by .88% for Chattanooga; .91% for Lookout Mountain; and .97% for Lakeview. Once more, TAWC adopted the normalized test period amounts from all volumetric usage and other locations for the attrition year, which results in no growth in volumes for the attrition period.

In summary, TAWC is forecasting Commercial Operating Revenues of $11,460,266 at present rates for the attrition year, which is a 1.14% increase over the test period. Again, the test period Commercial Operating Revenues are stunted mainly due to TAWC's weather normalization adjustment ("WNA") amounting to a decrease in the test period amount of $296,569[9] and an increase to the test period amount of $628,983[10] to reflect the annualized rate increase effective May 22, 2007 in TRA Docket #06-00290. As CAPD witness King testifies, TAWC's

[9]TAWC response to TRA Data Request #13, TN-TRA-01-Q013-REVENUES, page 18 of 99.

[10]Ibid.

WNA should be disallowed.

Q. Please describe the forecasting methodologies for the Industrial Operating Revenues.

A. The CAPD adopted the test period ended March 2008 for its forecast of Industrial Operating Revenues. Due to the volatility of this revenue class, the billing determinants for the twelve months ended March 2008 were adopted for the attrition year, and were applied to present rates results in $3,876,587[11] of Industrial Operating Revenues. The CAPD adopted usage of 3,091,849 hundred cubic feet ("CCF") for the attrition year. The CAPD's test period billing determinants were adjusted for the closing of the Velsicol Chemical Corporation. However, it is important to note that other industrial customers may be added to the system. For instance, on July 15, 2008, Volkswagen Group of America announced that it will build a plant in Chattanooga where it will produce a car designed specifically for the North American Consumer[12]. In TRA Docket #06-

[11]CAPD work paper R-IND SUMMARY, Index of work papers, page 100.

[12]www.reuters.com/article/rbssautotruckmanufactured/idUSL1570839420080715.

00290, TAWC reported normalized usage of 3,103,166[13] CCF for the test period ended June 2006 and adopted the same volume usage for the attrition year ended February 2008. In this docket TAWC reports normalized usage of 3,144,865 CCF for the test period ended November 2007. TAWC does cite the closing of the Velsicol Chemical Corporation in calculating its normalized usage.[14] Also, the meter billing determinants declined from 2,135 in the previous docket to 1,939 in this docket. Yet, 94% of the annual Industrial Operating Revenues is derived from volumetric usage.

TAWC adopted the same number of meters and volumetric usage for its forecast as the normalized test period usage ended November 2007. Consequently, TAWC's forecasted Industrial Operating Revenues are identical to the normalized test period amount of $3,914,733 at present rates.

Q. Please describe the forecasting methodologies for the Other Public Authority Operating Revenues.

[13]TRA Docket #06-00290, Exhibit No. 4, Schedule 2, Page 9 of 13, Line 26.

[14]Direct Testimony, S. Miller, Page 6, Question 13, Lines 5-7.

A. The CAPD adopted the test period and the billing determinants for the twelve months ended March 2008 for its forecast of Other Public Authority Operating Revenues. When applied to present rates, the CAPD's forecast of Other Public Authority Operating Revenues results in $2,583,294[15] for the attrition year.

In TRA Docket #06-00290, TAWC reported normalized usage of 1,184,442[16] CCF for the test period ended June 2006. TAWC adopted the same volume usage for the attrition year ended February 2008. In this docket TAWC reports normalized usage of 1,104,514 CCF for the test period ended November 2007. Yet, the meter billing determinants increased from 8,635 in the previous docket to 8,829 in this docket. However, 83% of the annual Other Public Authority Operating Revenues is derived from volumetric usage.

TAWC adopted the same volume usage for its forecast as the normalized test period usage ended November 2007. So, TAWC's forecasted Other Public Authority Operating Revenues of $2,603,078 are the same as the test period.

[15]CAPD work paper R-OPA SUMMARY, Index of work papers, page 111.

[16]TRA Docket #06-00290, Exhibit No. 4, Schedule 2, Page 10 of 13, Line 26.

Q. Please describe the forecasting methodologies for Other Water Utility Operating Revenues.

A. The CAPD adopted the test period ended March 2008 for its forecast of Operating Revenues from Sales for Resale. As previously mentioned, there are four major customers under contract in this revenue category: Fort Oglethorpe, Catoosa, Signal Mountain, and Walden's Ridge.

As in TRA Docket #06-00290, TAWC has elected to exclude the revenues from one customer, Walden's Ridge.[17] Given the historical growth in revenues, the CAPD has elected to include the revenues, expenses, and rate base from Walden's Ridge in this docket. The service that TAWC provides to Walden's Ridge is a regulated service, just like the regulated services provided to Fort Oglethorpe, Catoosa, and Signal Mountain. Walden's Ridge revenues grew from $162,979[18] for the twelve months ended June 2006 to $434,810[19] for the twelve months ended November 2007. The usage grew from 173,844[20]

[17]TAWC Direct Testimony, J. Watson, Page 20, lines 18-22.

[18]TRA Docket #06-00290, TAWC Exhibit No. 4, Schedule 2, Page No. 11 of 13, Line 27.

[19]TAWC Exhibit No. 4, Schedule 2, Page No. 11 of 13, Line 27.

[20]TRA Docket #06-00290, TAWC Exhibit No. 4, Schedule 2, Page No. 11 of 13, Line 27.

CCF for the twelve months ended June 30, 2006 to 463,797[21] CCF for the twelve months ended November 2007. As a consequence, the CAPD has contacted the four customers[22] to discuss both historical usage and forecasted usage. Walden's Ridge had budgeted $465,000 in water purchases for the fiscal year ended August 2008. As of this date, their next fiscal year's budget had not been completed.

Therefore, the CAPD has adopted $470,549 in revenues at present rates for Walden's Ridge in its forecast.

TAWC's revenues from Catoosa also grew significantly. In TRA Docket #06-00290, TAWC forecasted $155,023[23] for the attrition year. Yet, TAWC has reported revenue from Catoosa for the twelve months ended November 2007 of $449,620[24]. Catoosa's usage grew from 162,740[25] CCF for the twelve months ended June 2006 to 501,752[26] for the twelve months ended

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[21]TAWC Exhibit No. 4, Schedule 2, Page No. 11 of 13, Line 27.

[22]Walden's Ridge, T. Davies; Catoosa, R. Gondy, J. Lee; Ft. Oglethorpe, M. Housely; and Signal Mountain, W. Sanders.

[23]TRA Docket #06-00290, TAWC Exhibit No. 4, Schedule 2, Page No. 11 of 13, Line 25.

[24]TAWC Exhibit No. 4, Schedule 2, Page 11 of 13, Line 25.

[25]TRA Docket #06-00290, TAWC Exhibit No. 4, Schedule 2, Page No. 11 of 13, Line 25.

[26]TAWC Exhibit No. 4, Schedule 2, Page 11 of 13, Line 25.

November 2007. While TAWC has included no growth in it forecast, Catoosa reported annual customer growth of approximately 5%. Consistent with that growth, the CAPD has included $474,205 in its forecast for the attrition year at present rates.

Conversely, Ft. Oglethorpe's usage for the twelve months ended November 2007 was 489,860[27] CCF instead of TAWC's forecasted usage of 799,363[28] CCF. The CAPD has forecasted volumes of 494,558, which amounts to $443,173 at present rates.

TAWC forecasted 304,001[29] CCF for Signal Mountain during the attrition year in TRA Docket #06-00290. Signal Mountain's actual usage for the test period ended November 2007 was 515,804[30] CCF. Given that the CAPD's test period is the latest known and measurable amount, the CAPD has adopted $448,872 for its Signal Mountain forecast, which is based on CAPD's test period volumes.

In total, TAWC has forecasted $1,310,628 for Other Water

[27]TAWC Exhibit No. 4, Schedule 2, Page 11 of 13, Line 24.

[28]TAWC Exhibit No. 4, Schedule 2, Page 11 of 13, Line 24.

[29]TRA Docket #06-00290, Exhibit No. 4, Schedule 2, Page 11 of 13, Line 26.

[30]TAWC Exhibit No. 4. Schedule 2, Page 11 of 14, Line 26.

Utility Revenue for the attrition year at present rates, which is based on the normalized test period ended November 2007. The CAPD's total Other Water Utility Revenue for the attrition year is $1,847,352[31], which is a difference of $537,619. Most of this difference is the inclusion of $470,549 in Walden's Ridge revenues in the CAPD forecast.

Q. Please describe the forecasting methodologies for the Private Fire Service Operating Revenues.

A. The CAPD adopted the test period ended March 2008 for its forecast of Private Fire Service Operating Revenues, which amounts to $1,518,135.[32]

TAWC adopted the test period ended November 2007 amount of $1,489,608 for its forecasted Private Fire Service Operating Revenues.

Q. Please describe the forecasting methodologies for the Other Operating Revenues.

A. Given that Other Operating Revenues are not dependent

[31]CAPD work paper R-OTHER UTIL SUMMARY, Index of work papers, page 138.

[32]CAPD work paper R-REVENUE SUMMARY COMPARATIVE, Index of work papers, page 1, line 6.

upon the normal billing determinants, the CAPD adopted the March 2008 test period amount of $1,393,048. TAWC's forecast of Other Operating Revenues is $1,369,193 using their test period ended November 2007.

Q. Please summarize the comparative forecasts of Operating Revenues.

A. The CAPD's forecast of Operating Revenues totals $39,518,799, which is $2,376,337 greater than the forecast of TAWC.

The direct testimony of TAWC's revenue forecast methodology lacks specific details in supporting the calculation of their Operating Revenue forecast. In fact, it is confined in only two questions or paragraphs.[33] However, based on what is reported in their exhibits, there are three major forecast differences: (1) TAWC's residential and commercial meter growth is confined to one meter size per revenue class, which is simple, but not reflective of what has historically occurred; (2) TAWC's WNA adjustment of $1.3 million suppresses their forecasted Operating Revenues; and (3) the CAPD's inclusion

[33]TAWC Direct Testimony, S. Miller, Pages 5-6, Questions 12-13.

of the Walden's Ridge revenues of approximately $.5 million.

Regarding the growth rates and WNA amounts, it is helpful to examine what actually occurred in the last forecast period ended February 2008. The TRA ordered rate increases of $4.1 million in Docket #06-00290.[34] The new rates became effective May 22, 2007. The TRA adopted the forecast of TAWC's Operating Revenues in that docket.[35] The February 2008 TRA surveillance report shows an increase of $4.3 million[36] in twelve months to date total Operating Revenues over the same period last year. Yet, the new rates have not been in effect for an entire year. Further, the WNA amount in the last docket reduced TAWC's forecasted revenues by $.2 million.[37] In fact, the WNA amount did not occur.[38] In this docket, the TRA is being asked to accept a WNA, which is six times the amount from last year. Since last year's WNA did not happen as projected by TAWC, the CAPD finds that TAWC's WNA

[34]TRA Docket #06-00290 Order dated June 10, 2008, page 51.

[35]TRA Docket #06-00290 Order dated June 10, 2008, page 22.

[36]TRA February 2008 3.06 surveillance report, line 5.

[37]TAWC response in docket #06-00290 to TRA #13, TN-TRA-01-Q013-REVENUES, Page 35 of 133.

[38]CAPD work paper R-REV COMP #06-00290, Index of work papers, page 155.

proposal in this docket is not credible. This conclusion is buttressed by the testimony of CAPD witness King. TAWC cites a decline in volumetric usage amounting to $.370 million[39] as one of the financial reasons for their petition for increased rates. Yet, recent history indicates that is not the case.[40] The inclusion of revenues received from Walden's Ridge is appropriate. TAWC contends that Walden's Ridge is under contract and not subject to increased rates in this proceeding[41], but in fact all of the four major resale customers are under contract.[42]

Therefore, TAWC's forecast of Operating Revenues should be rejected by the TRA.

OPERATION AND MAINTENANCE EXPENSES

Q. Please describe the components of Operation and

[39]TAWC Exhibit MAM-2, Page 1 of 1.

[40]CAPD work paper R-VOLUMETRIC HISTORY, Index of work papers, page 152.

[41]TAWC response to TRA #2, Section 2E.

[42]TAWC response to CAPD Part IV, #6.

Maintenance Expenses ("O&M").

A. There are 17 O&M Expense categories subject to forecast in this docket. The first category is forecasted O&M Labor. This category was projected based on a payroll price-out.

In two categories, Fuel & Power and Chemicals, there is a direct correlation between TAWC's forecasted revenues and the volume of water filtration expenses accounted for in these two O&M Expense categories. Thus, these two categories were projected based on the volume of water filtration built into the revenue forecast.

For the categories of Management Fees, Pension Expense, and Regulatory Expense, the CAPD has forecasted these amounts based on TRA precedent and the history of O&M Expenses for TAWC.

For the other eleven categories, the CAPD primarily adopted the amounts per account for the twelve months ended March 31, 2008 and grew each amount by half of the customer growth of 1.18%[43] plus the GDP Chained Price Deflator growth rate of 2.46%.[44] The combined growth rate from March 31, 2008

[43]CAPD work paper, R-CUSTOMER GROWTH, Index of work papers, page 167.

[44]CAPD work paper, E-GDP, Index of work papers, page 290.

through August 31, 2009 is approximately 3.7%. This methodology is the standard procedure that the CAPD uses to forecast non-salary and wage O&M Expenses in rate proceedings before the TRA. Due to the large number of differences between the CAPD and TAWC in the amounts within O&M expense categories, as well as the amounts within expense accounts within each category, the CAPD will address only the significant net differences in its O&M expense forecast and the O&M expense forecast of TAWC. The details of the forecast, however, are presented in the CAPD's work papers, which are referenced in the following discussion of each O&M category.

Q. What are the significant differences between TAWC and the CAPD in O&M Expenses for the forecasted attrition year?

A. CAPD work paper E-REC-1[45] provides a reconciliation of the differences in the calculation of O&M Expenses.

The significant differences in O&M Expense for the attrition year are: (1) $181,390 in lower labor costs for the CAPD forecast; (2) $881,967 in lower Management Fees for the CAPD

[45]CAPD work papers, Index of work papers, page 168.

forecast; and (3) $201,516 in lower Regulatory Expense; Accordingly, the CAPD's total O&M Expense forecast is $1,296,473 lower than TAWC's forecast.

Q. Please describe your forecast methodology for O&M Labor.

A. Total O&M Labor was calculated using actual employee levels, actual wage rates per employee, actual overtime hours as of March 2008, and prospective pay raises at April 1 of each year per TAWC's policy for salary and non-union employees. The union employees receive an annual pay raise at November 1 of each year per their contract.[46] The O&M Labor amount was derived from the calculated total salary and wage dollars minus salary and wage dollars charged to capitalization. The capitalized salaries and wages were calculated using TAWC's actual average capitalization rate for the twelve months ended March 31, 2008. The capitalized salaries and wages removed from the total calculated salaries and wages forecast is accounted for in the rate base. Forecasting O&M salaries and wages through this price-out methodology is the standard procedure that the CAPD uses to forecast salaries and wages in

[46]TAWC response to TRA request #33, TN-TRA-Q033-ATTACHMENT, Page 9 of 31.

rate proceedings before the TRA.

Q. Please explain the differences in the calculation of O&M Labor.

A. CAPD work paper, E-PAY-6[47] provides a reconciliation of the differences in the calculation of O&M Labor. In summary, O&M Labor as forecasted by TAWC for the attrition year is overstated by $182,631.

The significant differences between TAWC and the CAPD in the calculation of O&M Labor are attributable to the following:

(1) According to TAWC's testimony, the forecast of O&M Labor includes 114 employees for the attrition year;[48] TAWC adopted the overtime hours and the capitalization rate of 20.28%[49] for the test period ended November 2007; TAWC's O&M Labor is $5,058,987[50].

(2) CAPD work papers E-PAY-1, E-PAY-2, and E-PAY-3[51]

[47]CAPD work paper, E-PAY-6, Index of work papers, page 174.

[48]Direct Testimony, J. Watson, Page 15, Question 17, Line 10.

[49]Direct Testimony, S. Miller, Page 7, Line 6.

[50]TAWC Exhibit No. 2, Schedule 3, Page 1 of 1, Line No. 1.

[51]CAPD work papers, Index of work papers, pages 169-171.

provide a price out of all employees for the attrition period. The CAPD adopted the actual employee level of 109 as of March 31, 2008[52]. The CAPD used the actual capitalization rate for the twelve months ended March 31, 2008 of 20.60% and the CAPD excluded 30% of TAWC's Annual Incentive Plan ("AIP").

Q. Why did the CAPD use current employee levels in its forecast rather than TAWC's projection of future employee levels?

A. The CAPD used current employee levels because TAWC has a known and measurable history of inflating its employment levels. Historically, TAWC does not achieve or maintain their forecasted employment levels. TAWC's continued request to set rates on an inflated employee level instead of a realized employee level should be denied.

In TRA Docket #03-00118, TAWC included in its forecast 119 employees.[53] Subsequent to the TRA Order, TAWC cut the number of employees to 108 at the end of July 2003. The actual average employee level for the attrition year in TRA Docket

[52]TAWC response to CAPD Part IV, #13, TN-CAPD-01-PART IV-Q013-ATTACHMENT, Page 56 of 56.

[53]TRA Docket #04-00288, Direct Testimony, M. Miller, Page 14, Lines 17-18.

#03-00118 was 113[54] rather than the 119 TAWC had forecasted. As a result, the actual O&M Labor expense for TRA Docket #03-00118 was $4,631,351[55] instead of TAWC's forecast of $5,066,066[56].

In TRA Docket #04-00288, TAWC included in its forecast 106[57] employees for the attrition year ended December 2005. Yet, the average employee level for that period was only 99.[58] TAWC forecasted O&M Labor expense of $4,383,883[59] for the attrition year. Again, TAWC's forecasted O&M Labor expense was significantly overstated for the TRA Docket #04-00288 attrition year. The actual O&M Labor expense for the same period was $3,765,383[60].

In TRA Docket #06-00290, TAWC contended that it would need 111 employee positions.[61] Yet, TAWC averaged

[54]CAPD work paper, E-PAY-5, Index of work papers, page 173.

[55]TRA Docket #04-00288, TAWC Exhibit No.2, Schedule 3, Page 1 of 1, Line 1.

[56]TRA Docket #03-00118, S. Valentine Exhibit No. 2, Schedule 3, Page 1 of 1, Line 1.

[57]TRA Docket #04-00288, Direct Testimony, M. Miller, Page 14, Lines 16-17.

[58]CAPD Work Paper, E-PAY-5, Index of work papers, page 173.

[59]TRA Docket #04-00288, Exhibit No. 2, Schedule 3, Line 1.

[60]TRA Docket #06-00290, TAWC Rebuttal Exhibit MAM-15, Page 2 of 2.

[61]TRA Docket #06-00290, Rebuttal Testimony, J. Watson, Page 6.

only 108 employees since last year's rate case. At one point, TAWC stated in the proceeding it would have 110 employees by the following Monday in April of 2007.[62] Yet, based on TAWC's response, that employment level either did not occur or was quite brief. CAPD work paper E-PAY-5[63] compares the actual employee levels of TAWC with the forecasted employees levels by TAWC. A CAPD chart[64] from this data demonstrates that TAWC has repeatedly maintained employee levels below their forecasted employee levels included in their rate filings before the TRA.

As previously mentioned, TAWC has included 114 employees in this docket, which is an additional three new positions according to TAWC's testimony. The three new positions are: Operations Specialist; Manager-Engineering Service, and Non-Revenue Water Supervisor.[65] However, according to TAWC's organizational charts, TAWC has had the

[62]TRA Docket #06-00290, Transcript dated 4/18/07, afternoon session, Page 272, J. Watson.

[63]CAPD work paper, Index of work papers, page 173.

[64]CAPD work paper, Index of work papers, page 177.

[65]Direct Testimony, J. Watson, Question 18, Pages 17-18.

current Non-Revenue Water Supervisor, Ronald C. Schleifer[66], since TRA Docket #04-00288. According to the chart, there were three TAWC employees, one of which was Mr. Schleifer, performing services "to other American Water companies." Yet, the full salaries of at least two of those employees were charged solely to TAWC and were included in TAWC's forecast of labor for the attrition year ended December 2005 in TRA Docket #04-00288.[67] However, none of Mr. Schleifer's salary was recorded during the test year ended June 30, 2006, in TRA Docket #06-00290.[68] The reason for the discrepancy was due to Mr. Schleifer being an employee of American Water Works Company, but located in Chattanooga.[69]

In TRA Docket #06-00290, TAWC requested four additional positions: Production Superintendent; Loss Control Specialist; an additional lab analyst; and an additional Truck Driver/Utility Worker. Again, according to TAWC's organizational chart, the Production Superintendent is Mark J.

[66]TAWC response to TRA Data Request #3, Page 12 of 27.

[67]TAWC Working Papers, TRA Docket 04-00288.

[68]TAWC response to TRA Data Request #13, TN-TRA-01-Q013-LABOR, page 5 of 68.

[69]TRA Docket #06-00290, TAWC response to CAPD request Part II, #4.

Zinnanti, who has been on the payroll since 2002. The Loss Control Specialist is Kevin B. Highsmith, who also has been on the payroll since 2002. The salaries of both men were already included in TAWC's forecast of salaries and wages in TRA Docket #06-00290. Additionally, two lab analysts[70] were given severance payments totaling $30,617 in TRA Docket #04-00288.

Given the history of TAWC's employment representations and management practices, the CAPD recommends to the TRA that only known and measurable salaries and wages be included in the attrition year. Ratepayers should not have to continue to pay for salaries and wages on employee levels that are never achieved.

Accordingly, the TRA should reject the O&M Labor Expense forecast of TAWC and set rates on actual employee levels, not on speculative employment positions that never materialize. Indeed, the employment history clearly demonstrates that such speculative levels are not achieved and therefore are not proper for rate making purposes. TAWC's employment history also demonstrates that the current

[70]TRA Docket #03-00118, TAWC working papers, K. Durham and B. Ortega; TRA Docket #04-00288 TAWC response to TRA Request #9.

employee level is sufficient for operation of the company. According to TAWC's testimony, 99.55% of their service requests were completed on time in 2005, 99.77% in 2006, and 99.64% in 2007.[71]

Q. Are there any other differences in O&M Labor that you wish to discuss?

A. Yes. The CAPD also has disallowed thirty percent or $33,246 of O&M Labor for "incentive payroll." The incentive payroll known as AIP is based on three performance goals: (1) Financial; (2) Operational; and (3) Individual.[72] Thirty percent of the AIP is based on the financial operating results of TAWC.[73] Under the incentive plan, TAWC increases the compensation to its employees for increasing TAWC's regulated earnings. Because there is no mechanism under the incentive plan for TAWC's ratepayers to share in these increased earnings, TAWC's employees and shareholders will reap all of the financial rewards of these higher earnings.

[71]TAWC Direct Testimony, J. Watson, Page 9, Lines 2-11.

[72]TAWC response to TRA Data Request #37.

[73]TAWC response to TRA Data Request #37, Page 4 of 16.

Additionally, ratepayers are the sole source of TAWC's regulated earnings; therefore, the incentive plan is a circular one whose success is built into this docket, rewarding TAWC's employees and shareholders for merely increasing water rates charged to ratepayers. This is illustrated by the following: If TAWC's employees are successful in increasing the company's earnings, even to the point of earning above the authorized rate of return set by the TRA, TAWC will reward its employees for this effort through the AIP. In such a case, ratepayers would not only be unreasonably burdened by the over-earnings, but under TAWC's proposal, they also would have to pay an "over earnings surcharge" in the form of the AIP. The CAPD does not object if the company wants to reward its employees for increasing its earnings from regulated operations; however, the cost of these rewards should be charged to those that benefit from the AIP — the company's shareholders — not the ratepayers. For these reasons, there is no reasonable basis to charge this portion of the cost of the incentive plan to ratepayers, as these plan benefits will inure entirely to TAWC's employees and shareholders whereas the incentive plan's associated burdens will fall directly on ratepayers. In fact,

TAWC paid out financial rewards to its salary employees in 2007 following the rate increase awarded to it in May 2007.

As a result, thirty percent of the incentive amount has been excluded and should be borne solely by TAWC's shareholders. The CAPD's treatment of incentive payroll is in accord with established TRA precedent.[74]

Q. Please explain the difference in the calculation of forecasted Management Fees.

A. In TRA Docket #04-00288, as a result of reorganization, TAWC included a 22% increase of $555,664 in Management Fees which brought the total forecasted 2005 Management Fees to $3,062,940. TAWC represented that this increase would "enable the Company to operate more efficiently and cost effectively while at the same time improving and enhancing the service that the Company provides."[75] However, TAWC has booked $4,258,346 in 2005, $4,793,908 in 2006, and $4,734,416 in

[74]TRA Docket #06-00290, Order dated June 10, 2008, Page 24.

[75]TRA Docket #04-00288, Direct Testimony of M. Miller, Pages 14-15, Lines 15-16 and Lines 2-4.

2007 for Management Fees.[76] In this docket, TAWC is forecasting $4,335,190 in Management Fees. Subsequently, in TRA Docket #06-00290, TAWC forecasted $4,064,421 for the attrition year ended February 2008, a 33% increase over the 2005 forecast amount. In support for this level of increase, TAWC claimed that full time employees ("FTEs") had been shifted to the Regional Service Company.[77] Further, TAWC claimed that it was not appropriate to use the 2005 forecasted amount because it was a settlement amount.[78] In support of their forecasted Management Fees, TAWC filed an exhibit using a starting point of March 31, 2004 per TRA Docket #03-00118 to compare an inflated fully loaded company labor to their forecasted management fees and forecasted labor.[79]

Despite the claims of TAWC, rates were set in TRA Docket #04-00288 for the forecast period ended December 31, 2005 based on Management Fees of approximately $3 million. This Management Fees amount was not the result of settlement,

[76]CAPD work paper E-MANAGEMENT FEES SUMMARY, Index of work papers, page 189.

[77]TRA Docket #06-00290, Rebuttal Testimony, M. Miller, Page 53, lines 29-30.

[78]TRA Docket #06-00290, Rebuttal Testimony, M. Miller, Page 54, lines 7-10.

[79]TRA Docket #06-00290, Rebuttal Exhibit MAM-15, Page 1 of 2.

but was actually TAWC's forecasted Management Fees amount included in its filing in that case. So, in forecasting a just and reasonable Management Fees amount, it is still appropriate to use the 2005 amount as a starting point. The CAPD's work paper calculates a forecasted Management Fees amount of $3,453,223.[80] An analysis[81] of the history of TAWC's Management Fees growth demonstrates that it is out of step with current economic conditions. While TAWC's other expenses continue to rise, there is no offset anywhere in TAWC's forecast to account for the dramatic rise in Management Fees. Contrary to TAWC's position, their forecasted Management Fees did not provide a more cost efficient operation. Even TAWC concedes this.[82] Additionally, the Independent Cost Assessment Report ("I.C.A.R.") concluded that the growth from 2005 to 2006 was "Above the average cost change"[83] of the peer group. In 2007, TAWC was

[80]CAPD work papers, E-MANAGEMENT FEES SUMMARY, Index of work papers, page 189.

[81]CAPD work papers, E-MANAGEMENT FEES ANALYSIS, Index of work papers, pages 191-192.

[82]TRA Docket #06-00290, Rebuttal Testimony, M. Miller, Page 54, Lines 10-13.

[83]TAWC Direct Testimony, J. Van Den Berg, Page 12.

charged $4,996,171 in Management Fees, but the plan amount was $3,435,976[84]. Both amounts included O&M and capital expenditures. Further, an examination of employee expenses within Management Fees include contributions, professional sporting events, alcoholic beverages, and the frequent use of limousines.[85] None of these costs are necessary or prudent for providing water service. The CAPD believes that TAWC has a responsibility to its ratepayers for public utility service--one of the basic needs of society. This responsibility exceeds that of a private sector company. Water service can be provided to ratepayers only by TAWC. This monopoly service must be met not at a premium, but at a "just and reasonable cost." TAWC should be more circumspect in their expenditures for its cost of service. The spending behavior of the management service company fails the responsibility of stewardship owed by TAWC to its ratepayers. Moreover, given the magnitude and timing of the rate increase requested by TAWC, consideration for what is to be properly included in rates and the amounts to be included in its cost of service, must be heavily weighed by

[84]TAWC response to City of Chattanooga #24.

[85]TAWC response to CAPD Part IV, #43.

the TRA.

Therefore, TAWC's level of Management Fees is simply **not** just and reasonable for the ratepayers. TAWC's forecasted Management Fees do not represent cost efficiency to the ratepayers and should be rejected by the TRA.

Q. Please explain the difference in the calculation of Regulatory Expense.

A. In its calculation of Regulatory Expense for the attrition year, the CAPD has included the amortization of the cost of service studies performed in TRA Docket #04-00288[86] at $8,000 per year; in TRA Docket #06-00290[87] at $8,000 per year; and in this docket at $3,200[88] per year. Additionally, the CAPD has included the amortization of the depreciation study in this docket at $6,000[89] per year. Finally, the CAPD has included the amortization of rate case costs sought by TAWC in TRA Docket

[86]TRA Docket #04-00288, Direct Testimony, P. Diskin, Page 13, Lines 12-16.

[87]TRA Docket #06-00290, Direct Testimony, S. Miller, Page 12, Lines 1-3.

[88]Direct Testimony, M. Miller, Page 20, Lines 21-22.

[89]Direct Testimony, M. Miller, Page 20, Lines 23-24.

#06-00290[90] at $133,333 per year; and $183,336[91] per year in this docket. The total of all the amortization amounts to $341,868 in Regulatory Expense for the attrition year.

Yet, TAWC now seeks to set rates on Regulatory Expense amounting to $543,384[92] per year, which is an additional $200,00 per year prospectively. According to TAWC, the rate case costs in this docket are $550,000 compared to the $400,000 sought in TRA Docket #06-00290. TAWC cites the same intervenors from the last docket as in this case. Moreover, the same intervenors were in TRA Docket #03-00118, when the TAWC sought rate case costs of $225,000.[93] Much of the rate case costs incurred by TAWC's is for the protection of its shareholders' interests and to the detriment of the ratepayers.

Therefore, the TRA should reject TAWC's Regulatory Expense amount of $543,384 as unduly unjust and unreasonable to ratepayers for setting prospective rates.

[90]TRA Docket #06-00290, Direct Testimony, S. Miller, Page 11, Lines 26-29.

[91]Direct Testimony, M. Miller, Page 20, Lines 16-17.

[92]Direct Testimony, M. Miller, Page 20, Line 13.

[93]TRA Docket #03-00118, Direct Testimony, S. Valentine, Page 6, Line 13.

Q. Please summarize the forecast differences in O&M expense.

A. TAWC attributes 38%[94] of their requested increase to O&M expense. TAWC's forecasted O&M of $21 million is 26%[95] higher than their forecasted amount of $16.7 million for the year ending 2005. The GDP growth rate over the same period is less than half TAWC's O&M growth rate. Also, TAWC's actual O&M expense was 15% higher than the O&M expense amount approved by the TRA in Docket #06-00290 for the attrition year ended February 2008. Excluding, TAWC's pension expense, the O&M expense was 10% higher than the O&M expense amount approved just last year by the TRA.

The CAPD's forecast of O&M recognizes an 18% growth rate over the forecasted $16.7 million for the year ending 2005. This growth rate is not draconian, but requires TAWC to operate efficiently within a just and reasonable budget. Furthermore, the CAPD's growth rate exceeds inflation. Some of this increase is related to the forecasted volumetric usage, which incurs more fuel & power and chemical costs. While the CAPD's forecasted fuel and power and chemical costs are

[94]TAWC Exhibit MAM2.

[95]CAPD work paper, E-REC-1, Line 20, Index of work papers, page 168 .

higher than the forecasted amounts of TAWC. The CAPD capped these costs, which allowed the lost and unaccounted for water percentage not to exceed 15%. This is consistent with the industry average[96] as noted by TAWC.

Since TAWC's actual O&M growth rate exceeds any just and reasonable economic basis, the TRA should reject their O&M expense forecast.

DEPRECIATION EXPENSE

Q. Please explain the calculation of CAPD Depreciation and Amortization Expense.

A. TAWC has forecasted Depreciation and Amortization Expense of $4,730,347[97] for the attrition year. TAWC's Depreciation Expense is based on a depreciation study performed for property as of November 30, 2007. In their forecast, TAWC has included depreciation expense on assets with a book value of near zero or less[98]. These assets include

[96] TRA Docket #06-00290, Transcript dated 4/18/07, afternoon session, Page 277, J. Watson.

[97] TAWC Exhibit No. 2, Schedule 4, Page 1 of 2, Line 13.

[98] CAPD work paper, E-DEP, Index of work papers, Accounts #340200, 340210, 340300, 340310, 340320, and 340330, page 298.

computer equipment and software such as the Enterprise Customer Information System ("ECIS"). A CAPD work paper[99] demonstrates that TAWC has practiced including depreciation expense on assets with a book value of zero or less in this docket and in TRA Docket #06-00290.

A depreciation study has been performed on behalf of the CAPD using the average life group ("ALG") procedure. The CAPD's depreciation rate study is presented by CAPD witness, Mr. Charles W. King. The CAPD did not calculate depreciation expense on plant accounts having a book value of zero or less. Specifically, accounting for depreciation expense is "no more nor no less than the cost of the asset"[100]. Based on the depreciation rates developed in the CAPD's study, the CAPD calculated Depreciation Expense of $4,366,120[101], which is $364,227[102] less than the projected depreciation expense of TAWC. The CAPD applied the CAPD's depreciation rates[103] to

[99]CAPD work paper, E-BOOK VALUE COMP, Index of work papers, page 300.

[100]*Public Utility Accounting: Theory and Application*, James E. Suelflow, Michigan State University Public Utilities Studies, P. 102.

[101]CAPD work paper, E-DEP, Index of work papers, page 298.

[102]CAPD work paper, E-DEP COMP, Index of work papers, page 297.

[103]Exhibit of Charles W. King.

the actual March 31, 2008 Plant in Service balances and the net monthly plant additions and retirements[104] through August 31, 2009.

TAXES OTHER THAN INCOME TAXES

Q. What are the significant differences from TAWC in Taxes Other Than Income for the forecasted attrition year?

A. The significant differences in Taxes Other Than Income for the attrition year are: (1) lower Gross Receipts Tax and State Franchise Tax for the CAPD forecast; and (2) lower Payroll Taxes for the CAPD forecast. The total difference in all Taxes Other Than Income amounts to $71,649.

Q. Please explain the CAPD's calculation of Gross Receipts Tax and State Franchise Tax.

A. In August of each tax year, TAWC pays a tax to the State of Tennessee on gross receipts for the tax year ending the following June 30, which is based on the gross receipts from TAWC's prior year ending December 31. Therefore, state gross receipts tax paid in August of 2008 will be based on gross

[104]TAWC response to TRA #13, TN-TRA-Q013-RATE BASE BACK UP, Pages 31-38 of 52.

receipts for the fiscal year ending December 31, 2007. This tax will be amortized from the period July 1, 2008 through June 30, 2009. The two remaining months of the attrition year are based on forecasted gross receipts for the year ending December 31, 2008.

The State Franchise Tax was calculated using actual plant in service and accumulated depreciation net of forecasted plant additions and retirements. The State Franchise and Excise Taxes are deducted from the calculated Gross Receipts Tax using identical reporting periods. This forecasting method appropriately matches the Gross Receipts Tax and State Franchise Tax years with the attrition period in this docket.

Q. Please explain the CAPD's calculation of Payroll Taxes.

A. CAPD work paper T-OTAX3 provides a comparative summary of the differences in the calculation of Payroll Taxes.

The work paper indicates lower payroll taxes of $12,385. In part, this variance is due to the differing capitalization rates as previously alluded to in the discussion of the O&M salaries and wages. The CAPD has performed empirical calculations on forecasted Tennessee employees as of March 2008, which

totaled 109 employees for the attrition year. However, TAWC has 114[105] employees for their payroll tax calculation.

Therefore, the payroll tax calculation for TAWC is too high because of the differing employee levels, supporting documentation, and the capitalization rates.

INCOME TAXES

Q. Please describe your issue with TAWC's calculation of Income Taxes for the forecasted attrition year?

A. Accounting for the interest synchronization, weighted debt costs differences, and taxable income differences results in the CAPD's state and federal income tax projection being $880,611[106] more than the income taxes projected by TAWC. However, TAWC's forecast includes an effective state income tax rate of 12% and an effective federal income tax rate of 48%[107]

[105]TAWC Direct Testimony of John Watson, Page 15, Line 10..

[106]CAPD Exhibit, Schedule 3, Lines 5 and 6.

[107]TAWC response to CAPD Part IV, #60.

based on a financial taxable income of $3,610,924.[108] Both tax rates erroneously exceed the statutory tax rates of 6.5% for state and 35% for federal. The TRA recognized the statutory tax rates in TRA Docket #06-00290[109] and should do so again in this case. Also, FAS 109 is clear that deferred tax assets and deferred tax liabilities are measured "using the applicable tax rate" and "the enacted tax rate(s)."

RATE BASE

Q. Please explain the difference in forecasted Plant in Service.

A. The CAPD forecasted Plant in Service by using actual plant balances as of March 31, 2008. Forecasted plant additions and retirements, which were provided by TAWC itself, were then added to actual balances at March 31, 2008 to arrive at monthly Plant in Service amounts through August 31, 2009. A thirteen month Plant in Service average was calculated in the amount of $209,341,111.[110]

[108]TAWC Exhibit No. 2, Schedule 7, Line 28.

[109]TRA Docket #06-00290, Order dated June 10, 2008, Page 38.

[110]CAPD work papers, RB-PLANTSUM, Index of work papers, page 314.

TAWC has forecasted $203,998,392[111] for Plant in Service.

The CAPD's attrition year forecast of Plant in Service is $5,342,719[112] higher than the TAWC's forecasted amount due to the inclusion of the Walden's Ridge Plant in Service and a more recent test period balance.

Q. Please explain the difference in Construction Work in Progress.

A. The CAPD forecasted Construction Work in Progress ("CWIP") using a thirteen month CWIP average based on the balance of $1,798,540 at March 31, 2008 and the budgeted additions for the Citico Phase 1.[113]

TAWC, however, has erred in its forecasted $9,083,000[114] for CWIP at August 31, 2009. This amount is not a thirteen month average, which "is the correct method to calculate rate base" according to TAWC[115] and TRA precedent.

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[111]TAWC Exhibit No. 1, Schedule 2, Page 3 of 3, Line 62.

[112]CAPD Exhibit, Schedule 2, Line 1.

[113]CAPD work paper, RB-CWIP, Index of work papers, page 335.

[114]TAWC response to TRA Discovery #13, TN-TRA-01-Q013-RATE BASE BACK-UP, Page 4 of 52.

[115]TRA Docket #06-00290, Rebuttal Testimony, M. Miller, Page 34, Lines 2-3.

As a result, the CAPD's attrition year forecast of CWIP is $3,324,318[116] lower than the TAWC erroneously forecasted amount.

Q. Please explain the difference in Working Capital Requirement.

A. TAWC has included the following items in their calculation of Working Capital Requirement: Average Cash; Prepaid Insurance; Prepaid Taxes; Materials & Supplies; Deferred Regulatory Expenses; Unamortized Debt Expense; Other Deferred Debits; Lead - Lag Study; and less Incidental Collections. TAWC used a thirteen month average for the test year ended November 2007 to calculate Average Cash, Prepaid Insurance, Prepaid Taxes, and Materials and Supplies for the attrition year ending August 2009. The CAPD included thirteen month averages for each using the test period ended March 2008.

Regarding the Deferred Regulatory Expenses, the CAPD has forecasted $650,928,[117] while TAWC has forecasted

[116]CAPD Exhibit, Schedule 2, Line 2..

[117]CAPD work paper, RB-DEFERRED REGULATORY EXPENSE, Index of work papers, page 341.

$1,020,269[118] for a difference of $369,341. The difference is primarily due to the level of rate case costs submitted by TAWC in previous TRA docket, which were approved, and the actual costs TAWC claims it incurred for the rate cases.

Again, the TRA should reject TAWC's Deferred Regulatory Expense amount of $369,341 as unduly unjust and unreasonable to ratepayers for setting prospective rates. TAWC should not profit from the inclusion in rate base of their excessive regulatory expenses.

On Unamortized Debt Expense, TAWC erred by not computing a thirteen month average for the attrition period. Correcting for TAWC's error, the appropriate amount of unamortized debt expense is $232,405[119], which is $58,154 lower than TAWC's forecasted amount of $290,559.[120] TAWC's forecasted Unamortized Debt Expense is wrong and should be not adopted in this docket.

TAWC has included three items in its forecast of Other

[118]TAWC response to TRA Discovery Request #13, TN-TRA-01-DEFERRED RATE CASE EXPENSE. Page 1 of 2.

[119]CAPD work paper, RB-UNAMORTIZED DEBT EXPENSE, Index of work papers, page 345.

[120]TAWC response to TRA Discovery Request #13, TN-TRA-01-DEBT EXPENSE, Page 1 of 16.

Deferred Debits amounting to $852,184.[121] The three items are: Customer Service Survey; Financial Services Survey; and Management Audit. The Management Audit is also known as the I.C.A.R.[122]. The CAPD does not take issue with two of the three forecast amounts. However, on the Management Audit, the CAPD has not included any amounts in expense or rate base for the $285,000 forecasted expenditure. Some general observations are warranted on the "Management Audit." First of all, it is not a Management Audit even by the author's own definition. Secondly, Management Audits are typically contracted independently by a regulatory agency. Thirdly, the motivations of a Management Auditor and the preparer of the Independent Cost Assessment Report in this docket are starkly different. Fourthly, the peer comparison of TAWC with solely electric utility service companies is without merit. Finally, and perhaps most importantly, there is no verification that the costs are necessary to provide water service to the customers.

As a result, the CAPD's forecast of Other Deferred Debits is $595,689, which is $256,495 lower than TAWC's forecasted

[121]TAWC Exhibit No. 1, Schedule 3, Page 1 of 6, Line 19.

[122]TAWC Direct Testimony, J. Van Den Berg, Appendix 1.

amount.

Finally, TAWC adopted the Lead/Lag days as a result of "a Lead/Lag Study that was performed on historical data for the twelve months ended July 31, 2002.[123] TAWC is unable to locate the work papers from the 2002 Study supporting the Lead/Lag days.[124] However, the CAPD believes that a payment lag for the current portions of state excise tax and federal income tax should be calculated on the basis of the statutory payment requirements of a calendar year's liability paid in four equal installments on April 15, June 15, September 15, and December 15. On this basis, a lag of approximately 37 days is calculated.[125]

Using the CAPD's forecasted revenue, expenses, and lead/lag changes, the Lead/Lag Study amount is $835,058.[126]

TAWC elected to depart from their Lead/Lag days as calculated in their July 2002 Lead/Lag Study[127] for their

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[123]TAWC Direct Testimony, S. Miller, Page 15, Lines 21-23.

[124]TAWC response to CAPD Part IV, #68.

[125]*Accounting for Public Utilities*, Hahne & Aliff § 5.04[4], Page 5-25.

[126]CAPD work paper, RB-CWC, Index of work papers, page 347.

[127]CAPD work paper, RB-INCIDENTAL COLLECTIONS, Index of work papers, page 348.

calculation of Incidental Collections. Instead, TAWC used the test period ended November 2007 for this amount. The TRA has been clear in rejecting multiple test periods and accepting a uniform test period in forecasting.[128] Therefore, the CAPD has utilized the same Lead/Lag days from TAWC's July 2002 Lead/Lag Study in calculating Incidental Collections. As a result, the CAPD's calculation of Incidental Collections is $2,352,991, which is $891,892 larger than TAWC's forecasted amount. This correction is consistent with TRA test period policy and makes consistent application of the July 2002 Lead/Lag Study days.

The CAPD's forecasted Working Capital Requirement is $1,080,128 lower than the forecasted TAWC amount. The TRA should not adopt the forecasted TAWC amount due to errors, the use of multiple test periods, and unjust expenditures, all of which are discussed above.

Q. Please explain the difference in forecasted Accumulated Depreciation.

A. The CAPD forecasted Accumulated Depreciation by

[128]TRA Director Miller's motion dated May 14, 2007.

using actual balances as of March 31, 2008. Forecasted monthly depreciation expense and retirements were then added to actual balances at March 31, 2008 to arrive at monthly Accumulated Depreciation amounts through August 31, 2009. A thirteen month Accumulated Depreciation average was calculated for the attrition year Accumulated Depreciation in the amount of $62,426,348,[129] which is $1,136,857[130] lower than TAWC.

Q. Please explain the difference in Accumulated Deferred Income Tax.

A. The CAPD forecasted Accumulated Deferred Income Tax by using actual balances as of March 31, 2008 and their projected balances through August 31, 2009. The incremental change for the attrition year resulted from the projected tax depreciation less the book depreciation times the statutory state and federal tax rates. Forecasted timing differences were

[129]CAPD work paper, RB-ACC DEP, Index of work papers, page 349.

[130]CAPD Exhibit, Schedule 2, Line 8.

spread evenly from the starting point to the end of the attrition year. A thirteen month average was then calculated for the attrition year, which is consistent with the methodology used for all primary rate base categories. Tax depreciation in excess of book depreciation is the primary component of Accumulated Deferred Income Taxes that generates deferred tax differences. As a result, the CAPD forecasts Accumulated Deferred Income Tax in the amount of $17,533,305,[131] which is $601,534[132] higher than the forecasted amount of TAWC.

Q. Please summarize the calculation of Rate Base amounts for the attrition year.

A. With the inclusion of Walden's Ridge net plant in service, recognition of TAWC's forecasting errors, the use of a more recent test period, and differing depreciation rates, the forecasted net rate base of the CAPD is roughly equivalent to the rate base amount submitted by TAWC for the period ended August 31, 2009.

[131]CAPD work paper, RB-ADIT, Index of work papers, page 351.

[132]CAPD Exhibit, Schedule 2, Line 10.

GROSS REVENUE CONVERSION FACTOR

Q. Please explain the difference in the determination of the Gross Revenue Conversion Factor.

A. TAWC has included an Uncollectible Expense percentage of 1.489%. The CAPD calculated a percentage of 1.11% using the test period ended March 2008. TAWC neglects to include the forfeited discounts percentage of .86%. Also, TAWC has included a Gross Receipts Tax percentage of 2.876%. As previously discussed, the Gross Receipts Tax is paid by August 1 of the current year on revenues from the year and recorded over a future twelve month period ending June 30 of the following year. So, it would be an inappropriate matching of revenues and taxes for the attrition year to include a Gross Receipts percentage in the Gross Revenue Conversion Factor. Moreover, TAWC's latest Gross Receipts Tax return reports a Gross Receipts Tax percentage of 1.80%[133] The TRA adopted the CAPD's Gross Revenue Conversion Factor in Docket #06-00290[134] and should do so again in this case.

Therefore, the Gross Conversion Factor of TAWC should

[133]TAWC response TRA #47, TN-TRA-01-Q047a-ATTACHMENT, Page 4 of 7.

[134]TRA Docket #06-00290, Order dated June 10. 2008, Page 43.

be rejected by the TRA for its omissions and overstatements.

CONCLUSIONS REGARDING REVENUE REQUIREMENTS

Q. Please summarize the comparison of the forecasts of TAWC and CAPD.

A. TAWC is asking the TRA for a 21%[135] increase in their tariffed rates. According to TAWC, the primary reasons for the increase are: (1) Increased Rate Base; (2) Increased Operation and Maintenance Expenses; (3) Increased Cost of Capital and (4) Declining growth in Revenues.[136] As previously discussed, the CAPD forecast takes issue with TAWC's forecast of Revenues, Operation and Maintenance Expenses, Rate Base, and TAWC's Cost of Capital (See Dr. Steve Brown's direct testimony). Therefore, the CAPD asks the TRA to adopt its forecast and deny TAWC's forecast as unjust and unreasonable for the ratepayers.

Q. What is TAWC currently earning?

A. The May 2008 TRA 3.06 surveillance report for TAWC

[135]M. Miller, direct testimony, Page 2, Lines 12-13.

[136]M. Miller direct testimony, Exhibit MAM-2.

indicates a 5.84%[137] rate of return for the twelve months ended May 2008. It is the CAPD's contention that TAWC's reported return is prospectively understated due to non-recurring Operations and Maintenance Expenses and excessive Management Fees.

Q. What is the history of rate increases for TAWC?

A. In TRA Docket #03-00118, the 2003 rate filing of TAWC, the TRA authorized a revenue increase of $2,745,274. This increase resulted in an average rate increase of 9.48% for water service. In TRA Docket #04-00288, the TRA authorized a .93% increase in tariffed rates amounting to $297,005. In TRA Docket #06-00290, the TRA authorized a revenue increase of $4,079,865[138], which resulted in a 13% increase. In this docket, TAWC requests an additional revenue increase of $7,644,859, which, if granted, would cause an average rate increase of 21.2%. Based on the total increases granted in the past three dockets plus the amount in TAWC's current petition, Chattanooga ratepayers would see a cumulative increase in

[137]Page 2, Line 42.

[138]TRA Docket #06-00290, Order dated June 10, 2008, Page 51.

water rates of nearly 45% since August 2003, which would equate to an annual increase in customer rates of about 7.5% for six years in a row.

Q. Please summarize TAWC's petition for a rate increase in this docket.

A. TAWC's petition for a rate increase would be onerous on Chattanoogans; it would outstrip inflation and it is not supported by the cost structure of TAWC or the economic environment in which the company operates. TAWC claims that its "customers are receiving water at a great value." This claim echoes the statement of American Water's president and CEO, "We need to educate the public to appreciate the value of water, so they are willing to spend more....Once you educate the customer, there is a willingness to pay more."[139] But, as shown in the Rate Design testimony below, TAWC's customers are already paying more than water customers in other major Tennessee cities.

However, it is the CAPD's contention in this docket that the customers should not have to pay more, because recent

[139]CAPD Exhibit, *The Future of American Water*, pages 11-12.

history indicates that TAWC is unable to operate within their own budgets. TAWC's current earnings are not due to a lack of revenues, but are due to excessive and unwarranted spending.

RATE DESIGN

Q. Please discuss TAWC's proposed rate design.

A. TAWC is proposing the following percent increases and decreases for residential customers: Chattanooga, 22.05%; Lookout Mountain, 13.60%; Lakeview, 28.26%; Lone Oak, -8.21%; and Suck Creek, -16.34%[140]. TAWC's proposed changes in commercial rates are identical to their proposed residential rate changes. Their proposed commercial rates would generate a 21.51% in total commercial revenues. Industrial revenues would increase by 21.67%; Other Public Authority revenues would increase by 21.56%; Rates for Ft. Oglethorpe and Catoosa would increase by 21.64%; and a 21.54% increase in Private Fire Service revenues.

The CAPD proposes that any change in revenue requirements ordered by the TRA in this docket be spread uniformly to all customer classes and all customer locations.

[140]TAWC response to TRA #13, TN-TRA-01-Q013-REVENUES, Page 15 of 99.

This approach would assure that the benefits or burdens created by any rate adjustment in this case are shared proportionately by all customers. This rate design is a long-standing recommendation of the CAPD in rate cases such as this one.

Additionally, the TRA should be mindful of the current residential rates in comparison to the residential rates in five other major cities in Tennessee. TAWC cited the 2007 water rate survey of Allen and Hoshall in their direct testimony[141] showing that their customers currently pay $19.39 per month for 5,000 gallons of water service. However, when compared to the monthly billing for the same amount of water service for five other major Tennessee cities, Chattanooga's residential rates are the highest[142]. Included in the CAPD's exhibits is the 2008 water rate survey of Allen and Hoshall, and this edition includes the following rankings: the city of Memphis has the 14th lowest rate for 5,000 gallons of water service at $12.47 among all the utilities included in the study; Nashville has the 11th lowest rate at $12.12; Jackson has the 18th lowest rate at

[141]TAWC Direct Testimony, J. Watson, Page 23, Question 23, Lines 9-26.

[142]CAPD Exhibit, Comparison of Tennessee Cities Water Cost.

$12.85; Knoxville has the 68th lowest rate at $18.22; and Murfreesboro has the 70th lowest rate at $18.32. This survey clearly demonstrates that TAWC has the highest customer water rates among Tennessee's major cities.

Q. Does this conclude your testimony?

A. Yes, it does.

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. 08-00039

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EXHIBITS
OF
CAPD

****

July 18, 2008

Tennessee-American Water Company
Index to Schedules
For the 12 Months Ending August 31, 2009

Tennessee-American Water Company
Revenue Deficiency
For the 12 Months Ending August 31, 2009

Line No.		CAPD		TAWC		Difference
1	Rate Base	120,150,801	A/	119,881,506	A/	269,295
2	Operating Income at Present Rates	8,989,444	B/	5,761,367	B/	3,228,077
3	Earned Rate of Return (Line 2/Line 1)	7.48%		4.81%		2.68%
4	Cost of Capital	6.65%	C/	8.514%	E/	-1.86%
5	Required Operating Income (Line 1*Line 4)	7,994,400		10,206,711		(2,212,312)
6	Operating Income Deficiency (Line 5-Line 2)	(995,044)		4,445,344		(5,440,389)
7	Gross Revenue Conversion Factor	1.649695	D/	1.71974555	E/	(0.070050)
8	Revenue Deficiency (Line 6*Line 7)	(1,641,519)		7,644,861		(9,286,381)

A/ Schedule 2
B/ Schedule 3
C/ Schedule 9
D/ Schedule 8
E/ TAWC Exhibit 1, Schedule 1

Tennessee-American Water Company
Comparative Rate Base
For the 12 Months Ending August 31, 2009

Line No.		CAPD	B/	TAWC	A/	Difference
1	Utility Plant in Service	209,341,111		203,998,392		5,342,719
2	Construction Work in Progress	5,758,682		9,083,000		(3,324,318)
3	Utility Plant Capital Lease	1,590,500		1,590,500		-
4	Limited-Term Utility Plant - Net	-		-		-
5	Working Capital	835,058		1,991,406		(1,156,348)
6	Def. Maint.	-		-		-
7	Total Additions	217,525,351		216,663,298		862,053
8	Accumulated Depreciation	62,426,348		63,563,205		(1,136,857)
9	Accumulated Amort. of Utility Capital Lease	1,226,275		1,139,858		86,417
10	Accumulated Deferred Income Taxes	17,533,305		16,931,771		601,534
11	Customer Advances for Construction	7,628,149		6,793,935		834,214
12	Contributions In Aid of Construction	8,459,113		8,399,016		60,097
13	Unamortized Investment Tax Credit	33,994		37,993		(3,999)
14	RWIP/Utility Plant Acquisition Adj.	67,365		(83,986)		151,351
15	Total Deductions	97,374,549		96,781,792		592,757
16	Rate Base	120,150,801		119,881,506		269,295

A/ TAWC Exhibit 1, Sch. 2
B/ CAPD work papers.

Tennessee-American Water Company
Income Statement at Current Rates
For the 12 Months Ending August 31, 2009

Line No.		CAPD		TAWC		Difference
1	Operating Revenues	39,518,799	A/	37,142,460	A/	2,376,339
2	Operations and Maintenance Expense	19,682,378	B/	20,978,851	B/	(1,296,473)
3	Depreciation and Amortization Expense	4,366,120	I/	4,730,347	C/	(364,227)
4	Taxes Other Than Income	4,132,414	D/	4,204,063	G/	(71,649)
5	State Excise Tax	478,655	E/	433,612	H/	45,043
6	Federal Income Tax	2,333,478	E/	1,497,910	H/	835,568
7	Total Operating Expense	30,993,045		31,844,783		(851,738)
8	AFUDC	463,690	F/	463,690	F/	-
9	Net Operating Income for Return	8,989,444		5,761,367		3,228,077

A/ TAWC Exhibit 2, Sch. 2
B/ Schedule 5
C/ TAWC Exhibit 2, Sch. 1
D/ Schedule 6
E/ Schedule 7
F/ TAWC Exhibit 2, Sch. 3
G/ TAWC Exhibit 2, Sch. 1
H/ TAWC Exhibit 2, Sch. 6
I/ CAPD work paper E-DEP

Tennessee-American Water Company
Income Statement at Proposed Rates
For the 12 Months Ending August 31, 2009

Line No.		Current Rates		Adjustments		Proposed Rates
1	Operating Revenues	39,199,091	B/	(1,641,519)		37,557,572
2	Forfeited Discount Revenues	319,708	B/	(14,117)		305,591
3	Total Revenues	39,518,799		(1,655,636)		37,863,163
4	Operations and Maintenance Expense	19,682,378		(18,378)		19,664,000
5	Depreciation and Amortization Expense	4,366,120				4,366,120
6	Taxes Other Than Income	4,132,414				4,132,414
7	State Excise Tax	478,655		(106,422)		372,234
8	Federal Income Tax	2,333,478		(535,793)		1,797,685
9	Total Operating Expense	30,993,045				30,332,453
10	AFUDC	463,690				463,690
11	Net Operating Income for Return	8,989,444				7,994,400

A/ Schedule 3
B/ TAWC Exhibit 2, Sch. 2
C/ Schedule 1, Line 8 x appropriate factor from Schedule 8

Tennessee-American Water Company
Operation & Maintenance Expenses
For the 12 Months Ending August 31, 2009

Line No.		CAPD A/	TAWC B/	Difference
1	Salaries and Wages	4,877,597	5,058,987	(181,390)
2	Purchased Water	52,320	52,110	210
3	Fuel and Power	2,319,282	1,986,259	333,023
4	Chemicals	1,052,351	1,049,272	3,079
5	Waste Disposal	168,275	179,088	(10,813)
6	Management Fees	3,453,223	4,335,190	(881,967)
7	Group Insurance	1,660,506	1,714,550	(54,044)
8	Pensions	1,156,442	1,161,108	(4,666)
9	Regulatory Expense	341,868	543,384	(201,516)
10	Insurance Other Than Group	530,410	583,492	(53,082)
11	Customer Accounting	758,111	732,442	25,669
12	Uncollectible Expense	434,712	417,756	16,956
13	Rents	17,487	11,336	6,151
14	General Office Expense	254,139	242,101	12,038
15	Miscellaneous Expense	1,789,687	1,990,204	(200,517)
16	Other Maintenance Expense	815,968	921,572	(105,604)
17	Total O&M Expense	19,682,378	20,978,851	(1,296,473)

A/ CAPD work papers
B/ TAWC Exhibit 2, Sch. 3

Tennessee-American Water Company
Taxes Other Than Income Taxes
For the 12 Months Ending August 31, 2009

Line No.		CAPD		TAWC	D/	Difference
1	Other General Taxes	-		-		-
2	Gross Receipts Tax	357,833	A/	546,017		(188,184)
3	TRA Inspection Fee	75,588		74,295		1,293
4	Property Taxes	2,927,277	B/	2,853,180		74,097
5	Franchise Tax	397,550		344,020		53,530
6	FICA Taxes	366,896	C/	378,917		(12,021)
7	Unemployment Taxes	7,270	C/	7,634		(364)
8	Total Taxes Other Than Income Taxes	4,132,414		4,204,063		(71,649)

A/ CAPD work paper T-OTAX2
B/ CAPD work paper T-OTAX1
C/ CAPD work paper T-OTAX3
D/ TAWC Exhibit 2, Sch. 5, TAWC response to TRA #13, Page 1 of 147.

Tennessee-American Water Company
Excise and Income Taxes
For the 12 Months Ending August 31, 2009

Line No.		Attrition Amount A/	
1	Operating Revenues	39,518,799	B/
2	Salaries and Wages	4,877,597	
3	Purchased Water	52,320	
4	Fuel and Power	2,319,282	
5	Chemicals	1,052,351	
6	Waste Disposal	168,275	
7	Service Company Charges	3,453,223	
8	Group Insurance	1,660,506	
9	Pensions	1,156,442	
10	Regulatory Expense	341,868	
11	Insurance Other Than Group	530,410	
12	Customer Accounting	758,111	
13	Uncollectible Expense	434,712	
14	Rents	17,487	
15	General Office Expense	254,139	
16	Miscellaneous Expense	1,789,687	
17	Other Maintenance Expense	815,968	
18	Depreciation and Amortization Expense	4,366,120	
19	Taxes Other Than Income	4,132,414	
20	NOI Before Excise and Income Taxes	11,337,887	
21	AFUDC	463,690	
22	Interest Expense	(4,417,744)	C/
23	Pre-tax Book Income	7,383,833	
24	Schedule M Adjustments	**(19,904)**	D/
25	Excise Taxable Income	7,363,929	
26	Excise Tax Rate	6.50%	
27	Excise Tax Payable	478,655	
28	Excise Tax Deferred	-	
29	Excise Tax Expense	478,655	
30	Pre-tax Book Income	7,383,833	
31	Preferred Dividend Credit	-	
32	Excise Tax	(478,655)	
33	Schedule M Adjustments	(19,904)	D/
34	FIT Taxable Income	6,885,274	
35	FIT Rate	35.00%	
36	Federal Income Tax Payable	2,409,846	
37	ITC Amortization	**(76,368)**	E/
38	Federal Income Tax Deferred	-	
39	Federal Income Tax Expense	2,333,478	

A/ Schedule 5
B/ Schedule 4
C/ Schedule 1, line 1 * Weighted Cost of Debt per Schedule 9
D/ TAWC Exhibit No. 2, Schedule **7**, Line 36.
E/ TAWC Exhibit No. 2, Schedule 7, Line 11.

Tennessee-American Water Company
Revenue Conversion Factor
For the 12 Months Ending August 31, 2009

Line No.		Amount		Balance
1	Operating Revenues			1.000000
2	Add: Forfeited Discounts	0.0086	A/	0.008600
3	Balance			1.008600
4	Uncollectible Ratio	0.0111	B/	0.011195
5	Balance			0.997405
6	State Excise Tax	0.0650	C/	0.064831
7	Balance			0.932573
8	Federal Income Tax	0.3500	C/	0.326401
9	Balance			0.606173
10	Revenue Conversion Factor (Line 1 / Line 11)			1.649695

A/ 12 MTD 3/31/08 ($319,708/$37,196,860)
B/ 12 MTD 3/31/08 ($429,323/$38,589,907)
C/ Statutory Rate

Tennessee-American Water Company
Cost of Capital
For the 12 Months Ending August 31, 2009

Line No.	Parent:	Ratio	Cost	Weighted Cost	Tax Deductible
1	Long Term Debt	55.14%	5.86%	3.23%	2.99%
2	Short Term Debt	1.90%	2.87%	0.05%	
3	Common Equity	42.96%	7.50%	3.22%	
4	Total	100.0%		**6.51%**	

	Tennessee American:	Ratio	Cost	Weighted Cost	
5	Long Term Debt	7.61%	8.43%	0.64%	0.64%
6	Common Equity	92.39%	6.51%	6.01%	
7	Total	100.0%		**6.65%**	**3.6%**

Final Capital Structure

	Parent:	Ratio	Cost	Weighted Cost	Tax Deductible
8	Long Term Debt	50.94%	5.86%	2.99%	2.99%
9	Short Term Debt	1.76%	2.87%	0.05%	0.05%
10	Common Equity	39.69%	7.50%	2.98%	
11	Total Parent	92.39%	**6.51%**	6.01%	
	Tennessee American:				
12	Long Term Debt	7.61%	8.43%	0.64%	0.64%
13	Total Subsidiary	7.61%	8.43%	0.64%	
14	Total	100.0%		**6.65%**	**3.68%**

Source: Exhibit CAPD-SB

Comparison of Tennessee Cities Water Cost

Metro Water Services- Nashville	12.12
Memphis Light Gas& Water	12.47
Jackson Energy Authority	12.85
Knoxville Utilities Board	18.22
Murfreesoboro Water & Sewer	18.32
Chattanooga (TAWC) **	19.39

Data Source:
Tennessee Water And Sewer Rate Survey
Allen Hosall, Inc. 1661 International Drive, Suite 100, Memphis, TN 38120
June, 2008

Calculation of TAWC Rates Based on 5,000 Gallon Water Bill

Including Conversion to CCF

		Chattanooga Tariff	Lookout Mtn. Tariffr	Lakeview Tariff	Lone Oak	Suck Creek
Quantity (1,000 Gallons)	5.000					
Equivalent Quantity (CCF)	6.667					
Minimum Allowance charge		$10.42	$11.70	$11.70	$31.39	$22.85
First 4 CCF		0.194	0.721	0.356		-
Next 61 CCF		3.073	3.958	3.388		3.300
First 2.67 CCF					-	
in Excess of 2.67 CCF					3.947	
First 2 CCF						-
Next 10.67 CCF						3.300
Minimum Allowance charge		$10.42	$11.70	$11.70	$31.39	$22.85
First 4 CCF (400 Cu. Ft.)		0.776	2.884	1.424	-	-
Next 61 CCF (6100 Cu. Ft.)		8.19	10.55	9.03	15.78	15.40
Total Monthly Bill		$19.39	$25.14	$22.16	$47.17	$38.25

Data Source: Exhibit 4, Schedule 2, Page No. 1,2,3 of 13

TAWC Bill Compare 08_0039.xls
TAWC Bill Calc
H:\DATA\EXCEL\cpro\CAD\Water & Sewer\American_Water\TN Am. 08-00039\Mike's Analsysis\TAWC Bill Compare 08_0039.xls

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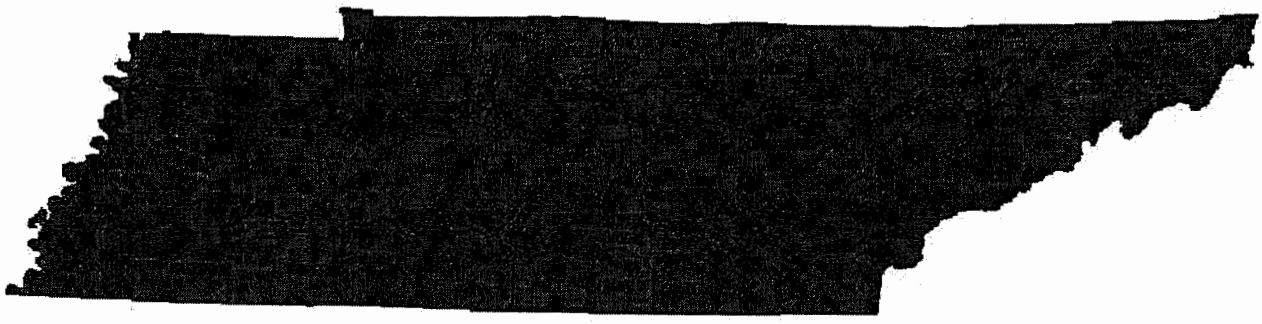
TENNESSEE WATER AND SEWER RATE SURVEY



JUNE 2008

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Tennessee Water and Sewer Rate Survey 2008
Document Overview

In May of 2008, Allen & Hoshall mailed form letters to 444 utility organizations throughout the State of Tennessee. The purpose of the mailing was to survey the respective utility entities, soliciting information on water and sewer billing rates. Allen & Hoshall received 197 survey replies. This represents a response rate of approximately 44%. If no response was received from a Utility, prior year or previous data were included in this year's survey.

The monthly water and sewer bill for the three usage volumes was generally calculated using the "inside residential" rate schedule for a ¾" or smaller meter size.

The submitted data was compiled into a bound document entitled "Tennessee Water and Sewer Rate Survey 2008." The Survey is divided into the following twelve sections:

- *Section 1 – Tennessee Water Rates – Rank of 5,000 Gallon Water Bill – Sorted Numerically*
  Using the compiled Utility rate schedules, a list was generated of the water bills for a monthly residential volume of 5,000 gallons. This list was sorted from the lowest calculated monthly bill to the highest calculated monthly bill.

- *Section 2 – Tennessee Water Rates – Rank of 5,000 Gallon Water Bill – Sorted Alphabetically*
  This list reports the same information as that in Section 1, but the entries are sorted alphabetically by Utility.

- *Section 3 – Tennessee Water Rates – Rank of 15,000 Gallon Water Bill – Sorted Numerically*
  Using the compiled Utility rate schedules, a list was generated of the water bills for a monthly residential volume of 15,000 gallons. This list was sorted from the lowest calculated monthly bill to the highest calculated monthly bill.

- *Section 4 – Tennessee Water Rates – Rank of 15,000 Gallon Water Bill – Sorted Alphabetically*
  This list reports the same information as that in Section 3, but the entries are sorted alphabetically by Utility.

- *Section 5 – Tennessee Water Rates – Rank of 25,000 Gallon Water Bill – Sorted Numerically*
  Using the compiled Utility rate schedules, a list was generated of the water bills for a monthly residential volume of 25,000 gallons. This list was sorted from the lowest calculated monthly bill to the highest calculated monthly bill.

- *Section 6 – Tennessee Water Rates – Rank of 25,000 Gallon Water Bill – Sorted Alphabetically*
  This list reports the same information as that in Section 5, but the entries are sorted alphabetically by Utility.

- *Section 7 – Tennessee Sewer Rates – Rank of 5,000 Gallon Sewer Bill – Sorted Numerically*

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Tennessee Water and Sewer Rate Survey 2008
Document Overview

Using the compiled Utility rate schedules, a list was generated of the sewer bills for a monthly residential volume of 5,000 gallons. This list was sorted from the lowest calculated monthly bill to the highest calculated monthly bill.

- *Section 8 – Tennessee Sewer Rates – Rank of 5,000 Gallon Sewer Bill – Sorted Alphabetically*
  This list reports the same information as that in Section 7, but the entries are sorted alphabetically by Utility.

- *Section 9 – Tennessee Sewer Rates – Rank of 15,000 Gallon Sewer Bill – Sorted Numerically*
  Using the compiled Utility rate schedules, a list was generated of the sewer bills for a monthly residential volume of 15,000 gallons. This list was sorted from the lowest calculated monthly bill to the highest calculated monthly bill.

- *Section 10 – Tennessee Sewer Rates – Rank of 15,000 Gallon Sewer Bill – Sorted Alphabetically*
  This list reports the same information as that in Section 9, but the entries are sorted alphabetically by Utility.

- *Section 11 – Tennessee Sewer Rates – Rank of 25,000 Gallon Sewer Bill – Sorted Numerically*
  Using the compiled Utility rate schedules, a list was generated of the sewer bills for a monthly residential volume of 25,000 gallons. This list was sorted from the lowest calculated monthly bill to the highest calculated monthly bill.

- *Section 12 – Tennessee Sewer Rates – Rank of 25,000 Gallon Sewer Bill – Sorted Alphabetically*
  This list reports the same information as that in Section 11, but the entries are sorted alphabetically by Utility.

The detailed water and sewer rate schedules are not included in this document, but will be free to download from the Allen & Hoshall website after July 31, 2008. The schedule information will also be available on compact disc (CD) and in printed copy. To obtain the schedule information on compact disc (CD) or paper, please direct requests to:

Angie Campbell
Allen & Hoshall, Inc.
1661 International Drive, Suite 100
Memphis, TN 38120
Phone: 901-820-0820
Fax: 901-683-1001
Email: acampbell@allenhoshall.com

Allen & Hoshall wishes to thank all the participants in the 2008 Survey and hopes this document is useful and beneficial to your organization's planning and informational referencing.

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SECTION 1

2008 TENNESSEE WATER RATES

RANK OF 5,000 GALLON WATER BILL, SORTED NUMERICALLY

TENNESSEE WATER RATES
RANK OF 5,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
1	Duck River Utility Commission	$ 5.50
2	Bartlett, City of	$ 7.72
3	Marion Natural Gas	$ 8.53
4	Hixson Utility District (Hamilton Co.)	$ 9.78
5	Erwin Utilities	$ 10.87
6	Munford, City of	$ 11.25
7	Brownsville Utility Department	$ 11.34
8	Union City, City of	$ 11.40
9	Kingsport, City of	$ 11.49
10	Millington, City of	$ 12.00
11	Metro Water Services - Nashville	$ 12.12
12	Morristown Utility Systems	$ 12.40
13	Collierville, Town of	$ 12.45
14	Memphis Light Gas & Water	$ 12.47
15	Alamo, City of	$ 12.50
16	Centerville, Town of	$ 12.53
17	Smyrna Utilities	$ 12.84
18	Jackson Energy Authority	$ 12.85
19	Gallaway, City of	$ 13.20
20	Humboldt Utilities	$ 13.50
21	Paris Board of Public Utilities	$ 13.58
22	Maryville, City of	$ 13.80
23	Columbia Power & Water System	$ 14.00
24	Savannah, City of	$ 14.00
25	Gallatin Public Utilities	$ 14.03
26	Manchester, City of	$ 14.05
27	Old Hickory Utility District	$ 14.15
28	Spring Hill, City of	$ 14.34
29	First Utility District of Knox County	$ 14.38
30	Alcoa, City of	$ 14.50
31	Cookeville, City of	$ 14.50
32	Gatlinburg Utility Department	$ 14.65
33	Harpeth Valley Utilities District	$ 14.65
34	Middleton, City of	$ 14.70
35	Algood, City of	$ 14.88
36	Sharon, City of	$ 15.11
37	Martin, City of	$ 15.18
38	Trenton Light & Water	$ 15.35
39	Hampton Utility District	$ 15.45
40	Madison Suburban Utility District	$ 15.70
41	Lexington Water Systems	$ 15.71
42	Athens Utilities Board	$ 15.75
43	Sweetwater Utilities Board	$ 15.75
44	Byrdstown, Town of	$ 15.78
45	Bristol, City of	$ 15.89
46	Camden Water & Sewer	$ 16.14
47	Clinton Utilities Board	$ 16.22
48	Cleveland Utilities	$ 16.29
49	Loudon Utilities Board	$ 16.50

Tennessee Water and
Sewer Rate Survey 2008

TENNESSEE WATER RATES
RANK OF 5,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
50	Dayton, City of	$ 16.53
51	McKenzie, City of	$ 16.53
52	Dyer Public Works	$ 16.80
53	Elizabethton, City of	$ 16.80
54	Springfield Water & Wastewater Dept.	$ 16.86
55	LaVergne, City of	$ 16.90
56	Sparta Electric & Water System	$ 16.92
57	Dandridge Water Department	$ 16.94
58	Englewood Water & Gas	$ 17.05
59	Graysville, City of	$ 17.13
60	Huntland Waterworks	$ 17.36
61	Obion, Town of	$ 17.39
62	Scotts Hill Water Department	$ 17.43
63	Estill Springs, Town of	$ 17.50
64	Pigeon Forge Utility	$ 17.50
65	Smithville, City of	$ 17.50
66	White Pine, Town of	$ 17.87
67	Lewisburg, City of	$ 18.20
68	Knoxville Utilities Board	$ 18.22
69	Leoma Utility District	$ 18.25
70	Murfreesboro Water & Sewer	$ 18.32
71	Oneida Water & Wastewater	$ 18.40
72	Crossville, City of	$ 18.45
73	Lafayette, City of	$ 18.48
74	Jellico Water System	$ 18.50
75	Milan Dept. of Public Utilities	$ 18.52
76	West Knox Utility District	$ 18.58
77	Grand Junction Water	$ 18.63
78	Rockwood Water Sewer & Gas	$ 18.80
79	Tullahoma Utilities Board	$ 18.80
80	Lobelville, City of	$ 18.91
81	Portland Utilities	$ 18.93
82	Huntingdon, Town of	$ 18.99
83	Decherd Water System	$ 19.10
84	Mount Pleasant, City of	$ 19.20
85	Franklin, City of	$ 19.38
86	Etowah Utilities	$ 19.48
87	Elbridge Water Association	$ 19.50
88	First Utility District of Tipton County	$ 19.50
89	Mountain City, Town of	$ 19.52
90	Russellville-Whitesburg Utility District	$ 19.75
91	Kenton, City of	$ 19.78
92	Oliver Springs Water Department	$ 19.80
93	Mallory Valley Utility District	$ 20.00
94	McLemoresville Water System	$ 20.00
95	Covington, City of	$ 20.23
96	Atoka, Town of	$ 20.50
97	Madisonville, City of	$ 20.55
98	Dowelltown Liberty Water	$ 20.88

TENNESSEE WATER RATES
RANK OF 5,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
99	Winchester Utilities	$ 20.93
100	Dyersburg, City of	$ 20.98
101	Niota Water Department	$ 21.01
102	McMinnville, City of	$ 21.45
103	Shelbyville Power Water & Sewerage	$ 21.50
104	Rossville, Town of	$ 21.55
105	Northwest Dyersburg Utility District	$ 21.65
106	Newbern, City of	$ 21.85
107	New Johnsonville, City of	$ 21.95
108	Bloomingdale Utility District	$ 22.00
109	Michie, City of	$ 22.00
110	Greenbrier, City of	$ 22.05
111	Pulaski, City of	$ 22.36
112	Lafolette Utilities	$ 22.45
113	Jonesborough, Town of	$ 22.50
114	Poplar Grove Utility District	$ 22.50
115	Hartsville/Trousdale Water	$ 22.68
116	Adamsville, Town of	$ 22.85
117	Moscow Water Department	$ 23.00
118	Fayetteville Public Utilities	$ 23.03
119	Gleason, City of	$ 23.10
120	Tellico Area Services System	$ 23.19
121	Monterey, Town of	$ 23.25
122	Alpha-Talbott Utility District	$ 23.35
123	Sevierville, City of	$ 23.39
124	Lakewood, City of	$ 23.43
125	Lauderdale Co. Water System	$ 23.50
126	Aqua Utilities Company, Inc.	$ 23.56
127	Northeast Knox Utility District	$ 23.70
128	Luttrell-Blaine-Corryton Utility District	$ 23.73
129	Eastside Utility District (Hamilton Co.)	$ 23.77
130	Tiptonville, Town of	$ 24.00
131	Norris Water Commission	$ 24.15
132	Bell Buckle, Town of	$ 24.37
133	Halls, Town of	$ 24.40
134	Celina, City of	$ 25.21
135	Piperton Water System	$ 25.23
136	Hornsby Water District	$ 25.25
137	South Elizabethton Utility	$ 25.25
138	Ardmore Water System	$ 25.70
139	Bolivar, City of	$ 25.73
140	Soddy Daisy Falling Water UD	$ 25.87
141	Old Gainesboro Road Utility District	$ 26.10
142	Rutledge, Town of	$ 26.10
143	Tennessee Ridge, City of	$ 26.16
144	Center Grove-Winchester Springs UD	$ 26.74
145	South Fulton, City of	$ 26.80
146	Ocoee Utility District	$ 26.90
147	County-Wide Utility Dist. Of Crockett Co.	$ 27.00

TENNESSEE WATER RATES
RANK OF 5,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
148	Cumberland Gap, Town of	$ 27.00
149	Rogersville Water Department	$ 27.01
150	Bangham Utility Water District	$ 27.05
151	Nolensville/College Grove UD	$ 27.58
152	Riceville Utility District	$ 27.65
153	Lenoir City Utilities Board	$ 27.70
154	Henning, Town of	$ 28.00
155	Kingston, City of	$ 28.15
156	Chapel Hill, Town of	$ 28.30
157	Dunlap, City of	$ 28.30
158	White House Utility District	$ 28.38
159	South Blount Utility District	$ 28.49
160	E. Montgomery Utility District	$ 28.50
161	Savannah Valley Utility District	$ 28.50
162	Surgoinsville Utility District	$ 28.50
163	Waynesboro, City of	$ 28.78
164	Claiborne Utilities District	$ 29.13
165	Maury City, Town of	$ 29.25
166	Waverly Water System	$ 29.43
167	Big Sandy Waterworks	$ 29.48
168	Knox Chapman Utility District	$ 29.51
169	Baxter Waterworks	$ 29.80
170	Friendsville City Water Works	$ 29.85
171	Gibson Co. Municipal Water District	$ 29.98
172	DeKalb Utility District #1	$ 30.00
173	Crab Orchard Utility District	$ 30.80
174	Maury County Board of Public Utilities	$ 30.83
175	Warren County Utility District	$ 30.83
176	Collinwood, City of	$ 30.94
177	Dover, Town of	$ 31.10
178	Copper Basin Board of Public Utility	$ 31.39
179	First Utility District of Hawkins County	$ 31.41
180	Walden's Ridge Utility District	$ 31.52
181	Ashland City Water & Sewer	$ 31.70
182	Bradford, Town of	$ 31.93
183	Cons. Utility District of Rutherford Co.	$ 31.95
184	South Paris Water Co-Operative	$ 32.17
185	O'Connor Utility District	$ 32.43
186	Grandview Utility District	$ 32.70
187	South Side Utility District #1	$ 33.00
188	Vanleer, Town of	$ 33.00
189	Cedar Grove Utility District	$ 33.50
190	Lynnville, Town of	$ 33.58
192	North Utility District (Rhea County)	$ 33.75
193	West Warren-Viola Utility District	$ 34.05
194	Bedford Co. Utility District	$ 34.13
195	Arthur-Shewanee Utility District	$ 34.31
196	Pleasant View Utility District	$ 34.38
197	HB & TS Utility District (Williamson Co.)	$ 34.88

TENNESSEE WATER RATES

June 30, 2008

RANK OF 5,000 GALLON WATER BILL - SORTED NUMERICALLY

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
198	Holston Utility District	$ 34.90
199	Carderview Utility District	$ 35.01
200	Watertown, City of	$ 35.24
201	Shady Grove Utility District	$ 35.34
202	Milcrofton Utility District	$ 35.41
203	Huntsville Utility District	$ 35.48
204	Petersburg Water System	$ 36.58
205	Clearfork Utility District	$ 36.66
206	La Grange, Town of	$ 36.85
207	North Anderson Co. Utility District	$ 37.40
208	DeWhite Utility District (White/DeKalb Cos.)	$ 37.55
209	North Stewart Utility District	$ 37.67
210	Jackson County Utility District	$ 37.87
211	Hallsdale-Powell Utility District	$ 38.09
212	New Market Utility District	$ 38.19
213	Tarpley Shop Utility District	$ 38.50
214	Lincoln Co. Board of Public Utilities	$ 38.57
215	Fall River Utility District	$ 38.75
216	Sewanee Utility District	$ 39.78
217	Monteagle Rural Utility District	$ 40.00
218	Woodlawn Utility District	$ 40.09
219	Metro Utility Dept. - Lynchburg	$ 40.45
220	Cumberland UD (Roane & Morgan Cos.)	$ 40.46
221	West Wilson Utility District	$ 40.71
222	Mt. Carmel Public Utilities	$ 40.75
223	South Bristol-Weaver Pike Utility Dist.	$ 40.80
224	Cumberland Heights Utility District	$ 40.91
225	Mid Hawkins County Utility District	$ 41.91
226	North Utility District (Decatur & Benton Cos.)	$ 42.00
227	Cagle-Fredonia Water Utility District	$ 42.14
228	South Side Utility District #2	$ 42.25
229	Northwest Henry Utility District	$ 42.69
230	South Side Utility District #3	$ 44.50
231	New Canton Utility District	$ 44.60
232	Gladeville Utility District	$ 44.80
233	Sylvia Tenessee City Pond Utility Dist.	$ 44.81
234	Sunbright Utility District	$ 45.27
235	West Cumberland Utility District	$ 47.05
236	Striggersville Utility District	$ 47.26
237	DeKalb Utility District #4	$ 50.00
238	Harbor Utility District	$ 50.50
239	River Road Utility District	$ 51.40
240	Lakeview Utility District (Hawkins Co.)	$ 56.00
241	Cold Springs Utility District	$ 57.00
242	Webb Creek Utility District	$ 60.24
243	Cordell Hull Utility District	$ 64.25

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SECTION 2

2008 TENNESSEE WATER RATES

RANK OF 5,000 GALLON WATER BILL, SORTED ALPHABETICALLY

TENNESSEE WATER RATES
RANK OF 5,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
116	Adamsville, Town of	$ 22.85
15	Alamo, City of	$ 12.50
30	Alcoa, City of	$ 14.50
35	Algood, City of	$ 14.88
122	Alpha-Talbott Utility District	$ 23.35
126	Aqua Utilities Company, Inc.	$ 23.56
138	Ardmore Water System	$ 25.70
195	Arthur-Shewanee Utility District	$ 34.31
181	Ashland City Water & Sewer	$ 31.70
42	Athens Utilities Board	$ 15.75
96	Atoka, Town of	$ 20.50
150	Bangham Utility Water District	$ 27.05
2	Bartlett, City of	$ 7.72
169	Baxter Waterworks	$ 29.80
194	Bedford Co. Utility District	$ 34.13
132	Bell Buckle, Town of	$ 24.37
167	Big Sandy Waterworks	$ 29.48
108	Bloomingdale Utility District	$ 22.00
139	Bolivar, City of	$ 25.73
182	Bradford, Town of	$ 31.93
45	Bristol, City of	$ 15.89
7	Brownsville Utility Department	$ 11.34
44	Byrdstown, Town of	$ 15.78
227	Cagle-Fredonia Water Utility District	$ 42.14
46	Camden Water & Sewer	$ 16.14
199	Carderview Utility District	$ 35.01
189	Cedar Grove Utility District	$ 33.50
134	Celina, City of	$ 25.21
144	Center Grove-Winchester Springs UD	$ 26.74
16	Centerville, Town of	$ 12.53
156	Chapel Hill, Town of	$ 28.30
164	Claiborne Utilities District	$ 29.13
205	Clearfork Utility District	$ 36.66
48	Cleveland Utilities	$ 16.29
47	Clinton Utilities Board	$ 16.22
241	Cold Springs Utility District	$ 57.00
13	Collierville, Town of	$ 12.45
176	Collinwood, City of	$ 30.94
23	Columbia Power & Water System	$ 14.00
183	Cons. Utility District of Rutherford Co.	$ 31.95
31	Cookeville, City of	$ 14.50
178	Copper Basin Board of Public Utility	$ 31.39
243	Cordell Hull Utility District	$ 64.25
147	County-Wide Utility Dist. Of Crockett Co.	$ 27.00
95	Covington, City of	$ 20.23
173	Crab Orchard Utility District	$ 30.80
72	Crossville, City of	$ 18.45
148	Cumberland Gap, Town of	$ 27.00
224	Cumberland Heights Utility District	$ 40.91

TENNESSEE WATER RATES
RANK OF 5,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
220	Cumberland UD (Roane & Morgan Cos.)	$ 40.46
57	Dandridge Water Department	$ 16.94
50	Dayton, City of	$ 16.53
83	Decherd Water System	$ 19.10
172	DeKalb Utility District #1	$ 30.00
237	DeKalb Utility District #4	$ 50.00
208	DeWhite Utility District (White/DeKalb Cos.)	$ 37.55
177	Dover, Town of	$ 31.10
98	Dowelltown Liberty Water	$ 20.88
1	Duck River Utility Commission	$ 5.50
157	Dunlap, City of	$ 28.30
52	Dyer Public Works	$ 16.80
100	Dyersburg, City of	$ 20.98
160	E. Montgomery Utility District	$ 28.50
129	Eastside Utility District (Hamilton Co.)	$ 23.77
87	Elbridge Water Association	$ 19.50
53	Elizabethton, City of	$ 16.80
58	Englewood Water & Gas	$ 17.05
5	Erwin Utilities	$ 10.87
63	Estill Springs, Town of	$ 17.50
86	Etowah Utilities	$ 19.48
215	Fall River Utility District	$ 38.75
118	Fayetteville Public Utilities	$ 23.03
179	First Utility District of Hawkins County	$ 31.41
29	First Utility District of Knox County	$ 14.38
88	First Utility District of Tipton County	$ 19.50
85	Franklin, City of	$ 19.38
170	Friendsville City Water Works	$ 29.85
25	Gallatin Public Utilities	$ 14.03
19	Gallaway, City of	$ 13.20
32	Gatlinburg Utility Department	$ 14.65
171	Gibson Co. Municipal Water District	$ 29.98
232	Gladeville Utility District	$ 44.80
119	Gleason, City of	$ 23.10
77	Grand Junction Water	$ 18.63
186	Grandview Utility District	$ 32.70
59	Graysville, City of	$ 17.13
110	Greenbrier, City of	$ 22.05
133	Halls, Town of	$ 24.40
211	Hallsdale-Powell Utility District	$ 38.09
39	Hampton Utility District	$ 15.45
238	Harbor Utility District	$ 50.50
33	Harpeth Valley Utilities District	$ 14.65
115	Hartsville/Trousdale Water	$ 22.68
197	HB & TS Utility District (Williamson Co.)	$ 34.88
154	Henning, Town of	$ 28.00
4	Hixson Utility District (Hamilton Co.)	$ 9.78
198	Holston Utility District	$ 34.90
136	Hornsby Water District	$ 25.25

TENNESSEE WATER RATES
RANK OF 5,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
20	Humboldt Utilities	$ 13.50
82	Huntingdon, Town of	$ 18.99
60	Huntland Waterworks	$ 17.36
203	Huntsville Utility District	$ 35.48
210	Jackson County Utility District	$ 37.87
18	Jackson Energy Authority	$ 12.85
74	Jellico Water System	$ 18.50
113	Jonesborough, Town of	$ 22.50
91	Kenton, City of	$ 19.78
9	Kingsport, City of	$ 11.49
155	Kingston, City of	$ 28.15
168	Knox Chapman Utility District	$ 29.51
68	Knoxville Utilities Board	$ 18.22
206	La Grange, Town of	$ 36.85
73	Lafayette, City of	$ 18.48
112	Lafolette Utilities	$ 22.45
240	Lakeview Utility District (Hawkins Co.)	$ 56.00
124	Lakewood, City of	$ 23.43
125	Lauderdale Co. Water System	$ 23.50
55	LaVergne, City of	$ 16.90
153	Lenoir City Utilities Board	$ 27.70
69	Leoma Utility District	$ 18.25
67	Lewisburg, City of	$ 18.20
41	Lexington Water Systems	$ 15.71
214	Lincoln Co. Board of Public Utilities	$ 38.57
80	Lobelville, City of	$ 18.91
49	Loudon Utilities Board	$ 16.50
128	Luttrell-Blaine-Corryton Utility District	$ 23.73
190	Lynnville, Town of	$ 33.58
40	Madison Suburban Utility District	$ 15.70
97	Madisonville, City of	$ 20.55
93	Mallory Valley Utility District	$ 20.00
26	Manchester, City of	$ 14.05
3	Marion Natural Gas	$ 8.53
37	Martin, City of	$ 15.18
22	Maryville, City of	$ 13.80
165	Maury City, Town of	$ 29.25
174	Maury County Board of Public Utilities	$ 30.83
51	McKenzie, City of	$ 16.53
94	McLemoresville Water System	$ 20.00
102	McMinnville, City of	$ 21.45
14	Memphis Light Gas & Water	$ 12.47
219	Metro Utility Dept. - Lynchburg	$ 40.45
11	Metro Water Services - Nashville	$ 12.12
109	Michie, City of	$ 22.00
225	Mid Hawkins County Utility District	$ 41.91
34	Middleton, City of	$ 14.70
75	Milan Dept. of Public Utilities	$ 18.52
202	Milcrofton Utility District	$ 35.41

TENNESSEE WATER RATES
RANK OF 5,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
10	Millington, City of	$ 12.00
217	Monteagle Rural Utility District	$ 40.00
121	Monterey, Town of	$ 23.25
12	Morristown Utility Systems	$ 12.40
117	Moscow Water Department	$ 23.00
84	Mount Pleasant, City of	$ 19.20
89	Mountain City, Town of	$ 19.52
222	Mt. Carmel Public Utilities	$ 40.75
6	Munford, City of	$ 11.25
70	Murfreesboro Water & Sewer	$ 18.32
231	New Canton Utility District	$ 44.60
107	New Johnsonville, City of	$ 21.95
212	New Market Utility District	$ 38.19
106	Newbern, City of	$ 21.85
101	Niota Water Department	$ 21.01
151	Nolensville/College Grove UD	$ 27.58
131	Norris Water Commission	$ 24.15
207	North Anderson Co. Utility District	$ 37.40
209	North Stewart Utility District	$ 37.67
226	North Utility District (Decatur & Benton Cos.)	$ 42.00
192	North Utility District (Rhea County)	$ 33.75
127	Northeast Knox Utility District	$ 23.70
105	Northwest Dyersburg Utility District	$ 21.65
229	Northwest Henry Utility District	$ 42.69
61	Obion, Town of	$ 17.39
146	Ocoee Utility District	$ 26.90
185	O'Connor Utility District	$ 32.43
141	Old Gainesboro Road Utility District	$ 26.10
27	Old Hickory Utility District	$ 14.15
92	Oliver Springs Water Department	$ 19.80
71	Oneida Water & Wastewater	$ 18.40
21	Paris Board of Public Utilities	$ 13.58
204	Petersburg Water System	$ 36.58
64	Pigeon Forge Utility	$ 17.50
135	Piperton Water System	$ 25.23
196	Pleasant View Utility District	$ 34.38
114	Poplar Grove Utility District	$ 22.50
81	Portland Utilities	$ 18.93
111	Pulaski, City of	$ 22.36
152	Riceville Utility District	$ 27.65
239	River Road Utility District	$ 51.40
78	Rockwood Water Sewer & Gas	$ 18.80
149	Rogersville Water Department	$ 27.01
104	Rossville, Town of	$ 21.55
90	Russellville-Whitesburg Utility District	$ 19.75
142	Rutledge, Town of	$ 26.10
161	Savannah Valley Utility District	$ 28.50
24	Savannah, City of	$ 14.00
62	Scotts Hill Water Department	$ 17.43

TENNESSEE WATER RATES
RANK OF 5,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
123	Sevierville, City of	$ 23.39
216	Sewanee Utility District	$ 39.78
201	Shady Grove Utility District	$ 35.34
36	Sharon, City of	$ 15.11
103	Shelbyville Power Water & Sewerage	$ 21.50
65	Smithville, City of	$ 17.50
17	Smyrna Utilities	$ 12.84
140	Soddy Daisy Falling Water UD	$ 25.87
159	South Blount Utility District	$ 28.49
223	South Bristol-Weaver Pike Utility Dist.	$ 40.80
137	South Elizabethton Utility	$ 25.25
145	South Fulton, City of	$ 26.80
184	South Paris Water Co-Operative	$ 32.17
187	South Side Utility District #1	$ 33.00
228	South Side Utility District #2	$ 42.25
230	South Side Utility District #3	$ 44.50
56	Sparta Electric & Water System	$ 16.92
28	Spring Hill, City of	$ 14.34
54	Springfield Water & Wastewater Dept.	$ 16.86
236	Striggersville Utility District	$ 47.26
234	Sunbright Utility District	$ 45.27
162	Surgoinsville Utility District	$ 28.50
43	Sweetwater Utilities Board	$ 15.75
233	Sylvia Tenessee City Pond Utility Dist.	$ 44.81
213	Tarpley Shop Utility District	$ 38.50
120	Tellico Area Services System	$ 23.19
143	Tennessee Ridge, City of	$ 26.16
130	Tiptonville, Town of	$ 24.00
38	Trenton Light & Water	$ 15.35
79	Tullahoma Utilities Board	$ 18.80
8	Union City, City of	$ 11.40
188	Vanleer, Town of	$ 33.00
180	Waiden's Ridge Utility District	$ 31.52
175	Warren County Utility District	$ 30.83
200	Watertown, City of	$ 35.24
166	Waverly Water System	$ 29.43
163	Waynesboro, City of	$ 28.78
242	Webb Creek Utility District	$ 60.24
235	West Cumberland Utility District	$ 47.05
76	West Knox Utility District	$ 18.58
193	West Warren-Viola Utility District	$ 34.05
221	West Wilson Utility District	$ 40.71
158	White House Utility District	$ 28.38
66	White Pine, Town of	$ 17.87
99	Winchester Utilities	$ 20.93
218	Woodlawn Utility District	$ 40.09

Allen&Hoshall
since 1915

SECTION 3

2008 TENNESSEE WATER RATES

RANK OF 15,000 GALLON WATER BILL, SORTED NUMERICALLY

TENNESSEE WATER RATES
RANK OF 15,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
1	Cordell Hull Utility District	$ 161.90
2	Cold Springs Utility District	$ 157.00
3	DeKalb Utility District #4	$ 150.00
4	Lakeview Utility District (Hawkins Co.)	$ 143.50
5	River Road Utility District	$ 142.40
6	New Canton Utility District	$ 133.80
7	Sunbright Utility District	$ 131.67
8	Striggersville Utility District	$ 131.66
9	Harbor Utility District	$ 130.50
10	West Cumberland Utility District	$ 129.15
11	Sylvia Tenessee City Pond Utility Dist.	$ 127.27
12	Gladeville Utility District	$ 118.50
13	South Side Utility District #2	$ 114.75
14	South Side Utility District #3	$ 114.50
15	Cumberland Heights Utility District	$ 114.31
16	South Bristol-Weaver Pike Utility Dist.	$ 113.80
17	Woodlawn Utility District	$ 113.79
18	Mid Hawkins County Utility District	$ 113.61
19	North Utility District (Decatur & Benton Cos.)	$ 112.00
20	Monteagle Rural Utility District	$ 111.20
21	DeWhite Utility District (White/DeKalb Cos.)	$ 110.55
22	Sewanee Utility District	$ 108.96
23	Metro Utility Dept. - Lynchburg	$ 107.45
24	Crab Orchard Utility District	$ 105.70
25	Huntsville Utility District	$ 105.63
26	HB & TS Utility District (Williamson Co.)	$ 104.96
27	Fall River Utility District	$ 103.75
28	Cons. Utility District of Rutherford Co.	$ 103.35
29	New Market Utility District	$ 102.19
30	Jackson County Utility District	$ 100.37
31	Hallsdale-Powell Utility District	$ 99.39
32	Cagle-Fredonia Water Utility District	$ 98.24
33	Webb Creek Utility District	$ 97.94
34	Petersburg Water System	$ 97.08
35	Cumberland UD (Roane & Morgan Cos.)	$ 96.16
36	Milcrofton Utility District	$ 93.71
37	Mt. Carmel Public Utilities	$ 93.25
38	Collinwood, City of	$ 93.06
39	Bedford Co. Utility District	$ 92.88
40	North Anderson Co. Utility District	$ 91.60
41	Northwest Henry Utility District	$ 91.42
42	Lynnville, Town of	$ 91.08
43	Tarpley Shop Utility District	$ 91.00
44	Holston Utility District	$ 90.90
45	West Warren-Viola Utility District	$ 90.55
46	Grandview Utility District	$ 89.70
47	Watertown, City of	$ 88.29
48	West Wilson Utility District	$ 87.06
49	Friendsville City Water Works	$ 86.55

TENNESSEE WATER RATES
RANK OF 15,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
50	Arthur-Shewanee Utility District	$ 86.51
51	Dover, Town of	$ 86.10
52	Shady Grove Utility District	$ 85.34
53	Knox Chapman Utility District	$ 84.91
54	South Blount Utility District	$ 83.29
55	Clearfork Utility District	$ 83.16
56	South Side Utility District #1	$ 83.00
57	Copper Basin Board of Public Utility	$ 82.69
58	Poplar Grove Utility District	$ 82.50
59	Pleasant View Utility District	$ 81.58
60	La Grange, Town of	$ 81.55
61	Baxter Waterworks	$ 81.40
62	Bangham Utility Water District	$ 81.15
63	Warren County Utility District	$ 80.83
64	DeKalb Utility District #1	$ 80.00
65	North Stewart Utility District	$ 79.90
66	Kingston, City of	$ 79.85
67	First Utility District of Hawkins County	$ 79.31
68	Lincoln Co. Board of Public Utilities	$ 79.07
69	Surgoinsville Utility District	$ 78.50
70	Lenoir City Utilities Board	$ 78.10
71	Big Sandy Waterworks	$ 77.46
72	North Utility District (Rhea County)	$ 77.25
73	Center Grove-Winchester Springs UD	$ 76.74
74	Rossville, Town of	$ 76.07
75	White House Utility District	$ 75.88
76	Cumberland Gap, Town of	$ 75.75
77	Walden's Ridge Utility District	$ 75.72
78	Vanleer, Town of	$ 75.00
79	Claiborne Utilities District	$ 74.63
80	Ashland City Water & Sewer	$ 74.50
81	Savannah Valley Utility District	$ 74.50
82	Old Gainesboro Road Utility District	$ 73.10
83	Dunlap, City of	$ 72.80
84	Carderview Utility District	$ 72.51
85	Norris Water Commission	$ 72.45
86	E. Montgomery Utility District	$ 72.00
87	O'Connor Utility District	$ 71.93
88	Nolensville/College Grove UD	$ 71.68
89	Henning, Town of	$ 71.05
90	South Elizabethton Utility	$ 70.25
91	Ocoee Utility District	$ 69.90
92	Bradford, Town of	$ 69.43
93	Maury County Board of Public Utilities	$ 69.11
94	Lauderdale Co. Water System	$ 68.50
95	Tennessee Ridge, City of	$ 68.36
96	Cedar Grove Utility District	$ 68.25
97	Hornsby Water District	$ 67.75
98	Franklin, City of	$ 67.43

TENNESSEE WATER RATES
RANK OF 15,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
99	Rutledge, Town of	$ 67.30
100	Waynesboro, City of	$ 65.78
101	Luttrell-Blaine-Corryton Utility District	$ 65.73
102	Adamsville, Town of	$ 65.35
103	Sevierville, City of	$ 64.89
104	Ardmore Water System	$ 64.70
105	Northeast Knox Utility District	$ 64.70
106	Piperton Water System	$ 64.33
107	Rogersville Water Department	$ 63.31
108	Alpha-Talbott Utility District	$ 63.10
109	Gibson Co. Municipal Water District	$ 62.87
110	Riceville Utility District	$ 62.64
111	South Paris Water Co-Operative	$ 61.66
112	McMinnville, City of	$ 61.00
113	Oliver Springs Water Department	$ 60.80
114	Fayetteville Public Utilities	$ 60.73
115	Hartsville/Trousdale Water	$ 60.08
116	Niota Water Department	$ 60.01
117	Mallory Valley Utility District	$ 60.00
118	Greenbrier, City of	$ 59.55
119	Bell Buckle, Town of	$ 59.37
120	Lakewood, City of	$ 59.23
121	Englewood Water & Gas	$ 58.85
122	Lafolette Utilities	$ 58.50
123	Winchester Utilities	$ 57.43
124	Mountain City, Town of	$ 57.32
125	Maury City, Town of	$ 57.25
126	Michie, City of	$ 57.00
127	Portland Utilities	$ 56.53
128	Halls, Town of	$ 56.40
129	Atoka, Town of	$ 55.50
130	Huntingdon, Town of	$ 55.44
131	Crossville, City of	$ 55.35
132	Madisonville, City of	$ 55.25
133	Murfreesboro Water & Sewer	$ 54.95
134	Chapel Hill, Town of	$ 54.90
135	Tellico Area Services System	$ 54.79
136	Dyersburg, City of	$ 54.78
137	Eastside Utility District (Hamilton Co.)	$ 54.57
138	First Utility District of Tipton County	$ 54.50
139	Celina, City of	$ 54.24
140	Waverly Water System	$ 54.22
141	Decherd Water System	$ 53.10
142	Soddy Daisy Falling Water UD	$ 52.97
143	Shelbyville Power Water & Sewerage	$ 52.75
144	Smithville, City of	$ 52.50
145	Aqua Utilities Company, Inc.	$ 52.46
146	Knoxville Utilities Board	$ 52.39
147	Etowah Utilities	$ 52.38

TENNESSEE WATER RATES
RANK OF 15,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
148	Newbern, City of	$ 52.35
149	Russellville-Whitesburg Utility District	$ 52.25
150	Bloomingdale Utility District	$ 52.00
151	Bolivar, City of	$ 51.88
152	Northwest Dyersburg Utility District	$ 51.65
153	McKenzie, City of	$ 50.82
154	Leoma Utility District	$ 50.75
155	Monterey, Town of	$ 50.75
156	West Knox Utility District	$ 50.68
157	Dowelltown Liberty Water	$ 50.18
158	Tiptonville, Town of	$ 49.50
159	Oneida Water & Wastewater	$ 49.30
160	Lewisburg, City of	$ 49.05
161	Jellico Water System	$ 48.75
162	Lafayette, City of	$ 48.73
163	South Fulton, City of	$ 48.40
164	Pulaski, City of	$ 48.26
165	Pigeon Forge Utility	$ 48.10
166	Kenton, City of	$ 47.78
167	County-Wide Utility Dist. Of Crockett Co.	$ 47.00
168	Byrdstown, Town of	$ 46.08
169	White Pine, Town of	$ 45.77
170	Milan Dept. of Public Utilities	$ 45.62
171	Tullahoma Utilities Board	$ 45.40
172	Jonesborough, Town of	$ 45.00
173	Lobelville, City of	$ 44.86
174	Rockwood Water Sewer & Gas	$ 44.56
175	Elbridge Water Association	$ 44.50
176	Harpeth Valley Utilities District	$ 44.45
177	Gleason, City of	$ 44.10
178	Gatlinburg Utility Department	$ 43.95
179	Covington, City of	$ 43.38
180	Springfield Water & Wastewater Dept.	$ 43.36
181	Mount Pleasant, City of	$ 43.20
182	Moscow Water Department	$ 43.00
183	Estill Springs, Town of	$ 42.50
184	Algood, City of	$ 42.47
185	Manchester, City of	$ 42.15
186	Madison Suburban Utility District	$ 42.04
187	Huntland Waterworks	$ 41.86
188	Clinton Utilities Board	$ 41.77
189	LaVergne, City of	$ 41.50
190	Obion, Town of	$ 41.29
191	Elizabethton, City of	$ 41.10
192	Bristol, City of	$ 40.79
193	Grand Junction Water	$ 40.63
194	Cookeville, City of	$ 40.50
195	Dandridge Water Department	$ 40.44
196	Trenton Light & Water	$ 39.85

TENNESSEE WATER RATES
RANK OF 15,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
197	Cleveland Utilities	$ 39.80
198	First Utility District of Knox County	$ 39.74
199	Dayton, City of	$ 39.63
200	Camden Water & Sewer	$ 39.52
201	New Johnsonville, City of	$ 39.25
202	Centerville, Town of	$ 39.23
203	Metro Water Services - Nashville	$ 38.99
204	Kingsport, City of	$ 38.59
205	Scotts Hill Water Department	$ 38.43
206	Jackson Energy Authority	$ 38.23
207	Gallatin Public Utilities	$ 38.10
208	Alcoa, City of	$ 37.50
209	Hampton Utility District	$ 36.95
210	Graysville, City of	$ 36.73
211	Martin, City of	$ 36.56
212	Sweetwater Utilities Board	$ 36.50
213	Maryville, City of	$ 35.80
214	Spring Hill, City of	$ 35.04
215	Sparta Electric & Water System	$ 34.67
216	Lexington Water Systems	$ 34.41
217	Savannah, City of	$ 34.00
218	Dyer Public Works	$ 33.80
219	Humboldt Utilities	$ 33.50
220	Loudon Utilities Board	$ 33.50
221	Athens Utilities Board	$ 33.25
222	Old Hickory Utility District	$ 33.15
223	Smyrna Utilities	$ 33.14
224	Sharon, City of	$ 32.51
225	Alamo, City of	$ 32.50
226	Millington, City of	$ 32.00
227	Gallaway, City of	$ 31.20
228	Middleton, City of	$ 31.20
229	Paris Board of Public Utilities	$ 30.08
230	Columbia Power & Water System	$ 29.50
231	Union City, City of	$ 29.40
232	Munford, City of	$ 28.75
233	Morristown Utility Systems	$ 27.90
234	Memphis Light Gas & Water	$ 27.79
235	Marion Natural Gas	$ 27.03
236	Collierville, Town of	$ 25.95
237	Hixson Utility District (Hamilton Co.)	$ 24.45
238	Brownsville Utility Department	$ 23.99
239	Erwin Utilities	$ 21.67
240	McLemoresville Water System	$ 20.00
241	Bartlett, City of	$ 19.62
242	Duck River Utility Commission	$ 16.50

Allen&Hoshall
since 1915

SECTION 4

2008 TENNESSEE WATER RATES

RANK OF 15,000 GALLON WATER BILL, SORTED ALPHABETICALLY

TENNESSEE WATER RATES — June 30, 2008
RANK OF 15,000 GALLON WATER BILL - SORTED ALPHABETICALLY

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
102	Adamsville, Town of	$ 65.35
225	Alamo, City of	$ 32.50
208	Alcoa, City of	$ 37.50
184	Algood, City of	$ 42.47
108	Alpha-Talbott Utility District	$ 63.10
145	Aqua Utilities Company, Inc.	$ 52.46
104	Ardmore Water System	$ 64.70
50	Arthur-Shewanee Utility District	$ 86.51
80	Ashland City Water & Sewer	$ 74.50
221	Athens Utilities Board	$ 33.25
129	Atoka, Town of	$ 55.50
62	Bangham Utility Water District	$ 81.15
241	Bartlett, City of	$ 19.62
61	Baxter Waterworks	$ 81.40
39	Bedford Co. Utility District	$ 92.88
119	Bell Buckle, Town of	$ 59.37
71	Big Sandy Waterworks	$ 77.46
150	Bloomingdale Utility District	$ 52.00
151	Bolivar, City of	$ 51.88
92	Bradford, Town of	$ 69.43
192	Bristol, City of	$ 40.79
238	Brownsville Utility Department	$ 23.99
168	Byrdstown, Town of	$ 46.08
32	Cagle-Fredonia Water Utility District	$ 98.24
200	Camden Water & Sewer	$ 39.52
84	Carderview Utility District	$ 72.51
96	Cedar Grove Utility District	$ 68.25
139	Celina, City of	$ 54.24
73	Center Grove-Winchester Springs UD	$ 76.74
202	Centerville, Town of	$ 39.23
134	Chapel Hill, Town of	$ 54.90
79	Claiborne Utilities District	$ 74.63
55	Clearfork Utility District	$ 83.16
197	Cleveland Utilities	$ 39.80
188	Clinton Utilities Board	$ 41.77
2	Cold Springs Utility District	$ 157.00
236	Collierville, Town of	$ 25.95
38	Collinwood, City of	$ 93.06
230	Columbia Power & Water System	$ 29.50
28	Cons. Utility District of Rutherford Co.	$ 103.35
194	Cookeville, City of	$ 40.50
57	Copper Basin Board of Public Utility	$ 82.69
1	Cordell Hull Utility District	$ 161.90
167	County-Wide Utility Dist. Of Crockett Co.	$ 47.00
179	Covington, City of	$ 43.38
24	Crab Orchard Utility District	$ 105.70
131	Crossville, City of	$ 55.35
76	Cumberland Gap, Town of	$ 75.75
15	Cumberland Heights Utility District	$ 114.31

TENNESSEE WATER RATES
RANK OF 15,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
35	Cumberland UD (Roane & Morgan Cos.)	$ 96.16
195	Dandridge Water Department	$ 40.44
199	Dayton, City of	$ 39.63
141	Decherd Water System	$ 53.10
64	DeKalb Utility District #1	$ 80.00
3	DeKalb Utility District #4	$ 150.00
21	DeWhite Utility District (White/DeKalb Cos.)	$ 110.55
51	Dover, Town of	$ 86.10
157	Dowelltown Liberty Water	$ 50.18
242	Duck River Utility Commission	$ 16.50
83	Dunlap, City of	$ 72.80
218	Dyer Public Works	$ 33.80
136	Dyersburg, City of	$ 54.78
86	E. Montgomery Utility District	$ 72.00
137	Eastside Utility District (Hamilton Co.)	$ 54.57
175	Elbridge Water Association	$ 44.50
191	Elizabethton, City of	$ 41.10
121	Englewood Water & Gas	$ 58.85
239	Erwin Utilities	$ 21.67
183	Estill Springs, Town of	$ 42.50
147	Etowah Utilities	$ 52.38
27	Fall River Utility District	$ 103.75
114	Fayetteville Public Utilities	$ 60.73
67	First Utility District of Hawkins County	$ 79.31
198	First Utility District of Knox County	$ 39.74
138	First Utility District of Tipton County	$ 54.50
98	Franklin, City of	$ 67.43
49	Friendsville City Water Works	$ 86.55
207	Gallatin Public Utilities	$ 38.10
227	Gallaway, City of	$ 31.20
178	Gatlinburg Utility Department	$ 43.95
109	Gibson Co. Municipal Water District	$ 62.87
12	Gladeville Utility District	$ 118.50
177	Gleason, City of	$ 44.10
193	Grand Junction Water	$ 40.63
46	Grandview Utility District	$ 89.70
210	Graysville, City of	$ 36.73
118	Greenbrier, City of	$ 59.55
128	Halls, Town of	$ 56.40
31	Hallsdale-Powell Utility District	$ 99.39
209	Hampton Utility District	$ 36.95
9	Harbor Utility District	$ 130.50
176	Harpeth Valley Utilities District	$ 44.45
115	Hartsville/Trousdale Water	$ 60.08
26	HB & TS Utility District (Williamson Co.)	$ 104.96
89	Henning, Town of	$ 71.05
237	Hixson Utility District (Hamilton Co.)	$ 24.45
44	Holston Utility District	$ 90.90
97	Hornsby Water District	$ 67.75

TENNESSEE WATER RATES
RANK OF 15,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
219	Humboldt Utilities	$ 33.50
130	Huntingdon, Town of	$ 55.44
187	Huntland Waterworks	$ 41.86
25	Huntsville Utility District	$ 105.63
30	Jackson County Utility District	$ 100.37
206	Jackson Energy Authority	$ 38.23
161	Jellico Water System	$ 48.75
172	Jonesborough, Town of	$ 45.00
166	Kenton, City of	$ 47.78
204	Kingsport, City of	$ 38.59
66	Kingston, City of	$ 79.85
53	Knox Chapman Utility District	$ 84.91
146	Knoxville Utilities Board	$ 52.39
60	La Grange, Town of	$ 81.55
162	Lafayette, City of	$ 48.73
122	Lafolette Utilities	$ 58.50
4	Lakeview Utility District (Hawkins Co.)	$ 143.50
120	Lakewood, City of	$ 59.23
94	Lauderdale Co. Water System	$ 68.50
189	LaVergne, City of	$ 41.50
70	Lenoir City Utilities Board	$ 78.10
154	Leoma Utility District	$ 50.75
160	Lewisburg, City of	$ 49.05
216	Lexington Water Systems	$ 34.41
68	Lincoln Co. Board of Public Utilities	$ 79.07
173	Lobelville, City of	$ 44.86
220	Loudon Utilities Board	$ 33.50
101	Luttrell-Blaine-Corryton Utility District	$ 65.73
42	Lynnville, Town of	$ 91.08
186	Madison Suburban Utility District	$ 42.04
132	Madisonville, City of	$ 55.25
117	Mallory Valley Utility District	$ 60.00
185	Manchester, City of	$ 42.15
235	Marion Natural Gas	$ 27.03
211	Martin, City of	$ 36.56
213	Maryville, City of	$ 35.80
125	Maury City, Town of	$ 57.25
93	Maury County Board of Public Utilities	$ 69.11
153	McKenzie, City of	$ 50.82
240	McLemoresville Water System	$ 20.00
112	McMinnville, City of	$ 61.00
234	Memphis Light Gas & Water	$ 27.79
23	Metro Utility Dept. - Lynchburg	$ 107.45
203	Metro Water Services - Nashville	$ 38.99
126	Michie, City of	$ 57.00
18	Mid Hawkins County Utility District	$ 113.61
228	Middleton, City of	$ 31.20
170	Milan Dept. of Public Utilities	$ 45.62
36	Milcrofton Utility District	$ 93.71

TENNESSEE WATER RATES
RANK OF 15,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
226	Millington, City of	$ 32.00
20	Monteagle Rural Utility District	$ 111.20
155	Monterey, Town of	$ 50.75
233	Morristown Utility Systems	$ 27.90
182	Moscow Water Department	$ 43.00
181	Mount Pleasant, City of	$ 43.20
124	Mountain City, Town of	$ 57.32
37	Mt. Carmel Public Utilities	$ 93.25
232	Munford, City of	$ 28.75
133	Murfreesboro Water & Sewer	$ 54.95
6	New Canton Utility District	$ 133.80
201	New Johnsonville, City of	$ 39.25
29	New Market Utility District	$ 102.19
148	Newbern, City of	$ 52.35
116	Niota Water Department	$ 60.01
88	Nolensville/College Grove UD	$ 71.68
85	Norris Water Commission	$ 72.45
40	North Anderson Co. Utility District	$ 91.60
65	North Stewart Utility District	$ 79.90
19	North Utility District (Decatur & Benton Cos.)	$ 112.00
72	North Utility District (Rhea County)	$ 77.25
105	Northeast Knox Utility District	$ 64.70
152	Northwest Dyersburg Utility District	$ 51.65
41	Northwest Henry Utility District	$ 91.42
190	Obion, Town of	$ 41.29
91	Ocoee Utility District	$ 69.90
87	O'Connor Utility District	$ 71.93
82	Old Gainesboro Road Utility District	$ 73.10
222	Old Hickory Utility District	$ 33.15
113	Oliver Springs Water Department	$ 60.80
159	Oneida Water & Wastewater	$ 49.30
229	Paris Board of Public Utilities	$ 30.08
34	Petersburg Water System	$ 97.08
165	Pigeon Forge Utility	$ 48.10
106	Piperton Water System	$ 64.33
59	Pleasant View Utility District	$ 81.58
58	Poplar Grove Utility District	$ 82.50
127	Portland Utilities	$ 56.53
164	Pulaski, City of	$ 48.26
110	Riceville Utility District	$ 62.64
5	River Road Utility District	$ 142.40
174	Rockwood Water Sewer & Gas	$ 44.56
107	Rogersville Water Department	$ 63.31
74	Rossville, Town of	$ 76.07
149	Russellville-Whitesburg Utility District	$ 52.25
99	Rutledge, Town of	$ 67.30
81	Savannah Valley Utility District	$ 74.50
217	Savannah, City of	$ 34.00
205	Scotts Hill Water Department	$ 38.43

TENNESSEE WATER RATES
RANK OF 15,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
103	Sevierville, City of	$ 64.89
22	Sewanee Utility District	$ 108.96
52	Shady Grove Utility District	$ 85.34
224	Sharon, City of	$ 32.51
143	Shelbyville Power Water & Sewerage	$ 52.75
144	Smithville, City of	$ 52.50
223	Smyrna Utilities	$ 33.14
142	Soddy Daisy Falling Water UD	$ 52.97
54	South Blount Utility District	$ 83.29
16	South Bristol-Weaver Pike Utility Dist.	$ 113.80
90	South Elizabethton Utility	$ 70.25
163	South Fulton, City of	$ 48.40
111	South Paris Water Co-Operative	$ 61.66
56	South Side Utility District #1	$ 83.00
13	South Side Utility District #2	$ 114.75
14	South Side Utility District #3	$ 114.50
215	Sparta Electric & Water System	$ 34.67
214	Spring Hill, City of	$ 35.04
180	Springfield Water & Wastewater Dept.	$ 43.36
8	Striggersville Utility District	$ 131.66
7	Sunbright Utility District	$ 131.67
69	Surgoinsville Utility District	$ 78.50
212	Sweetwater Utilities Board	$ 36.50
11	Sylvia Tenessee City Pond Utility Dist.	$ 127.27
43	Tarpley Shop Utility District	$ 91.00
135	Tellico Area Services System	$ 54.79
95	Tennessee Ridge, City of	$ 68.36
158	Tiptonville, Town of	$ 49.50
196	Trenton Light & Water	$ 39.85
171	Tullahoma Utilities Board	$ 45.40
231	Union City, City of	$ 29.40
78	Vanleer, Town of	$ 75.00
77	Walden's Ridge Utility District	$ 75.72
63	Warren County Utility District	$ 80.83
47	Watertown, City of	$ 88.29
140	Waverly Water System	$ 54.22
100	Waynesboro, City of	$ 65.78
33	Webb Creek Utility District	$ 97.94
10	West Cumberland Utility District	$ 129.15
156	West Knox Utility District	$ 50.68
45	West Warren-Viola Utility District	$ 90.55
48	West Wilson Utility District	$ 87.06
75	White House Utility District	$ 75.88
169	White Pine, Town of	$ 45.77
123	Winchester Utilities	$ 57.43
17	Woodlawn Utility District	$ 113.79

Allen&Hoshall
since 1915

SECTION 5

2008 TENNESSEE WATER RATES

RANK OF 25,000 GALLON WATER BILL, SORTED NUMERICALLY

TENNESSEE WATER RATES
RANK OF 25,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
1	McLemoresville Water System	$ 20.00
2	Duck River Utility Commission	$ 27.50
3	Bartlett, City of	$ 31.02
4	Erwin Utilities	$ 32.47
5	Brownsville Utility Department	$ 33.54
6	Collierville, Town of	$ 39.45
7	Hixson Utility District (Hamilton Co.)	$ 40.75
8	Memphis Light Gas & Water	$ 43.11
9	Morristown Utility Systems	$ 43.40
10	Marion Natural Gas	$ 44.01
11	Columbia Power & Water System	$ 45.00
12	Munford, City of	$ 46.25
13	Paris Board of Public Utilities	$ 46.58
14	Union City, City of	$ 47.40
15	Middleton, City of	$ 47.70
16	Sharon, City of	$ 48.16
17	Gallaway, City of	$ 49.20
18	Sparta Electric & Water System	$ 50.07
19	Loudon Utilities Board	$ 50.50
20	Athens Utilities Board	$ 50.75
21	Dyer Public Works	$ 50.80
22	Millington, City of	$ 52.00
23	Old Hickory Utility District	$ 52.15
24	Alamo, City of	$ 52.50
25	Lexington Water Systems	$ 53.11
26	Smyrna Utilities	$ 53.44
27	Humboldt Utilities	$ 53.50
28	Spring Hill, City of	$ 53.69
29	Savannah, City of	$ 54.00
30	New Johnsonville, City of	$ 55.20
31	Sweetwater Utilities Board	$ 55.40
32	Graysville, City of	$ 56.33
33	Martin, City of	$ 56.56
34	Algood, City of	$ 56.92
35	Maryville, City of	$ 57.30
36	Hampton Utility District	$ 58.45
37	Scotts Hill Water Department	$ 59.43
38	Kingsport, City of	$ 59.49
39	Alcoa, City of	$ 60.50
40	Camden Water & Sewer	$ 60.92
41	Gallatin Public Utilities	$ 62.16
42	Elizabethton, City of	$ 62.50
43	Grand Junction Water	$ 62.63
44	Jackson Energy Authority	$ 62.63
45	Dayton, City of	$ 62.73
46	Huntland Waterworks	$ 62.86
47	Moscow Water Department	$ 63.00
48	Cleveland Utilities	$ 63.73
49	Dandridge Water Department	$ 63.94

Tennessee Water and
Sewer Rate Survey 2008

TENNESSEE WATER RATES
RANK OF 25,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
50	Trenton Light & Water	$ 64.35
51	Gleason, City of	$ 65.10
52	Obion, Town of	$ 65.19
53	Clinton Utilities Board	$ 65.57
54	First Utility District of Knox County	$ 65.64
55	Bristol, City of	$ 65.69
56	Metro Water Services - Nashville	$ 65.86
57	Covington, City of	$ 65.88
58	Centerville, Town of	$ 65.93
59	LaVergne, City of	$ 66.10
60	County-Wide Utility Dist. Of Crockett Co.	$ 67.00
61	Mount Pleasant, City of	$ 67.20
62	Estill Springs, Town of	$ 67.50
63	Jonesborough, Town of	$ 67.50
64	Springfield Water & Wastewater Dept.	$ 67.51
65	Madison Suburban Utility District	$ 68.37
66	Lobelville, City of	$ 68.49
67	Rockwood Water Sewer & Gas	$ 68.75
68	Elbridge Water Association	$ 69.50
69	South Fulton, City of	$ 70.00
70	Manchester, City of	$ 70.25
71	Tullahoma Utilities Board	$ 72.00
72	Waverly Water System	$ 72.72
73	Gatlinburg Utility Department	$ 73.25
74	White Pine, Town of	$ 73.67
75	Pulaski, City of	$ 74.16
76	Harpeth Valley Utilities District	$ 74.45
77	Bolivar, City of	$ 74.68
78	Lafayette, City of	$ 74.73
79	Shelbyville Power Water & Sewerage	$ 74.75
80	Tiptonville, Town of	$ 75.00
81	Milan Dept. of Public Utilities	$ 75.72
82	Kenton, City of	$ 75.78
83	Byrdstown, Town of	$ 76.38
84	Jellico Water System	$ 77.75
85	Monterey, Town of	$ 78.25
86	Oneida Water & Wastewater	$ 78.60
87	Pigeon Forge Utility	$ 78.70
88	Celina, City of	$ 79.44
89	Dowelltown Liberty Water	$ 79.48
90	Lewisburg, City of	$ 79.55
91	McKenzie, City of	$ 79.70
92	Soddy Daisy Falling Water UD	$ 80.07
93	Cookeville, City of	$ 80.50
94	Aqua Utilities Company, Inc.	$ 81.36
95	Chapel Hill, Town of	$ 81.50
96	Northwest Dyersburg Utility District	$ 81.65
97	Bloomingdale Utility District	$ 82.00
98	Maury City, Town of	$ 82.25

TENNESSEE WATER RATES
RANK OF 25,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
99	West Knox Utility District	$ 82.78
100	Newbern, City of	$ 82.85
101	Leoma Utility District	$ 83.25
102	Russellville-Whitesburg Utility District	$ 84.75
103	Eastside Utility District (Hamilton Co.)	$ 85.37
104	Tellico Area Services System	$ 86.39
105	Dyersburg, City of	$ 86.58
106	Decherd Water System	$ 87.10
107	Smithville, City of	$ 87.50
108	Knoxville Utilities Board	$ 87.69
109	Halls, Town of	$ 88.40
110	Huntingdon, Town of	$ 88.84
111	First Utility District of Tipton County	$ 89.50
112	South Paris Water Co-Operative	$ 89.56
113	Madisonville, City of	$ 89.95
114	Etowah Utilities	$ 90.38
115	Atoka, Town of	$ 90.50
116	Lafolette Utilities	$ 90.60
117	Murfreesboro Water & Sewer	$ 91.58
118	Winchester Utilities	$ 91.73
119	Michie, City of	$ 92.00
120	Crossville, City of	$ 92.25
121	Portland Utilities	$ 94.13
122	Bell Buckle, Town of	$ 94.37
123	Rogersville Water Department	$ 94.91
124	Gibson Co. Municipal Water District	$ 94.97
125	Lakewood, City of	$ 95.03
126	Mountain City, Town of	$ 95.82
127	Waynesboro, City of	$ 96.78
128	Greenbrier, City of	$ 97.05
129	Hartsville/Trousdale Water	$ 97.48
130	Riceville Utility District	$ 97.64
131	Fayetteville Public Utilities	$ 98.43
132	McMinnville, City of	$ 99.00
133	Niota Water Department	$ 99.01
134	Mallory Valley Utility District	$ 100.00
135	Alpha-Talbott Utility District	$ 100.60
136	Englewood Water & Gas	$ 100.65
137	Cedar Grove Utility District	$ 100.75
138	Maury County Board of Public Utilities	$ 101.41
139	Oliver Springs Water Department	$ 101.80
140	Piperton Water System	$ 103.43
141	Ardmore Water System	$ 103.70
142	Northeast Knox Utility District	$ 105.70
143	Sevierville, City of	$ 106.39
144	Bradford, Town of	$ 106.93
145	Rutledge, Town of	$ 107.30
146	Luttrell-Blaine-Corryton Utility District	$ 107.73
147	Adamsville, Town of	$ 107.85

TENNESSEE WATER RATES
RANK OF 25,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
148	Carderview Utility District	$ 110.01
149	Hornsby Water District	$ 110.25
150	Tennessee Ridge, City of	$ 110.56
151	Dunlap, City of	$ 111.10
152	E. Montgomery Utility District	$ 111.25
153	O'Connor Utility District	$ 111.43
154	Ocoee Utility District	$ 112.90
155	Henning, Town of	$ 113.05
156	Lauderdale Co. Water System	$ 113.50
157	Vanleer, Town of	$ 115.00
158	Ashland City Water & Sewer	$ 115.50
159	Nolensville/College Grove UD	$ 115.78
160	North Stewart Utility District	$ 116.10
161	South Elizabethton Utility	$ 117.75
162	Claiborne Utilities District	$ 118.63
163	Lincoln Co. Board of Public Utilities	$ 119.57
164	Walden's Ridge Utility District	$ 119.92
165	Old Gainesboro Road Utility District	$ 120.10
166	Savannah Valley Utility District	$ 120.50
167	Norris Water Commission	$ 120.75
168	North Utility District (Rhea County)	$ 120.75
169	Big Sandy Waterworks	$ 121.76
170	White House Utility District	$ 123.38
171	Surgoinsville Utility District	$ 126.00
172	La Grange, Town of	$ 126.25
173	Center Grove-Winchester Springs UD	$ 126.74
174	First Utility District of Hawkins County	$ 127.21
175	Franklin, City of	$ 128.13
176	Clearfork Utility District	$ 128.16
177	Cumberland Gap, Town of	$ 128.25
178	West Wilson Utility District	$ 128.26
179	Lenoir City Utilities Board	$ 128.50
180	Pleasant View Utility District	$ 128.78
181	DeKalb Utility District #1	$ 130.00
182	Warren County Utility District	$ 130.83
183	Kingston, City of	$ 131.55
184	Rossville, Town of	$ 132.47
185	Baxter Waterworks	$ 133.00
186	South Side Utility District #1	$ 133.00
187	Copper Basin Board of Public Utility	$ 133.99
188	Bangham Utility Water District	$ 135.25
189	Shady Grove Utility District	$ 135.34
190	Webb Creek Utility District	$ 135.64
191	South Blount Utility District	$ 138.09
192	Arthur-Shewanee Utility District	$ 138.71
193	Northwest Henry Utility District	$ 139.12
194	Knox Chapman Utility District	$ 140.31
195	Tarpley Shop Utility District	$ 141.00
196	Dover, Town of	$ 141.10

Tennessee Water and
Sewer Rate Survey 2008

TENNESSEE WATER RATES
RANK OF 25,000 GALLON WATER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
197	Poplar Grove Utility District	$ 142.50
198	Friendsville City Water Works	$ 143.25
199	Cumberland UD (Roane & Morgan Cos.)	$ 145.26
200	Watertown, City of	$ 145.39
201	Mt. Carmel Public Utilities	$ 145.75
202	North Anderson Co. Utility District	$ 145.80
203	Grandview Utility District	$ 146.70
204	Holston Utility District	$ 146.90
205	West Warren-Viola Utility District	$ 147.05
206	Lynnville, Town of	$ 148.58
207	Milcrofton Utility District	$ 152.01
208	Collinwood, City of	$ 155.18
209	Bedford Co. Utility District	$ 155.38
210	Cagle-Fredonia Water Utility District	$ 156.84
211	Petersburg Water System	$ 157.58
212	Hallsdale-Powell Utility District	$ 160.69
213	Jackson County Utility District	$ 162.87
214	New Market Utility District	$ 166.19
215	Fall River Utility District	$ 168.75
216	Huntsville Utility District	$ 174.43
217	Metro Utility Dept. - Lynchburg	$ 174.75
218	Monteagle Rural Utility District	$ 175.20
219	Woodlawn Utility District	$ 177.14
220	Cons. Utility District of Rutherford Co.	$ 179.75
221	Crab Orchard Utility District	$ 180.60
222	Sewanee Utility District	$ 180.96
223	North Utility District (Decatur & Benton Cos.)	$ 182.00
224	DeWhite Utility District (White/DeKalb Cos.)	$ 183.55
225	South Side Utility District #3	$ 184.50
226	Mid Hawkins County Utility District	$ 185.31
227	South Bristol-Weaver Pike Utility Dist.	$ 186.80
228	South Side Utility District #2	$ 187.25
229	Gladeville Utility District	$ 187.50
230	Cumberland Heights Utility District	$ 187.71
231	HB & TS Utility District (Williamson Co.)	$ 189.96
232	Harbor Utility District	$ 210.50
233	West Cumberland Utility District	$ 211.25
234	Sylvia Tenessee City Pond Utility Dist.	$ 212.57
235	Striggersville Utility District	$ 216.06
236	Sunbright Utility District	$ 218.07
237	New Canton Utility District	$ 223.00
238	Lakeview Utility District (Hawkins Co.)	$ 231.00
239	River Road Utility District	$ 233.40
240	Cordell Hull Utility District	$ 248.90
241	DeKalb Utility District #4	$ 250.00
242	Cold Springs Utility District	$ 257.00

Allen&Hoshall
since 1915

SECTION 6

2008 TENNESSEE WATER RATES

RANK OF 25,000 GALLON WATER BILL, SORTED ALPHABETICALLY

TENNESSEE WATER RATES
RANK OF 25,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
147	Adamsville, Town of	$ 107.85
24	Alamo, City of	$ 52.50
39	Alcoa, City of	$ 60.50
34	Algood, City of	$ 56.92
135	Alpha-Talbott Utility District	$ 100.60
94	Aqua Utilities Company, Inc.	$ 81.36
141	Ardmore Water System	$ 103.70
192	Arthur-Shewanee Utility District	$ 138.71
158	Ashland City Water & Sewer	$ 115.50
20	Athens Utilities Board	$ 50.75
115	Atoka, Town of	$ 90.50
188	Bangham Utility Water District	$ 135.25
3	Bartlett, City of	$ 31.02
185	Baxter Waterworks	$ 133.00
209	Bedford Co. Utility District	$ 155.38
122	Bell Buckle, Town of	$ 94.37
169	Big Sandy Waterworks	$ 121.76
97	Bloomingdale Utility District	$ 82.00
77	Bolivar, City of	$ 74.68
144	Bradford, Town of	$ 106.93
55	Bristol, City of	$ 65.69
5	Brownsville Utility Department	$ 33.54
83	Byrdstown, Town of	$ 76.38
210	Cagle-Fredonia Water Utility District	$ 156.84
40	Camden Water & Sewer	$ 60.92
148	Carderview Utility District	$ 110.01
137	Cedar Grove Utility District	$ 100.75
88	Celina, City of	$ 79.44
173	Center Grove-Winchester Springs UD	$ 126.74
58	Centerville, Town of	$ 65.93
95	Chapel Hill, Town of	$ 81.50
162	Claiborne Utilities District	$ 118.63
176	Clearfork Utility District	$ 128.16
48	Cleveland Utilities	$ 63.73
53	Clinton Utilities Board	$ 65.57
242	Cold Springs Utility District	$ 257.00
6	Collierville, Town of	$ 39.45
208	Collinwood, City of	$ 155.18
11	Columbia Power & Water System	$ 45.00
220	Cons. Utility District of Rutherford Co.	$ 179.75
93	Cookeville, City of	$ 80.50
187	Copper Basin Board of Public Utility	$ 133.99
240	Cordell Hull Utility District	$ 248.90
60	County-Wide Utility Dist. Of Crockett Co.	$ 67.00
57	Covington, City of	$ 65.88
221	Crab Orchard Utility District	$ 180.60
120	Crossville, City of	$ 92.25
177	Cumberland Gap, Town of	$ 128.25
230	Cumberland Heights Utility District	$ 187.71

TENNESSEE WATER RATES
RANK OF 25,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
199	Cumberland UD (Roane & Morgan Cos.)	$ 145.26
49	Dandridge Water Department	$ 63.94
45	Dayton, City of	$ 62.73
106	Decherd Water System	$ 87.10
181	DeKalb Utility District #1	$ 130.00
241	DeKalb Utility District #4	$ 250.00
224	DeWhite Utility District (White/DeKalb Cos.)	$ 183.55
196	Dover, Town of	$ 141.10
89	Dowelltown Liberty Water	$ 79.48
2	Duck River Utility Commission	$ 27.50
151	Dunlap, City of	$ 111.10
21	Dyer Public Works	$ 50.80
105	Dyersburg, City of	$ 86.58
152	E. Montgomery Utility District	$ 111.25
103	Eastside Utility District (Hamilton Co.)	$ 85.37
68	Elbridge Water Association	$ 69.50
42	Elizabethton, City of	$ 62.50
136	Englewood Water & Gas	$ 100.65
4	Erwin Utilities	$ 32.47
62	Estill Springs, Town of	$ 67.50
114	Etowah Utilities	$ 90.38
215	Fall River Utility District	$ 168.75
131	Fayetteville Public Utilities	$ 98.43
174	First Utility District of Hawkins County	$ 127.21
54	First Utility District of Knox County	$ 65.64
111	First Utility District of Tipton County	$ 89.50
175	Franklin, City of	$ 128.13
198	Friendsville City Water Works	$ 143.25
41	Gallatin Public Utilities	$ 62.16
17	Gallaway, City of	$ 49.20
73	Gatlinburg Utility Department	$ 73.25
124	Gibson Co. Municipal Water District	$ 94.97
229	Gladeville Utility District	$ 187.50
51	Gleason, City of	$ 65.10
43	Grand Junction Water	$ 62.63
203	Grandview Utility District	$ 146.70
32	Graysville, City of	$ 56.33
128	Greenbrier, City of	$ 97.05
109	Halls, Town of	$ 88.40
212	Hallsdale-Powell Utility District	$ 160.69
36	Hampton Utility District	$ 58.45
232	Harbor Utility District	$ 210.50
76	Harpeth Valley Utilities District	$ 74.45
129	Hartsville/Trousdale Water	$ 97.48
231	HB & TS Utility District (Williamson Co.)	$ 189.96
155	Henning, Town of	$ 113.05
7	Hixson Utility District (Hamilton Co.)	$ 40.75
204	Holston Utility District	$ 146.90
149	Hornsby Water District	$ 110.25

TENNESSEE WATER RATES
RANK OF 25,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
27	Humboldt Utilities	$ 53.50
110	Huntingdon, Town of	$ 88.84
46	Huntland Waterworks	$ 62.86
216	Huntsville Utility District	$ 174.43
213	Jackson County Utility District	$ 162.87
44	Jackson Energy Authority	$ 62.63
84	Jellico Water System	$ 77.75
63	Jonesborough, Town of	$ 67.50
82	Kenton, City of	$ 75.78
38	Kingsport, City of	$ 59.49
183	Kingston, City of	$ 131.55
194	Knox Chapman Utility District	$ 140.31
108	Knoxville Utilities Board	$ 87.69
172	La Grange, Town of	$ 126.25
78	Lafayette, City of	$ 74.73
116	Lafolette Utilities	$ 90.60
238	Lakeview Utility District (Hawkins Co.)	$ 231.00
125	Lakewood, City of	$ 95.03
156	Lauderdale Co. Water System	$ 113.50
59	LaVergne, City of	$ 66.10
179	Lenoir City Utilities Board	$ 128.50
101	Leoma Utility District	$ 83.25
90	Lewisburg, City of	$ 79.55
25	Lexington Water Systems	$ 53.11
163	Lincoln Co. Board of Public Utilities	$ 119.57
66	Lobelville, City of	$ 68.49
19	Loudon Utilities Board	$ 50.50
146	Luttrell-Blaine-Corryton Utility District	$ 107.73
206	Lynnville, Town of	$ 148.58
65	Madison Suburban Utility District	$ 68.37
113	Madisonville, City of	$ 89.95
134	Mallory Valley Utility District	$ 100.00
70	Manchester, City of	$ 70.25
10	Marion Natural Gas	$ 44.01
33	Martin, City of	$ 56.56
35	Maryville, City of	$ 57.30
98	Maury City, Town of	$ 82.25
138	Maury County Board of Public Utilities	$ 101.41
91	McKenzie, City of	$ 79.70
1	McLemoresville Water System	$ 20.00
132	McMinnville, City of	$ 99.00
8	Memphis Light Gas & Water	$ 43.11
217	Metro Utility Dept. - Lynchburg	$ 174.75
56	Metro Water Services - Nashville	$ 65.86
119	Michie, City of	$ 92.00
226	Mid Hawkins County Utility District	$ 185.31
15	Middleton, City of	$ 47.70
81	Milan Dept. of Public Utilities	$ 75.72
207	Milcrofton Utility District	$ 152.01

TENNESSEE WATER RATES
RANK OF 25,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
22	Millington, City of	$ 52.00
218	Monteagle Rural Utility District	$ 175.20
85	Monterey, Town of	$ 78.25
9	Morristown Utility Systems	$ 43.40
47	Moscow Water Department	$ 63.00
61	Mount Pleasant, City of	$ 67.20
126	Mountain City, Town of	$ 95.82
201	Mt. Carmel Public Utilities	$ 145.75
12	Munford, City of	$ 46.25
117	Murfreesboro Water & Sewer	$ 91.58
237	New Canton Utility District	$ 223.00
30	New Johnsonville, City of	$ 55.20
214	New Market Utility District	$ 166.19
100	Newbern, City of	$ 82.85
133	Niota Water Department	$ 99.01
159	Nolensville/College Grove UD	$ 115.78
167	Norris Water Commission	$ 120.75
202	North Anderson Co. Utility District	$ 145.80
160	North Stewart Utility District	$ 116.10
223	North Utility District (Decatur & Benton Cos.)	$ 182.00
168	North Utility District (Rhea County)	$ 120.75
142	Northeast Knox Utility District	$ 105.70
96	Northwest Dyersburg Utility District	$ 81.65
193	Northwest Henry Utility District	$ 139.12
52	Obion, Town of	$ 65.19
154	Ocoee Utility District	$ 112.90
153	O'Connor Utility District	$ 111.43
165	Old Gainesboro Road Utility District	$ 120.10
23	Old Hickory Utility District	$ 52.15
139	Oliver Springs Water Department	$ 101.80
86	Oneida Water & Wastewater	$ 78.60
13	Paris Board of Public Utilities	$ 46.58
211	Petersburg Water System	$ 157.58
87	Pigeon Forge Utility	$ 78.70
140	Piperton Water System	$ 103.43
180	Pleasant View Utility District	$ 128.78
197	Poplar Grove Utility District	$ 142.50
121	Portland Utilities	$ 94.13
75	Pulaski, City of	$ 74.16
130	Riceville Utility District	$ 97.64
239	River Road Utility District	$ 233.40
67	Rockwood Water Sewer & Gas	$ 68.75
123	Rogersville Water Department	$ 94.91
184	Rossville, Town of	$ 132.47
102	Russellville-Whitesburg Utility District	$ 84.75
145	Rutledge, Town of	$ 107.30
166	Savannah Valley Utility District	$ 120.50
29	Savannah, City of	$ 54.00
37	Scotts Hill Water Department	$ 59.43

TENNESSEE WATER RATES
RANK OF 25,000 GALLON WATER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
143	Sevierville, City of	$ 106.39
222	Sewanee Utility District	$ 180.96
189	Shady Grove Utility District	$ 135.34
16	Sharon, City of	$ 48.16
79	Shelbyville Power Water & Sewerage	$ 74.75
107	Smithville, City of	$ 87.50
26	Smyrna Utilities	$ 53.44
92	Soddy Daisy Falling Water UD	$ 80.07
191	South Blount Utility District	$ 138.09
227	South Bristol-Weaver Pike Utility Dist.	$ 186.80
161	South Elizabethton Utility	$ 117.75
69	South Fulton, City of	$ 70.00
112	South Paris Water Co-Operative	$ 89.56
186	South Side Utility District #1	$ 133.00
228	South Side Utility District #2	$ 187.25
225	South Side Utility District #3	$ 184.50
18	Sparta Electric & Water System	$ 50.07
28	Spring Hill, City of	$ 53.69
64	Springfield Water & Wastewater Dept.	$ 67.51
235	Striggersville Utility District	$ 216.06
236	Sunbright Utility District	$ 218.07
171	Surgoinsville Utility District	$ 126.00
31	Sweetwater Utilities Board	$ 55.40
234	Sylvia Tenessee City Pond Utility Dist.	$ 212.57
195	Tarpley Shop Utility District	$ 141.00
104	Tellico Area Services System	$ 86.39
150	Tennessee Ridge, City of	$ 110.56
80	Tiptonville, Town of	$ 75.00
50	Trenton Light & Water	$ 64.35
71	Tullahoma Utilities Board	$ 72.00
14	Union City, City of	$ 47.40
157	Vanleer, Town of	$ 115.00
164	Walden's Ridge Utility District	$ 119.92
182	Warren County Utility District	$ 130.83
200	Watertown, City of	$ 145.39
72	Waverly Water System	$ 72.72
127	Waynesboro, City of	$ 96.78
190	Webb Creek Utility District	$ 135.64
233	West Cumberland Utility District	$ 211.25
99	West Knox Utility District	$ 82.78
205	West Warren-Viola Utility District	$ 147.05
178	West Wilson Utility District	$ 128.26
170	White House Utility District	$ 123.38
74	White Pine, Town of	$ 73.67
118	Winchester Utilities	$ 91.73
219	Woodlawn Utility District	$ 177.14

Allen&Hoshall
since 1915

SECTION 7

2008 TENNESSEE SEWER RATES

RANK OF 5,000 GALLON SEWER BILL, SORTED NUMERICALLY

TENNESSEE SEWER RATES
RANK OF 5,000 GALLON SEWER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
1	Bartlett, City of	$ 7.67
2	Rossville, Town of	$ 9.00
3	Kenton, City of	$ 10.74
4	Brownsville Utility Department	$ 10.94
5	Gleason, City of	$ 11.55
6	Rogersville Water Department	$ 11.62
7	Gallaway, City of	$ 12.00
8	Millington, City of	$ 12.00
9	Old Hickory Utility District	$ 12.23
10	Union City, City of	$ 13.65
11	Centerville, Town of	$ 13.78
12	Gallatin Public Utilities	$ 14.03
13	Spring Hill Water Works	$ 14.34
14	Smyrna Utilities	$ 14.79
15	Adamsville, Town of	$ 14.85
16	Sweetwater Utilities Board	$ 15.51
17	Erwin Utilities	$ 15.70
18	Norris Water Commission	$ 16.02
19	Camden Water & Sewer	$ 16.14
20	Mountain City, Town of	$ 16.30
21	Paris Board of Public Utilities	$ 16.55
22	Dyer Public Works	$ 16.80
23	Tiptonville, Town of	$ 16.85
24	Savannah, City of	$ 16.90
25	Bristol, City of	$ 17.00
26	Arlington, Town of	$ 17.03
27	Copper Basin Board of Public Utility	$ 17.06
28	Humboldt Utilities	$ 17.25
29	Obion, Town of	$ 17.39
30	Atoka, Town of	$ 17.50
31	Loudon Utilities Board	$ 17.50
32	Collegedale, City of	$ 17.63
33	Manchester, City of	$ 17.64
34	Huntingdon, Town of	$ 17.71
35	Milan Dept. of Public Utilities	$ 17.71
36	Knox Chapman Utility District	$ 18.30
37	Sharon, City of	$ 18.30
38	Maryville, City of	$ 18.60
39	Grand Junction Water	$ 18.63
40	White Pine, Town of	$ 18.87
41	Lobelville, City of	$ 18.91
42	Lakewood, City of	$ 19.21
43	Ardmore Water System	$ 19.70
44	Smithville, City of	$ 19.87
45	Jackson Energy Authority	$ 19.89
46	Decherd, City of	$ 20.15
47	Celina, City of	$ 20.19
48	Walden's Ridge Utility District	$ 20.20
49	Dandridge Water Department	$ 20.35

Tennessee Water and
Sewer Rate Survey 2008

TENNESSEE SEWER RATES
RANK OF 5,000 GALLON SEWER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
50	Franklin, City of	$ 20.49
51	Cookeville, City of	$ 20.50
52	Madisonville, City of	$ 20.55
53	Elizabethton, City of	$ 20.67
54	LaVergne, City of	$ 20.85
55	First Utility District of Knox County	$ 20.90
56	Winchester Utilities	$ 20.93
57	Trenton Light & Water	$ 20.96
58	Morristown Utility Systems	$ 21.00
59	Dyersburg, City of	$ 21.12
60	Halls, Town of	$ 21.70
61	Savannah Valley Utility District	$ 21.75
62	Soddy Daisy Falling Water UD	$ 21.75
63	Sparta Electric & Water System	$ 22.00
64	Gatlinburg Utility Department	$ 22.05
65	Church Hill, City of	$ 22.21
66	Lexington Water Systems	$ 22.25
67	Covington, City of	$ 22.30
68	Crossville, City of	$ 22.50
69	Jonesborough, Town of	$ 22.50
70	Clinton Utilities Board	$ 23.00
71	Moscow Water Department	$ 23.00
72	Murfreesboro Water & Sewer	$ 23.02
73	McMinnville, City of	$ 23.20
74	Alcoa, City of	$ 23.50
75	Aqua Utilities Company, Inc.	$ 23.56
76	Newbern, City of	$ 23.65
77	Madison Suburban Utility District	$ 23.66
78	Metro Water Services - Nashville	$ 23.66
79	McKenzie, City of	$ 23.72
80	Englewood Water & Gas	$ 23.87
81	Bradford, Town of	$ 24.07
82	Greenbrier, City of	$ 24.10
83	Harpeth Valley Utilities District	$ 24.15
84	Bell Buckle, Town of	$ 24.37
85	Cleveland Utilities	$ 24.60
86	Tennessee Ridge, City of	$ 24.93
87	Dayton, City of	$ 25.35
88	Waverly Water System	$ 25.48
89	Waynesboro, City of	$ 25.61
90	Bolivar, City of	$ 25.74
91	Martin, City of	$ 25.82
92	West Knox Utility District	$ 25.87
93	Dunlap, City of	$ 26.25
94	Fayetteville Public Utilities	$ 26.61
95	Big Sandy Waterworks	$ 27.00
96	Jellico Water System	$ 27.00
97	Munford, City of	$ 27.20
98	Lafayette, City of	$ 27.72

Tennessee Water and
Sewer Rate Survey 2008

TENNESSEE SEWER RATES
RANK OF 5,000 GALLON SEWER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
99	Cold Springs Utility District	$ 27.88
100	Cumberland Gap, Town of	$ 28.00
101	Henning, Town of	$ 28.00
102	Claiborne Utilities District	$ 28.09
103	Tullahoma Utilities Board	$ 28.15
104	Portland, City of	$ 28.19
105	Baxter Waterworks	$ 28.23
106	Sevierville, City of	$ 28.47
107	Millersville, City of	$ 28.83
108	Ashland City Water & Sewer	$ 28.85
109	Collierville, Town of	$ 28.90
110	Byrdstown, Town of	$ 28.92
111	Maury City, Town of	$ 29.25
112	Lewisburg, City of	$ 29.35
113	Pulaski, City of	$ 29.60
114	Shelbyville Power Water & Sewerage	$ 29.65
115	Etowah Utilities	$ 29.94
116	Oneida Water & Wastewater	$ 30.00
117	Chapel Hill, Town of	$ 30.04
118	Tellico Area Services System	$ 30.10
119	Metro Utility Dept. - Lynchburg	$ 31.96
120	Ocoee Utility District	$ 32.00
121	Rutledge, Town of	$ 32.60
122	Kingsport, City of	$ 33.15
123	Oliver Springs Water Department	$ 33.75
124	Springfield Water & Wastewater Dept.	$ 34.14
125	South Fulton, City of	$ 34.15
126	Pleasant View Utility District	$ 34.38
127	Collinwood, City of	$ 35.00
128	Pigeon Forge Utility	$ 35.00
129	Watertown, City of	$ 35.24
130	Kingston, City of	$ 35.47
131	Lenoir City Utilities Board	$ 36.85
132	Monteagle Rural Utility District	$ 36.85
133	Lafolette Utilities	$ 37.70
134	Sunbright Utility District	$ 38.45
135	Harbor Utility District	$ 39.25
136	Hallsdale Powell Utility District	$ 39.55
137	White House Utility District	$ 40.22
138	Huntsville Utility District	$ 41.45
139	Dover, Town of	$ 43.54
140	West Warren-Viola Utility District	$ 45.97
141	Knoxville Utilities Board	$ 46.70
142	Sewanee Utility District	$ 47.45
143	Mount Pleasant, City of	$ 48.05
144	Webb Creek Utility District	$ 50.80
145	Piperton Water System	$ 75.84

Allen&Hoshall
since 1915

SECTION 8

2008 TENNESSEE SEWER RATES

RANK OF 5,000 GALLON SEWER BILL, SORTED ALPHABETICALLY

TENNESSEE SEWER RATES
RANK OF 5,000 GALLON SEWER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
15	Adamsville, Town of	$ 14.85
74	Alcoa, City of	$ 23.50
75	Aqua Utilities Company, Inc.	$ 23.56
43	Ardmore Water System	$ 19.70
26	Arlington, Town of	$ 17.03
108	Ashland City Water & Sewer	$ 28.85
30	Atoka, Town of	$ 17.50
1	Bartlett, City of	$ 7.67
105	Baxter Waterworks	$ 28.23
84	Bell Buckle, Town of	$ 24.37
95	Big Sandy Waterworks	$ 27.00
90	Bolivar, City of	$ 25.74
81	Bradford, Town of	$ 24.07
25	Bristol, City of	$ 17.00
4	Brownsville Utility Department	$ 10.94
110	Byrdstown, Town of	$ 28.92
19	Camden Water & Sewer	$ 16.14
47	Celina, City of	$ 20.19
11	Centerville, Town of	$ 13.78
117	Chapel Hill, Town of	$ 30.04
65	Church Hill, City of	$ 22.21
102	Claiborne Utilities District	$ 28.09
85	Cleveland Utilities	$ 24.60
70	Clinton Utilities Board	$ 23.00
99	Cold Springs Utility District	$ 27.88
32	Collegedale, City of	$ 17.63
109	Collierville, Town of	$ 28.90
127	Collinwood, City of	$ 35.00
51	Cookeville, City of	$ 20.50
27	Copper Basin Board of Public Utility	$ 17.06
67	Covington, City of	$ 22.30
68	Crossville, City of	$ 22.50
100	Cumberland Gap, Town of	$ 28.00
49	Dandridge Water Department	$ 20.35
87	Dayton, City of	$ 25.35
46	Decherd, City of	$ 20.15
139	Dover, Town of	$ 43.54
93	Dunlap, City of	$ 26.25
22	Dyer Public Works	$ 16.80
59	Dyersburg, City of	$ 21.12
53	Elizabethton, City of	$ 20.67
80	Englewood Water & Gas	$ 23.87
17	Erwin Utilities	$ 15.70
115	Etowah Utilities	$ 29.94
94	Fayetteville Public Utilities	$ 26.61
55	First Utility District of Knox County	$ 20.90
50	Franklin, City of	$ 20.49
12	Gallatin Public Utilities	$ 14.03
7	Gallaway, City of	$ 12.00

TENNESSEE SEWER RATES

June 30, 2008

RANK OF 5,000 GALLON SEWER BILL - SORTED ALPHABETICALLY

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
64	Gatlinburg Utility Department	$ 22.05
5	Gleason, City of	$ 11.55
39	Grand Junction Water	$ 18.63
82	Greenbrier, City of	$ 24.10
60	Halls, Town of	$ 21.70
136	Hallsdale Powell Utility District	$ 39.55
135	Harbor Utility District	$ 39.25
83	Harpeth Valley Utilities District	$ 24.15
101	Henning, Town of	$ 28.00
28	Humboldt Utilities	$ 17.25
34	Huntingdon, Town of	$ 17.71
138	Huntsville Utility District	$ 41.45
45	Jackson Energy Authority	$ 19.89
96	Jellico Water System	$ 27.00
69	Jonesborough, Town of	$ 22.50
3	Kenton, City of	$ 10.74
122	Kingsport, City of	$ 33.15
130	Kingston, City of	$ 35.47
36	Knox Chapman Utility District	$ 18.30
141	Knoxville Utilities Board	$ 46.70
98	Lafayette, City of	$ 27.72
133	Lafolette Utilities	$ 37.70
42	Lakewood, City of	$ 19.21
54	LaVergne, City of	$ 20.85
131	Lenoir City Utilities Board	$ 36.85
112	Lewisburg, City of	$ 29.35
66	Lexington Water Systems	$ 22.25
41	Lobelville, City of	$ 18.91
31	Loudon Utilities Board	$ 17.50
77	Madison Suburban Utility District	$ 23.66
52	Madisonville, City of	$ 20.55
33	Manchester, City of	$ 17.64
91	Martin, City of	$ 25.82
38	Maryville, City of	$ 18.60
111	Maury City, Town of	$ 29.25
79	McKenzie, City of	$ 23.72
73	McMinnville, City of	$ 23.20
119	Metro Utility Dept. - Lynchburg	$ 31.96
78	Metro Water Services - Nashville	$ 23.66
35	Milan Dept. of Public Utilities	$ 17.71
107	Millersville, City of	$ 28.83
8	Millington, City of	$ 12.00
132	Monteagle Rural Utility District	$ 36.85
58	Morristown Utility Systems	$ 21.00
71	Moscow Water Department	$ 23.00
143	Mount Pleasant, City of	$ 48.05
20	Mountain City, Town of	$ 16.30
97	Munford, City of	$ 27.20
72	Murfreesboro Water & Sewer	$ 23.02

TENNESSEE SEWER RATES

June 30, 2008

RANK OF 5,000 GALLON SEWER BILL - SORTED ALPHABETICALLY

RANK	UTILITY COMPANY	5,000 GAL BILL FOR
76	Newbern, City of	$ 23.65
18	Norris Water Commission	$ 16.02
29	Obion, Town of	$ 17.39
120	Ocoee Utility District	$ 32.00
9	Old Hickory Utility District	$ 12.23
123	Oliver Springs Water Department	$ 33.75
116	Oneida Water & Wastewater	$ 30.00
21	Paris Board of Public Utilities	$ 16.55
128	Pigeon Forge Utility	$ 35.00
145	Piperton Water System	$ 75.84
126	Pleasant View Utility District	$ 34.38
104	Portland, City of	$ 28.19
113	Pulaski, City of	$ 29.60
6	Rogersville Water Department	$ 11.62
2	Rossville, Town of	$ 9.00
121	Rutledge, Town of	$ 32.60
61	Savannah Valley Utility District	$ 21.75
24	Savannah, City of	$ 16.90
106	Sevierville, City of	$ 28.47
142	Sewanee Utility District	$ 47.45
37	Sharon, City of	$ 18.30
114	Shelbyville Power Water & Sewerage	$ 29.65
44	Smithville, City of	$ 19.87
14	Smyrna Utilities	$ 14.79
62	Soddy Daisy Falling Water UD	$ 21.75
125	South Fulton, City of	$ 34.15
63	Sparta Electric & Water System	$ 22.00
13	Spring Hill Water Works	$ 14.34
124	Springfield Water & Wastewater Dept.	$ 34.14
134	Sunbright Utility District	$ 38.45
16	Sweetwater Utilities Board	$ 15.51
118	Tellico Area Services System	$ 30.10
86	Tennessee Ridge, City of	$ 24.93
23	Tiptonville, Town of	$ 16.85
57	Trenton Light & Water	$ 20.96
103	Tullahoma Utilities Board	$ 28.15
10	Union City, City of	$ 13.65
48	Walden's Ridge Utility District	$ 20.20
129	Watertown, City of	$ 35.24
88	Waverly Water System	$ 25.48
89	Waynesboro, City of	$ 25.61
144	Webb Creek Utility District	$ 50.80
92	West Knox Utility District	$ 25.87
140	West Warren-Viola Utility District	$ 45.97
137	White House Utility District	$ 40.22
40	White Pine, Town of	$ 18.87
56	Winchester Utilities	$ 20.93

Allen&Hoshall
since 1915

SECTION 9

2008 TENNESSEE SEWER RATES

RANK OF 15,000 GALLON SEWER BILL, SORTED NUMERICALLY

TENNESSEE SEWER RATES
RANK OF 15,000 GALLON SEWER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
1	Rossville, Town of	$ 9.44
2	Bartlett, City of	$ 19.00
3	Gleason, City of	$ 22.05
4	Kenton, City of	$ 24.04
5	Old Hickory Utility District	$ 25.73
6	Brownsville Utility Department	$ 27.04
7	Elizabethton, City of	$ 29.63
8	Union City, City of	$ 29.65
9	Millington, City of	$ 32.00
10	Ocoee Utility District	$ 32.00
11	Rogersville Water Department	$ 32.32
12	Dyer Public Works	$ 33.80
13	Smyrna Utilities	$ 33.99
14	Waverly Water System	$ 34.13
15	Tiptonville, Town of	$ 34.85
16	Spring Hill Water Works	$ 35.04
17	Sweetwater Utilities Board	$ 35.11
18	Sharon, City of	$ 35.70
19	Loudon Utilities Board	$ 36.50
20	Gallaway, City of	$ 37.00
21	Gallatin Public Utilities	$ 38.10
22	Paris Board of Public Utilities	$ 38.25
23	Camden Water & Sewer	$ 39.52
24	Erwin Utilities	$ 40.30
25	Grand Junction Water	$ 40.63
26	Ardmore Water System	$ 40.70
27	Arlington, Town of	$ 41.10
28	Obion, Town of	$ 41.29
29	Adamsville, Town of	$ 42.47
30	Moscow Water Department	$ 43.00
31	Centerville, Town of	$ 43.15
32	Huntingdon, Town of	$ 43.41
33	Humboldt Utilities	$ 44.75
34	Lobelville, City of	$ 44.86
35	Jonesborough, Town of	$ 45.00
36	Sparta Electric & Water System	$ 45.08
37	White Pine, Town of	$ 46.77
38	First Utility District of Knox County	$ 47.40
39	Maryville, City of	$ 47.90
40	Milan Dept. of Public Utilities	$ 48.62
41	Copper Basin Board of Public Utility	$ 49.76
42	Mountain City, Town of	$ 49.80
43	Cookeville, City of	$ 50.50
44	Halls, Town of	$ 50.70
45	Savannah, City of	$ 50.70
46	Bristol, City of	$ 51.00
47	LaVergne, City of	$ 51.25
48	Celina, City of	$ 51.79
49	Smithville, City of	$ 52.37

Tennessee Water and
Sewer Rate Survey 2008

TENNESSEE SEWER RATES
RANK OF 15,000 GALLON SEWER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
50	Aqua Utilities Company, Inc.	$ 52.46
51	Atoka, Town of	$ 52.50
52	Dandridge Water Department	$ 52.65
53	Manchester, City of	$ 53.04
54	Tennessee Ridge, City of	$ 53.43
55	Franklin, City of	$ 54.09
56	Jackson Energy Authority	$ 54.19
57	Lexington Water Systems	$ 54.75
58	Knox Chapman Utility District	$ 54.80
59	Bolivar, City of	$ 55.24
60	Madisonville, City of	$ 55.25
61	Covington, City of	$ 55.40
62	Dyersburg, City of	$ 55.52
63	West Knox Utility District	$ 56.59
64	Lakewood, City of	$ 56.81
65	Maury City, Town of	$ 57.25
66	Winchester Utilities	$ 57.43
67	Trenton Light & Water	$ 57.66
68	Collegedale, City of	$ 57.74
69	Collierville, Town of	$ 57.90
70	Church Hill, City of	$ 58.01
71	Alcoa, City of	$ 58.50
72	Bell Buckle, Town of	$ 59.37
73	Collinwood, City of	$ 60.00
74	Decherd, City of	$ 60.45
75	Walden's Ridge Utility District	$ 60.60
76	Bradford, Town of	$ 61.57
77	Martin, City of	$ 61.90
78	Waynesboro, City of	$ 62.41
79	Morristown Utility Systems	$ 63.00
80	Norris Water Commission	$ 63.17
81	Cleveland Utilities	$ 63.77
82	Clinton Utilities Board	$ 65.05
83	Savannah Valley Utility District	$ 65.25
84	Soddy Daisy Falling Water UD	$ 65.25
85	Dayton, City of	$ 65.85
86	Gatlinburg Utility Department	$ 66.15
87	Ashland City Water & Sewer	$ 66.25
88	Claiborne Utilities District	$ 66.69
89	McMinnville, City of	$ 66.70
90	Munford, City of	$ 66.80
91	Crossville, City of	$ 67.50
92	Chapel Hill, Town of	$ 68.94
93	Murfreesboro Water & Sewer	$ 69.05
94	South Fulton, City of	$ 69.75
95	Tullahoma Utilities Board	$ 70.45
96	Big Sandy Waterworks	$ 70.95
97	Newbern, City of	$ 70.95
98	Henning, Town of	$ 71.05

TENNESSEE SEWER RATES
RANK OF 15,000 GALLON SEWER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
99	Fayetteville Public Utilities	$ 72.73
100	Etowah Utilities	$ 72.74
101	Lafayette, City of	$ 73.10
102	McKenzie, City of	$ 73.10
103	Pulaski, City of	$ 73.60
104	Madison Suburban Utility District	$ 73.93
105	Metro Water Services - Nashville	$ 73.93
106	Shelbyville Power Water & Sewerage	$ 76.90
107	Tellico Area Services System	$ 77.10
108	Webb Creek Utility District	$ 77.10
109	Dunlap, City of	$ 78.75
110	Jellico Water System	$ 80.00
111	Hallsdale Powell Utility District	$ 80.64
112	Sevierville, City of	$ 81.17
113	Pleasant View Utility District	$ 81.58
114	Baxter Waterworks	$ 81.83
115	Englewood Water & Gas	$ 82.39
116	White House Utility District	$ 82.62
117	Millersville, City of	$ 82.63
118	Lewisburg, City of	$ 83.85
119	Rutledge, Town of	$ 84.02
120	Mount Pleasant, City of	$ 84.05
121	Byrdstown, Town of	$ 84.12
122	Portland, City of	$ 84.89
123	Harpeth Valley Utilities District	$ 85.05
124	Cold Springs Utility District	$ 85.38
125	Watertown, City of	$ 88.29
126	Greenbrier, City of	$ 88.60
127	Sunbright Utility District	$ 89.95
128	Oneida Water & Wastewater	$ 90.00
129	Cumberland Gap, Town of	$ 93.00
130	Lafolette Utilities	$ 93.45
131	Springfield Water & Wastewater Dept.	$ 93.74
132	Metro Utility Dept. - Lynchburg	$ 95.86
133	Pigeon Forge Utility	$ 96.20
134	Oliver Springs Water Department	$ 96.25
135	Kingsport, City of	$ 99.45
136	Lenoir City Utilities Board	$ 103.95
137	Kingston, City of	$ 105.47
138	Monteagle Rural Utility District	$ 108.05
139	Harbor Utility District	$ 119.25
140	Dover, Town of	$ 120.54
141	West Warren-Viola Utility District	$ 122.24
142	Huntsville Utility District	$ 124.35
143	Sewanee Utility District	$ 129.05
144	Knoxville Utilities Board	$ 131.51
145	Piperton Water System	$ 189.60

Allen&Hoshall
since 1915

SECTION 10

2008 TENNESSEE SEWER RATES

RANK OF 15,000 GALLON SEWER BILL, SORTED ALPHABETICALLY

TENNESSEE SEWER RATES
RANK OF 15,000 GALLON SEWER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
29	Adamsville, Town of	$ 42.47
71	Alcoa, City of	$ 58.50
50	Aqua Utilities Company, Inc.	$ 52.46
26	Ardmore Water System	$ 40.70
27	Arlington, Town of	$ 41.10
87	Ashland City Water & Sewer	$ 66.25
51	Atoka, Town of	$ 52.50
2	Bartlett, City of	$ 19.00
114	Baxter Waterworks	$ 81.83
72	Bell Buckle, Town of	$ 59.37
96	Big Sandy Waterworks	$ 70.95
59	Bolivar, City of	$ 55.24
76	Bradford, Town of	$ 61.57
46	Bristol, City of	$ 51.00
6	Brownsville Utility Department	$ 27.04
121	Byrdstown, Town of	$ 84.12
23	Camden Water & Sewer	$ 39.52
48	Celina, City of	$ 51.79
31	Centerville, Town of	$ 43.15
92	Chapel Hill, Town of	$ 68.94
70	Church Hill, City of	$ 58.01
88	Claiborne Utilities District	$ 66.69
81	Cleveland Utilities	$ 63.77
82	Clinton Utilities Board	$ 65.05
124	Cold Springs Utility District	$ 85.38
68	Collegedale, City of	$ 57.74
69	Collierville, Town of	$ 57.90
73	Collinwood, City of	$ 60.00
43	Cookeville, City of	$ 50.50
41	Copper Basin Board of Public Utility	$ 49.76
61	Covington, City of	$ 55.40
91	Crossville, City of	$ 67.50
129	Cumberland Gap, Town of	$ 93.00
52	Dandridge Water Department	$ 52.65
85	Dayton, City of	$ 65.85
74	Decherd, City of	$ 60.45
140	Dover, Town of	$ 120.54
109	Dunlap, City of	$ 78.75
12	Dyer Public Works	$ 33.80
62	Dyersburg, City of	$ 55.52
7	Elizabethton, City of	$ 29.63
115	Englewood Water & Gas	$ 82.39
24	Erwin Utilities	$ 40.30
100	Etowah Utilities	$ 72.74
99	Fayetteville Public Utilities	$ 72.73
38	First Utility District of Knox County	$ 47.40
55	Franklin, City of	$ 54.09
21	Gallatin Public Utilities	$ 38.10
20	Gallaway, City of	$ 37.00

Tennessee Water and
Sewer Rate Survey 2008

TENNESSEE SEWER RATES
RANK OF 15,000 GALLON SEWER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
86	Gatlinburg Utility Department	$ 66.15
3	Gleason, City of	$ 22.05
25	Grand Junction Water	$ 40.63
126	Greenbrier, City of	$ 88.60
44	Halls, Town of	$ 50.70
111	Hallsdale Powell Utility District	$ 80.64
139	Harbor Utility District	$ 119.25
123	Harpeth Valley Utilities District	$ 85.05
98	Henning, Town of	$ 71.05
33	Humboldt Utilities	$ 44.75
32	Huntingdon, Town of	$ 43.41
142	Huntsville Utility District	$ 124.35
56	Jackson Energy Authority	$ 54.19
110	Jellico Water System	$ 80.00
35	Jonesborough, Town of	$ 45.00
4	Kenton, City of	$ 24.04
135	Kingsport, City of	$ 99.45
137	Kingston, City of	$ 105.47
58	Knox Chapman Utility District	$ 54.80
144	Knoxville Utilities Board	$ 131.51
101	Lafayette, City of	$ 73.10
130	Lafolette Utilities	$ 93.45
64	Lakewood, City of	$ 56.81
47	LaVergne, City of	$ 51.25
136	Lenoir City Utilities Board	$ 103.95
118	Lewisburg, City of	$ 83.85
57	Lexington Water Systems	$ 54.75
34	Lobelville, City of	$ 44.86
19	Loudon Utilities Board	$ 36.50
104	Madison Suburban Utility District	$ 73.93
60	Madisonville, City of	$ 55.25
53	Manchester, City of	$ 53.04
77	Martin, City of	$ 61.90
39	Maryville, City of	$ 47.90
65	Maury City, Town of	$ 57.25
102	McKenzie, City of	$ 73.10
89	McMinnville, City of	$ 66.70
132	Metro Utility Dept. - Lynchburg	$ 95.86
105	Metro Water Services - Nashville	$ 73.93
40	Milan Dept. of Public Utilities	$ 48.62
117	Millersville, City of	$ 82.63
9	Millington, City of	$ 32.00
138	Monteagle Rural Utility District	$ 108.05
79	Morristown Utility Systems	$ 63.00
30	Moscow Water Department	$ 43.00
120	Mount Pleasant, City of	$ 84.05
42	Mountain City, Town of	$ 49.80
90	Munford, City of	$ 66.80
93	Murfreesboro Water & Sewer	$ 69.05

TENNESSEE SEWER RATES
RANK OF 15,000 GALLON SEWER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	15,000 GAL BILL FOR
97	Newbern, City of	$ 70.95
80	Norris Water Commission	$ 63.17
28	Obion, Town of	$ 41.29
10	Ocoee Utility District	$ 32.00
5	Old Hickory Utility District	$ 25.73
134	Oliver Springs Water Department	$ 96.25
128	Oneida Water & Wastewater	$ 90.00
22	Paris Board of Public Utilities	$ 38.25
133	Pigeon Forge Utility	$ 96.20
145	Piperton Water System	$ 189.60
113	Pleasant View Utility District	$ 81.58
122	Portland, City of	$ 84.89
103	Pulaski, City of	$ 73.60
11	Rogersville Water Department	$ 32.32
1	Rossville, Town of	$ 9.44
119	Rutledge, Town of	$ 84.02
83	Savannah Valley Utility District	$ 65.25
45	Savannah, City of	$ 50.70
112	Sevierville, City of	$ 81.17
143	Sewanee Utility District	$ 129.05
18	Sharon, City of	$ 35.70
106	Shelbyville Power Water & Sewerage	$ 76.90
49	Smithville, City of	$ 52.37
13	Smyrna Utilities	$ 33.99
84	Soddy Daisy Falling Water UD	$ 65.25
94	South Fulton, City of	$ 69.75
36	Sparta Electric & Water System	$ 45.08
16	Spring Hill Water Works	$ 35.04
131	Springfield Water & Wastewater Dept.	$ 93.74
127	Sunbright Utility District	$ 89.95
17	Sweetwater Utilities Board	$ 35.11
107	Tellico Area Services System	$ 77.10
54	Tennessee Ridge, City of	$ 53.43
15	Tiptonville, Town of	$ 34.85
67	Trenton Light & Water	$ 57.66
95	Tullahoma Utilities Board	$ 70.45
8	Union City, City of	$ 29.65
75	Walden's Ridge Utility District	$ 60.60
125	Watertown, City of	$ 88.29
14	Waverly Water System	$ 34.13
78	Waynesboro, City of	$ 62.41
108	Webb Creek Utility District	$ 77.10
63	West Knox Utility District	$ 56.59
141	West Warren-Viola Utility District	$ 122.24
116	White House Utility District	$ 82.62
37	White Pine, Town of	$ 46.77
66	Winchester Utilities	$ 57.43

Allen&Hoshall
since 1915

SECTION 11

2008 TENNESSEE SEWER RATES

RANK OF 25,000 GALLON SEWER BILL, SORTED NUMERICALLY

TENNESSEE SEWER RATES
RANK OF 25,000 GALLON SEWER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
1	Rossville, Town of	$ 12.04
2	Elizabethton, City of	$ 29.63
3	Bartlett, City of	$ 30.33
4	Ocoee Utility District	$ 32.00
5	Gleason, City of	$ 32.55
6	Kenton, City of	$ 37.34
7	Old Hickory Utility District	$ 39.23
8	Waverly Water System	$ 42.33
9	Brownsville Utility Department	$ 43.14
10	Union City, City of	$ 45.65
11	Dyer Public Works	$ 50.80
12	Millington, City of	$ 52.00
13	Sweetwater Utilities Board	$ 52.51
14	Tiptonville, Town of	$ 52.85
15	Rogersville Water Department	$ 53.02
16	Sharon, City of	$ 53.10
17	Smyrna Utilities	$ 53.19
18	Spring Hill Water Works	$ 53.69
19	Loudon Utilities Board	$ 55.50
20	West Knox Utility District	$ 56.59
21	Paris Board of Public Utilities	$ 59.95
22	Collinwood, City of	$ 60.00
23	Camden Water & Sewer	$ 60.92
24	Ardmore Water System	$ 61.70
25	Gallaway, City of	$ 62.00
26	Gallatin Public Utilities	$ 62.16
27	Grand Junction Water	$ 62.63
28	Moscow Water Department	$ 63.00
29	Erwin Utilities	$ 64.90
30	Sparta Electric & Water System	$ 65.09
31	Arlington, Town of	$ 65.16
32	Obion, Town of	$ 65.19
33	Jonesborough, Town of	$ 67.50
34	Lobelville, City of	$ 68.49
35	Huntingdon, Town of	$ 69.11
36	Adamsville, Town of	$ 70.10
37	Humboldt Utilities	$ 72.25
38	Centerville, Town of	$ 72.52
39	First Utility District of Knox County	$ 73.90
40	Maryville, City of	$ 77.20
41	White Pine, Town of	$ 77.27
42	Milan Dept. of Public Utilities	$ 78.72
43	Franklin, City of	$ 79.29
44	Halls, Town of	$ 79.70
45	Cookeville, City of	$ 80.50
46	Hallsdale Powell Utility District	$ 80.64
47	Aqua Utilities Company, Inc.	$ 81.36
48	LaVergne, City of	$ 81.65
49	Tennessee Ridge, City of	$ 81.93

Tennessee Water and
Sewer Rate Survey 2008

TENNESSEE SEWER RATES
RANK OF 25,000 GALLON SEWER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
50	Maury City, Town of	$ 82.25
51	Copper Basin Board of Public Utility	$ 82.46
52	Mountain City, Town of	$ 83.30
53	Celina, City of	$ 83.39
54	Savannah, City of	$ 84.50
55	Bolivar, City of	$ 84.74
56	Smithville, City of	$ 84.87
57	Dandridge Water Department	$ 84.95
58	Bristol, City of	$ 85.00
59	Clinton Utilities Board	$ 85.55
60	Collierville, Town of	$ 86.90
61	Lexington Water Systems	$ 87.25
62	Atoka, Town of	$ 87.50
63	Manchester, City of	$ 88.44
64	Jackson Energy Authority	$ 88.49
65	Covington, City of	$ 88.50
66	Dyersburg, City of	$ 89.92
67	Madisonville, City of	$ 89.95
68	Knox Chapman Utility District	$ 91.30
69	Winchester Utilities	$ 91.73
70	Alcoa, City of	$ 93.50
71	Church Hill, City of	$ 93.81
72	Trenton Light & Water	$ 94.36
73	Bell Buckle, Town of	$ 94.37
74	Lakewood, City of	$ 94.41
75	Martin, City of	$ 96.00
76	Collegedale, City of	$ 97.85
77	Bradford, Town of	$ 99.07
78	Waynesboro, City of	$ 99.21
79	Decherd, City of	$ 100.75
80	Walden's Ridge Utility District	$ 101.00
81	Ashland City Water & Sewer	$ 101.25
82	Cleveland Utilities	$ 102.94
83	Webb Creek Utility District	$ 103.40
84	Morristown Utility Systems	$ 105.00
85	Claiborne Utilities District	$ 105.29
86	South Fulton, City of	$ 105.35
87	Dayton, City of	$ 106.35
88	Munford, City of	$ 106.80
89	Chapel Hill, Town of	$ 107.84
90	McMinnville, City of	$ 108.50
91	Savannah Valley Utility District	$ 108.75
92	Soddy Daisy Falling Water UD	$ 108.75
93	Gatlinburg Utility Department	$ 110.25
94	Big Sandy Waterworks	$ 111.55
95	Lafayette, City of	$ 112.10
96	Crossville, City of	$ 112.50
97	Shelbyville Power Water & Sewerage	$ 112.65
98	Tullahoma Utilities Board	$ 112.75

TENNESSEE SEWER RATES
RANK OF 25,000 GALLON SEWER BILL - SORTED NUMERICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
99	Henning, Town of	$ 113.05
100	McKenzie, City of	$ 114.68
101	Murfreesboro Water & Sewer	$ 115.08
102	Etowah Utilities	$ 115.54
103	Norris Water Commission	$ 116.87
104	Pulaski, City of	$ 117.60
105	Newbern, City of	$ 118.25
106	Fayetteville Public Utilities	$ 118.86
107	Mount Pleasant, City of	$ 120.05
108	Cumberland Gap, Town of	$ 120.50
109	Tellico Area Services System	$ 124.10
110	Madison Suburban Utility District	$ 124.20
111	White House Utility District	$ 125.02
112	Pleasant View Utility District	$ 128.78
113	Dunlap, City of	$ 131.25
114	Metro Water Services - Nashville	$ 131.72
115	Jellico Water System	$ 133.00
116	Sevierville, City of	$ 133.87
117	Rutledge, Town of	$ 133.96
118	Baxter Waterworks	$ 135.43
119	Millersville, City of	$ 136.43
120	Lafolette Utilities	$ 138.05
121	Lewisburg, City of	$ 138.35
122	Byrdstown, Town of	$ 139.32
123	Englewood Water & Gas	$ 140.91
124	Sunbright Utility District	$ 141.45
125	Portland, City of	$ 141.59
126	Cold Springs Utility District	$ 142.88
127	Watertown, City of	$ 145.39
128	Harpeth Valley Utilities District	$ 147.05
129	Springfield Water & Wastewater Dept.	$ 148.39
130	Oneida Water & Wastewater	$ 150.00
131	Greenbrier, City of	$ 153.10
132	Pigeon Forge Utility	$ 157.40
133	Oliver Springs Water Department	$ 158.75
134	Metro Utility Dept. - Lynchburg	$ 159.76
135	Kingsport, City of	$ 165.75
136	Lenoir City Utilities Board	$ 171.05
137	Monteagle Rural Utility District	$ 172.05
138	Kingston, City of	$ 175.47
139	Dover, Town of	$ 197.54
140	West Warren-Viola Utility District	$ 198.52
141	Harbor Utility District	$ 199.25
142	Huntsville Utility District	$ 207.25
143	Sewanee Utility District	$ 210.65
144	Knoxville Utilities Board	$ 213.73
145	Piperton Water System	$ 316.00

Allen&Hoshall
since 1915

SECTION 12

2008 TENNESSEE SEWER RATES

RANK OF 25,000 GALLON SEWER BILL, SORTED ALPHABETICALLY

TENNESSEE SEWER RATES
RANK OF 25,000 GALLON SEWER BILL - SORTED ALPHABETICALLY

June 30, 2008

RANK	UTILITY COMPANY	25,000 GAL BILL FOR
36	Adamsville, Town of	$ 70.10
70	Alcoa, City of	$ 93.50
47	Aqua Utilities Company, Inc.	$ 81.36
24	Ardmore Water System	$ 61.70
31	Arlington, Town of	$ 65.16
81	Ashland City Water & Sewer	$ 101.25
62	Atoka, Town of	$ 87.50
3	Bartlett, City of	$ 30.33
118	Baxter Waterworks	$ 135.43
73	Bell Buckle, Town of	$ 94.37
94	Big Sandy Waterworks	$ 111.55
55	Bolivar, City of	$ 84.74
77	Bradford, Town of	$ 99.07
58	Bristol, City of	$ 85.00
9	Brownsville Utility Department	$ 43.14
122	Byrdstown, Town of	$ 139.32
23	Camden Water & Sewer	$ 60.92
53	Celina, City of	$ 83.39
38	Centerville, Town of	$ 72.52
89	Chapel Hill, Town of	$ 107.84
71	Church Hill, City of	$ 93.81
85	Claiborne Utilities District	$ 105.29
82	Cleveland Utilities	$ 102.94
59	Clinton Utilities Board	$ 85.55
126	Cold Springs Utility District	$ 142.88
76	Collegedale, City of	$ 97.85
60	Collierville, Town of	$ 86.90
22	Collinwood, City of	$ 60.00
45	Cookeville, City of	$ 80.50
51	Copper Basin Board of Public Utility	$ 82.46
65	Covington, City of	$ 88.50
96	Crossville, City of	$ 112.50
108	Cumberland Gap, Town of	$ 120.50
57	Dandridge Water Department	$ 84.95
87	Dayton, City of	$ 106.35
79	Decherd, City of	$ 100.75
139	Dover, Town of	$ 197.54
113	Dunlap, City of	$ 131.25
11	Dyer Public Works	$ 50.80
66	Dyersburg, City of	$ 89.92
2	Elizabethton, City of	$ 29.63
123	Englewood Water & Gas	$ 140.91
29	Erwin Utilities	$ 64.90
102	Etowah Utilities	$ 115.54
106	Fayetteville Public Utilities	$ 118.86
39	First Utility District of Knox County	$ 73.90
43	Franklin, City of	$ 79.29
26	Gallatin Public Utilities	$ 62.16
25	Gallaway, City of	$ 62.00

Tennessee Water and
Sewer Rate Survey 2008

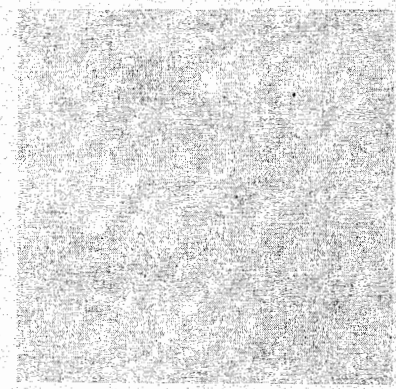
TENNESSEE SEWER RATES
RANK OF 25,000 GALLON SEWER BILL - SORTED ALPHABETICALLY

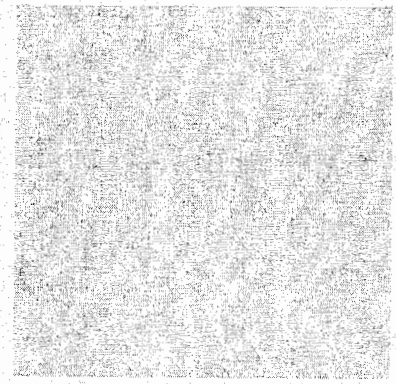
June 30, 2008

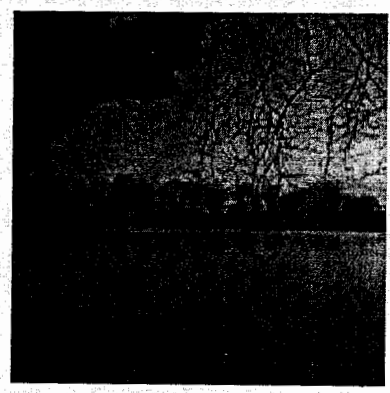
RANK	UTILITY COMPANY	25,000 GAL BILL FOR
105	Newbern, City of	$ 118.25
103	Norris Water Commission	$ 116.87
32	Obion, Town of	$ 65.19
4	Ocoee Utility District	$ 32.00
7	Old Hickory Utility District	$ 39.23
133	Oliver Springs Water Department	$ 158.75
130	Oneida Water & Wastewater	$ 150.00
21	Paris Board of Public Utilities	$ 59.95
132	Pigeon Forge Utility	$ 157.40
145	Piperton Water System	$ 316.00
112	Pleasant View Utility District	$ 128.78
125	Portland, City of	$ 141.59
104	Pulaski, City of	$ 117.60
15	Rogersville Water Department	$ 53.02
1	Rossville, Town of	$ 12.04
117	Rutledge, Town of	$ 133.96
91	Savannah Valley Utility District	$ 108.75
54	Savannah, City of	$ 84.50
116	Sevierville, City of	$ 133.87
143	Sewanee Utility District	$ 210.65
16	Sharon, City of	$ 53.10
97	Shelbyville Power Water & Sewerage	$ 112.65
56	Smithville, City of	$ 84.87
17	Smyrna Utilities	$ 53.19
92	Soddy Daisy Falling Water UD	$ 108.75
86	South Fulton, City of	$ 105.35
30	Sparta Electric & Water System	$ 65.09
18	Spring Hill Water Works	$ 53.69
129	Springfield Water & Wastewater Dept.	$ 148.39
124	Sunbright Utility District	$ 141.45
13	Sweetwater Utilities Board	$ 52.51
109	Tellico Area Services System	$ 124.10
49	Tennessee Ridge, City of	$ 81.93
14	Tiptonville, Town of	$ 52.85
72	Trenton Light & Water	$ 94.36
98	Tullahoma Utilities Board	$ 112.75
10	Union City, City of	$ 45.65
80	Walden's Ridge Utility District	$ 101.00
127	Watertown, City of	$ 145.39
8	Waverly Water System	$ 42.33
78	Waynesboro, City of	$ 99.21
83	Webb Creek Utility District	$ 103.40
20	West Knox Utility District	$ 56.59
140	West Warren-Viola Utility District	$ 198.52
111	White House Utility District	$ 125.02
41	White Pine, Town of	$ 77.27
69	Winchester Utilities	$ 91.73

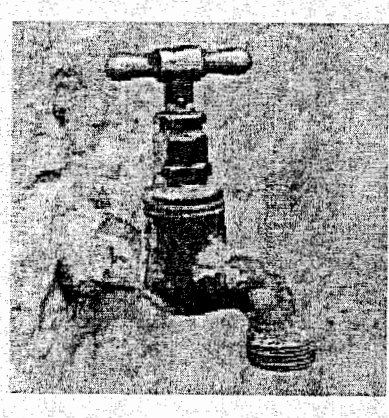
The Future Of American Water

The Story of RWE and the Politics of Privatization









food&waterwatch

About Food & Water Watch

Food & Water Watch is a nonprofit consumer rights organization, based in Washington, DC, that challenges the corporate control and abuse of our food supply and water resources.

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The Future Of American Water

THE STORY OF RWE AND THE POLITICS OF PRIVATIZATION

Table of Contents

Executive Summary

Less than three years after purchasing American Water, the largest water company in the United States, German conglomerate RWE announced it was abandoning its hopes to turn water into "blue gold." RWE, among the largest utility companies in the world, abruptly decided that water is a "very local business," and that building a global water empire country-by-country was impractical.

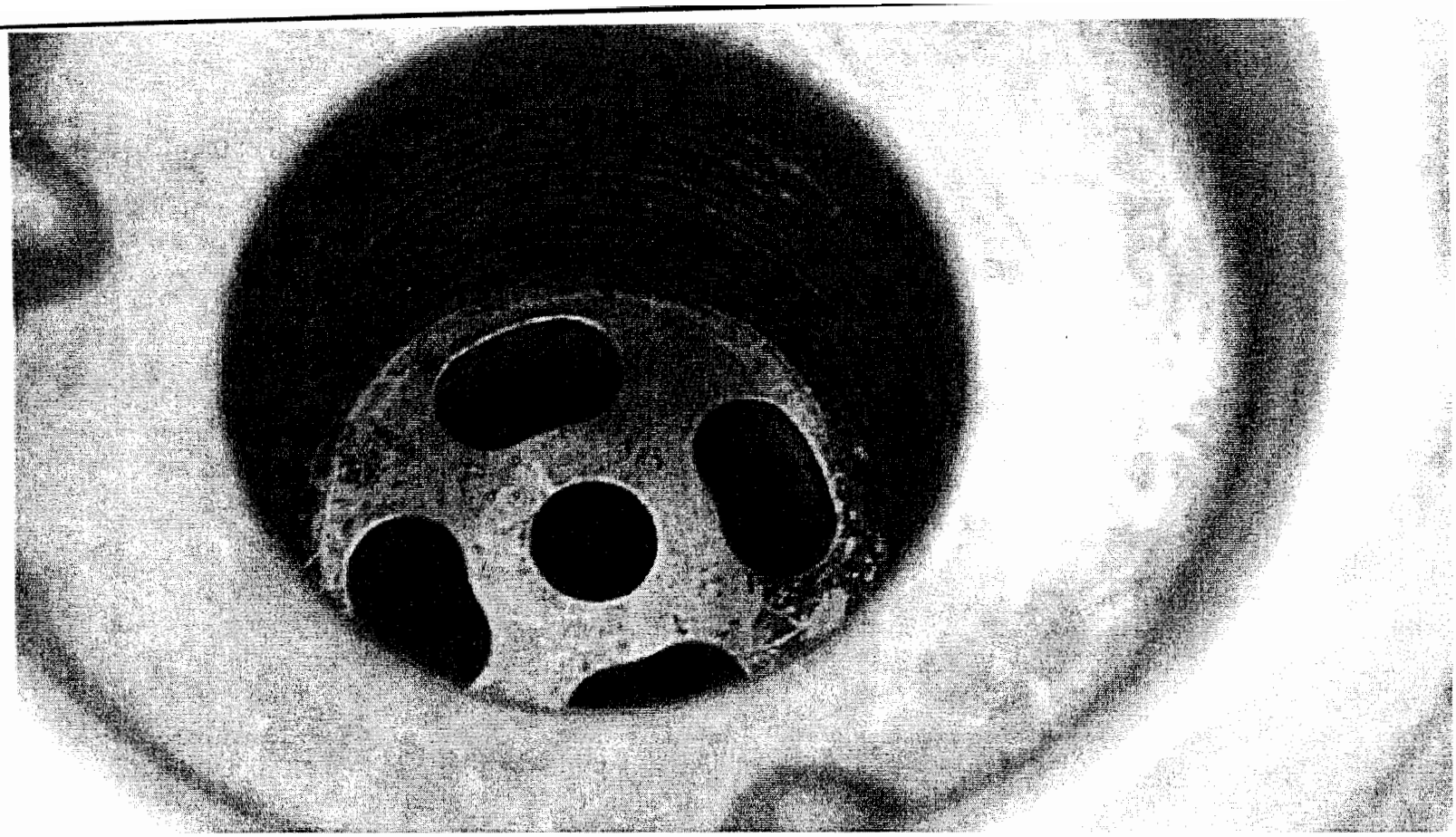
In announcing its purchase of New Jersey-based American Water Works six days after 9/11, RWE pledged not only to make long-term commitments to restore failing municipal water systems, but also to help the U.S. recover from tragedy.

But troubles quickly emerged. Citizens protested huge rate increases – 2,000 percent in one community. Complaints of poor customer service, malfunctioning fire hydrants, boil-water notices and other problems mounted. And citizens grew uncomfortable with the idea of their local water system being privately owned.

Perhaps most unsettling, under RWE's ownership, American Water has engaged in a pattern of political and legal maneuvering – most notably in Lexington, Kentucky, where the corporation worked to defeat a local effort to return the city's water system to public ownership. Many other communities have mounted campaigns to reassume non-profit, local ownership, including Felton, California; Champaign-Urbana, Illinois; and Chattanooga, Tennessee.

As citizens are trying to reestablish public control of their water systems, RWE is preparing to sell American Water to private interests through a stock offering on Wall Street. American Water's CEO has designs on expansion, saying that after the sale, "We will become a consolidator."

RWE's short, uneasy experiment in the U.S. is a cautionary tale for all concerned – water companies, regulators, elected officials and citizens alike. The American Water experience begs the question: Should a resource so essential to life be controlled by multinational, for-profit corporations, or safeguarded by the public with strong local oversight and accountability measures?



American Dreams

RWE's 2001 annual report features a picture of a young, blue-eyed girl gazing at digitally-morphed water bubbles floating out of a drinking glass. Superimposed are the words, "Imagine water for life... water for living."

As the report was published, RWE had just announced its purchase of Voorhees, New Jersey-based American Water Works, the largest investor-owned water company in the United States, with 18 million customers in 29 states. Replete with color photos of smiling executives and workers in hardhats, the report hailed water as "blue gold" and called the U.S. "the world's most attractive water market."

Based in Essen, Germany, RWE was already a leading player on the global utility scene. It was one of the world's top suppliers of electricity, natural gas, water and wastewater services. It had 70 million customers, 155,000 employees and annual sales of $75 billion spanning Europe, Asia, North and South America, Africa and Australia.

But the company's main European competitors were also investing aggressively in water throughout the world, and RWE wanted a bigger piece of the pie. Hanging close at No. 3, it did not want Paris-based Veolia and Suez – the world's No. 1 and No. 2 water companies – to go unchallenged. RWE sought to match these companies' advances, particularly in the Americas, where the privatization and consolidation movements were in full stride.

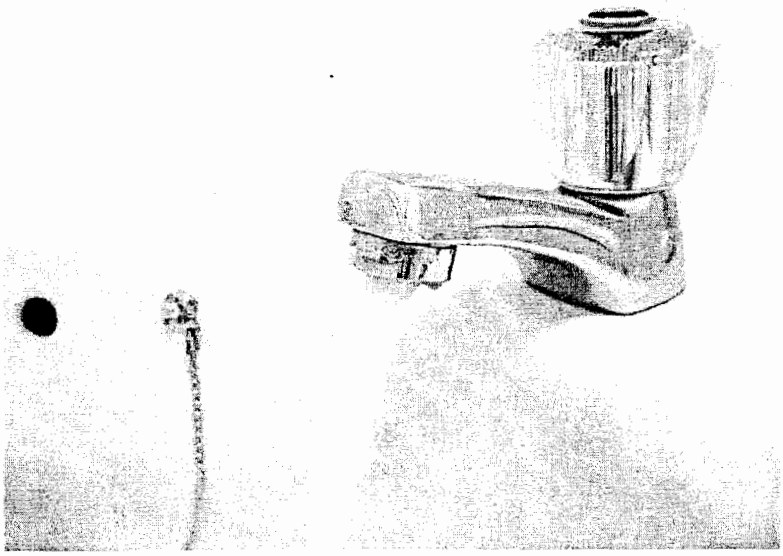
RWE has a long history upon which it wanted to build. In 1920 it operated the largest power plant in Europe, a lignite-fueled facility near Cologne. It was instrumental in rebuilding Germany's shattered utility infrastructure after World War II. In 1966, it christened Germany's first commercial nuclear power. Always nimble, RWE at one point became the world's largest manufacturer of printing presses.

To erect a massive grid of power plants and high-tension wires during the inflation-wracked 1920s, RWE turned to America for help. The company floated U.S. bonds to raise money for the project.

Eighty years later, RWE found an opportunity to send money back across the Atlantic.

Six days after 9/11, RWE announced it would purchase American Water. RWE President/CEO Dietmar Kuhnt said putting off the statement might send the wrong signal. "Rather than delay," Kuhnt said, "we are making this announcement today because we believe it is more important than ever to show the world that we are investing in America.

"We believe in the courage and resiliency of its people and remain ever confident in its future," Kuhnt said.



Consumer Nightmares

RWE's start was a rough one. However eager the company was to tell the world about its latest acquisition, U.S. officials were hesitant to jump on the bandwagon. Of the 29 states where American Water did business, regulators in more than a dozen states had to review the deal before it could go through. This process took 16 months, an eternity in the utility world.

Several state attorney general offices conducted investigations. And residents in Charleston, West Virginia, and Thousand Oaks, California, tried to reverse the deal.

Trouble was just beginning. Regulators moved slowly to review and approve American Water's rate increases. Financial analysts were dubious of the deal because RWE paid $4.6 billion for American Water, a 37 percent markup over the company's stock value. RWE also took on $3 billion of American Water's debt.

"The bubbles seem to have gone flat for global utility firms who had appeared poised to dominate the U.S. water business."

– Debra Coy, utility industry analyst

And, just one year after taking over American Water, RWE executives reported their profit target was difficult to attain.

Then came the ratepayer revolts. In the small San Francisco Bay town of Montara, citizens persuaded state officials to force RWE to sell the local water system to the community before approving RWE's purchase of American Water's California subsidiary. This unlikely victory inspired citizens and elected officials throughout the country to begin campaigns to restore local, democratic control of their water systems.

Following Montara's lead, many communities launched similar efforts, including Lexington, Kentucky; Monterey, California; Chattanooga, Tennessee; and Champaign-Urbana, Illinois. And more have come forward since RWE put American Water up for sale.

As it turned out, many Americans did not want their local water systems to be owned by a far-off, for-profit corporation. As they learned more about RWE's true intention – to use the U.S. water market as a profit center – citizens began to embrace the notion of locally owned and operated water services. RWE was just one of several multinational water corporations that ran into a citizenry posing tough questions and backed by popular support.

Instead of blue gold, RWE would soon be singing the blues.

RWE was just one of several multinational water corporations that ran into a citizenry posing tough questions and backed by popular support.

Game Over

In March 2005, utility industry analyst Debra Coy wrote that "the bubbles seem to have gone flat for the global utility firms...who had appeared poised to dominate the U.S. water business a few years ago. We would not be surprised to see some European utility owners start pulling out of the U.S. in 2005, as politics and poor profits continue to depress their interest in this market."[1]

Sure enough, six months later RWE said it wanted to sell American Water – less than three years after buying it.

Harry Roels, who had since replaced Dietmar Kuhnt as RWE's CEO, made this surprisingly frank confession about water to the *Wall Street Journal*: "It's a very local business," he said, adding that a global water company "just doesn't have outstanding advantages."[2]

RWE also said it would sell its United Kingdom operation, Thames Water, which it eventually did in October 2006. Thames was purchased for $15 billion by a consortium led by an Australian investment bank. Thames had given RWE a different sort of headache. It has been among the worst polluters in the UK for the past several years, mainly because of sewage spills, and it has been roundly criticized for failing to repair leaking pipes.

For reasons that remain unclear, RWE has abandoned plans to find a single buyer for American Water and instead will sell it through an initial public offering of stock on Wall Street. The move is a bit unusual. An IPO is usually held when an upstart company sells stock for the first time, in order to raise capital for expansion, new investments and other purposes.

IPOs can be risky business. Companies must be careful to set their opening price high enough to raise the money it needs to fuel operations, but low enough to attract investors looking for a good deal.

IPOs can also live and die by the opinions of industry-watchers. And they aren't exactly bullish these days. Peter Cook, executive director of the National Association of Water Companies which represents private water companies such as American Water, said recently, "The market has grown more slowly than any of us thought possible."[3]

Even the CEO of one of the most aggressive water companies in the U.S. issued a warning. "It does not bode well with employees to be bought and sold in a five-year period twice," said Nicholas DeBenedictis of Pennsylvania-based Aqua America. "So I think that hurts our industry."

"The market has grown more slowly than any of us thought possible." – *Peter Cook, executive director, National Association of Water Companies*

Investors and Customers Pay the Price

RWE's numbers have never looked particularly strong. The company racked up nearly $27 billion in debt during a decade-long spending spree. In December 2002 – before U.S. regulators had even approved the American Water deal – RWE warned investors that financing costs and other expenses stemming from its recent acquisitions would drive down profits in 2003.[4]

The acquisitions left the financial community wondering whether the American Water deal was overpriced, and if the debt-loaded company was spread too thin.

Leading industry publication *Global Water Intelligence* reported that investors who bought into RWE, Suez and Veolia in 2001 "must feel now as if they had spent the last two years in an acid bath." A $100 investment in the three companies in 2001 fell to $60 in two years.[5] In 2002 alone, RWE stocks dropped 40 percent.[6]

RWE executives have acknowledged paying a "premium" for American Water but explained the company would cover this cost through expansion, not rate hikes. That's what they told the California Public Utilities Commission in December 2002, arguing they should be allowed to acquire several water and wastewater utilities. "Let's not worry about that," an RWE executive said, referring to the inflated sale price. "That premium is for the shareholders. It will never, ever be passed down to the customers of California American."[7]

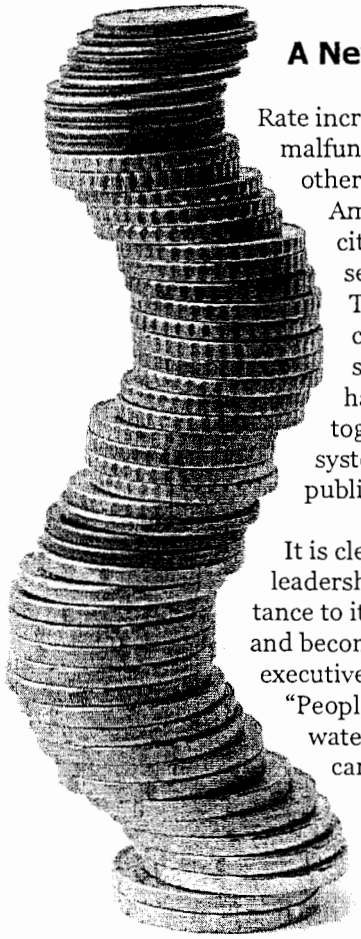
These promises could not be kept. How RWE could grow when it was already spread so thin – in the face of growing

American Water had to abandon its promises and ask regulators to increase rates.

public opposition to corporate control of water – was anybody's guess. Bad financial news came from both directions. As the company took on more debt to finance its purchase of American Water and other companies, its profits fell.

Pressure to cut costs and grow revenues was intense, and the corporation's struggle to climb out of debt ended up being a higher priority than holding steady on consumers' water bills. The result: American Water had to abandon its promises and ask regulators to increase rates.

Among many increases, American Water wants to boost rates by 100 percent in west Houston, Texas; 50 percent in Felton, California; and 20 percent in Clovis, New Mexico.



A New Way

Rate increases, political meddling, malfunctioning fire hydrants and other problems at the hands of American Water have inspired citizens across the country to search for alternatives. From Tennessee to California, in cities small and large, in school auditoriums and city halls, citizens are working together to return their water systems to local, democratic, public control.

It is clear that American Water leadership did not expect the resistance to its tactics to grow so rapidly and become so intense. One company executive was at a loss to explain it. "People are just kind of weird with water," said California American's Catherine Bowie.[8]

This lack of understanding is revealing. It illustrates a fundamental disconnect between the spirit of a multinational corporation, which seeks profits first, and the soul of citizens, who don't want their water to be just another line on a balance sheet.

Unwittingly, RWE's brief but troubled experience in the United States has stimulated a nationwide movement against corporate operation of community water systems. As widespread as it has already become, it is still in its beginnings.

Felton, California

This peaceful, coastal town of about 1,000 just north of Santa Cruz began mobilizing against American Water in November 2002, the day after its local subsidiary, California American Water Co., proposed a 74 percent rate increase. "It's been going like a tidal wave ever since," says Jim Graham, spokesperson for the citizens group Felton FLOW – Friends of Locally Owned Water.

Over the past four years, Felton FLOW has organized dozens of town meetings and fundraisers, opposed Cal-Am rate increases before the California Public Utilities Commission, and worked to establish a special public agency to control the local water system. The group has raised about $90,000 for legal fees and other expenses. Members have knocked on every door in town – three times.

Above all, Felton FLOW led the charge behind Measure W. In an era when conventional wisdom says the last thing people want to do is pay higher taxes, the citizens of Felton voted to do just that. Passing by a 3-to-1 margin in July 2005, Measure W calls for an $11 million bond to fund a potential eminent domain action against Cal-Am. To repay the bond, the typical Felton homeowner will pay an additional $700 a year in taxes for up to 30 years. Feltonians decided that local control of their community water for future generations was worth it.

As it has in numerous other communities, RWE fought back. Cal-Am hired The Moriah Group of Chattanooga, Tennessee, a political consulting firm that Cal-Am's parent company, American Water, had used to fight citizen groups in Chattanooga; Peoria, Illinois; and Lexington, Kentucky.[9]

Cal-Am paid for mailers, radio and print ads criticizing the local buyout effort. The company picked up the $37,000 legal bill for a lawsuit challenging Measure W,[10] tried to block Felton FLOW from filing objections with regulators, and backed state legislation aimed at restricting eminent domain actions. According to Felton FLOW, the company even called the police on a resident who took pictures of a broken water main.

Felton FLOW scored a victory in November 2005, when a Santa Cruz County judge upheld the outcome of Measure W. But dual defeats came in October 2006. First, the Public Utilities Commission rejected Felton FLOW's request to order RWE to sell Felton's water system to the community as a condition of RWE's upcoming sale of American Water. Then, a state official recommended a 50 percent rate increase. This would be on top of the 50 percent increase that has already occurred since 2005, bringing the average monthly bill from $34 to $51.

As it is, Felton's rates are 36 percent higher than five out of six nearby public water agencies in northern and central Santa Cruz County.[11]

In a nod to Felton FLOW, however, the state official who reviewed the rate increase acknowledged "widespread customer dissatisfaction" with Cal-Am and the company's "extremely strained relationship" with Felton, due in part to reports of poor customer service at Cal-Am's national call center.[12]

Ultimately, Felton residents hope to take over their local water system and have it included within the neighboring San Lorenzo Valley Water District. One step toward this goal was achieved in June 2006, when Santa Cruz County officials expanded the District's boundaries to include Felton.

The next step will likely be an eminent domain action against Cal-Am, which has contended it will not sell the system willingly. "It's all heading towards a jury trial," said Felton FLOW's Jim Mosher.[13]

In the meantime, Felton FLOW is preparing a training guide to help other small communities effectively organize and challenge non-local ownership.

Stockton, California

At the time, the $600 million contract to operate Stockton's water and sewer system was the largest such privatization deal ever signed in the western U.S. A partnership of RWE-owned Thames Water and Colorado-based OMI promised this Central California city in 2003 that it would save taxpayers $172 million over 20 years.[14]

"We see Stockton as a marquee project," a Thames executive said at the time. "We want it to be an excellent project, so other cities will want to do the same thing."[15]

It would soon become clear that no other city would want to do anything of the sort.

Just two weeks after the contract was signed, voters outraged about the lack of public process approved Measure F, which blocks any future utility privatization deals worth more than $5 million. Citizens then sought a referendum to rescind the OMI-Thames contract but came up 800 signatures short, in part because of counter-petitions circulated by the opposition that urged people to remove their names from the original petition.

In December 2004, the Concerned Citizens Coalition of Stockton released its first review of OMI-Thames' performance. Among its many findings:

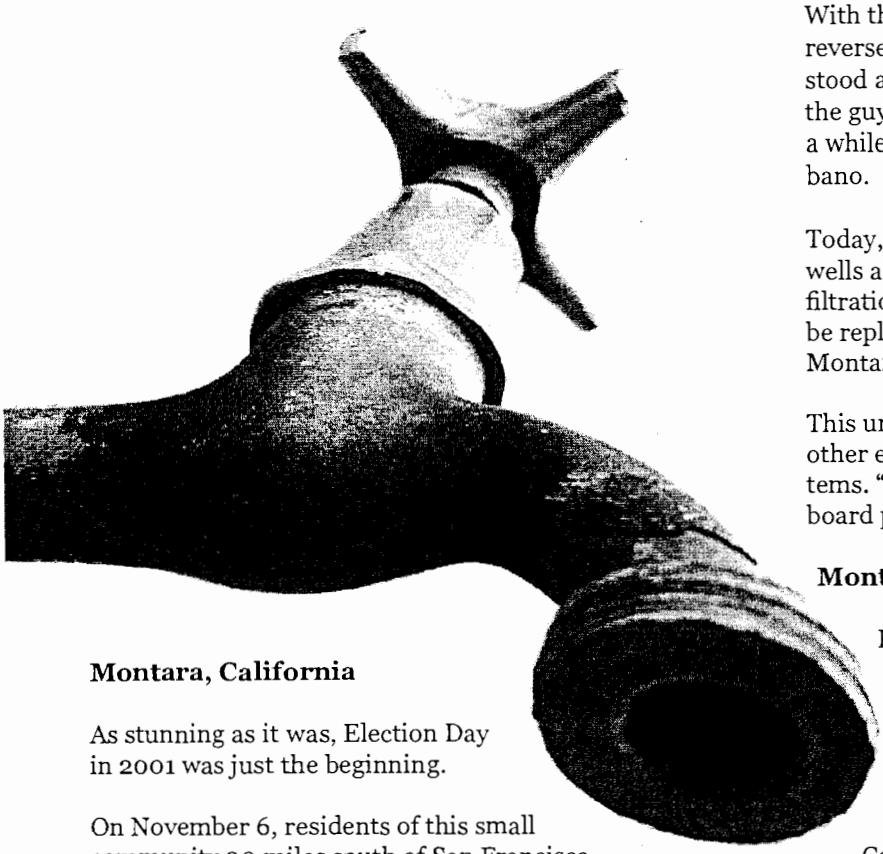
- Stockton's water rates rose two years in a row;
- Some staffing positions were filled with temporary or interim employees;
- Unaccounted-for water rose from about 3.5 percent under municipal operation to nearly 7 percent under private operation;
- Maintenance tasks were backlogged; and
- OMI-Thames made an unauthorized dump of chlorinated water into an irrigation canal that resulted in a $125,000 state fine.[16]

The Coalition was one of three groups that sued the city and OMI-Thames shortly after the contract was signed. The Coalition, the Sierra Club and the League of Women Voters argued the city violated state law by not conducting a full environmental review. The case bounced through the courts for more than three years, with a San Joaquin County eventually throwing out the contract on Nov. 3, 2006.

The court found substantial evidence that the deal "will have significant environmental impacts" and ordered the city to reassume control of the water system within six months. "The city was wrong, and it has been proved," said Dale Stocking of the Sierra Club. "I'm practically speechless."[17]

As for the elected official who oversaw the deal, former Stockton Mayor Gary Podesto went on to lose a run for the state Senate in 2004. It was reportedly the most expensive Senate race in California history – $10 million.

"The city was wrong, and it has been proved. I'm practically speechless."
– Dale Stocking, Sierra Club, Stockton, CA



Montara, California

As stunning as it was, Election Day in 2001 was just the beginning.

On November 6, residents of this small community 20 miles south of San Francisco voted to borrow $19 million to buy their water system from the California-American Water Company. Cal-Am was on the verge of being purchased by RWE, and Montarans didn't want to become customers of the far-off conglomerate. So they voted – by an overwhelming 4-1 margin – to raise their own taxes to pay for the buyout, $169 per year for every $100,000 of assessed valuation.

Following a solid year of advocacy by the community, the California Public Utilities Commission ordered Cal-Am to sell the system to Montara residents before the Commission would approve RWE's purchase of Cal-Am's parent, American Water.

In this instance, RWE had no choice but to relent. A $50-billion-a-year corporation had lost to a community of 5,000 people.

"If we were the first domino, then good." – Scott Boyd, water board president, Montara, CA

With the system now in public hands, Montara wanted to reverse decades of high bills and poor service. Average bills stood at $91.25 per month and water pressure was low. "If the guy down the street flushes his toilet, I have to wait for a while or I can't get any water," said resident Jim Montalbano.

Today, long-overdue improvements are being made. New wells are being dug, new storage facilities are in the works, filtration systems are being installed, every water meter will be replaced, and a new technique to remove sediment from Montara Creek is being used.

This unlikely victory has provided inspiration and fuel for other efforts to restore local, public control of water systems. "If we were the first domino," said Montara water board president Scott Boyd, "then good."[18]

Monterey, California

Perhaps no other community has felt the impact of private water interests more powerfully than the Monterey Peninsula.

In 1995, California state officials ruled that the California American Water Co. was illegally withdrawing 3.5 billion gallons of water a year from the Carmel River, the region's main source of fresh water. RWE inherited this problem when it purchased Cal-Am's parent company, American Water Works.

And by all appearances, American Water under RWE's ownership has continued the heavy-handed tactics that has given Cal-Am an unenviable reputation on the Peninsula.

These tactics included, most recently, the pumping of more than $250,000 into a campaign opposing a referendum known as Measure W. The initiative would have paid for a $550,000 study to assess a possible public buyout of the Peninsula's water system, which has been a pawn to shifting political winds for decades. The measure was placed on the November 2005 ballot due to growing frustration over Cal-Am's unauthorized overdrafts from the Carmel River and operational inefficiencies.

Among many concerns, the Carmel River is the home of two federally protected endangered species, the steelhead trout and red-legged frog (made famous in Mark Twain's story, "The Notorious Jumping Frog of Calaveras County.") In 2005, federal officials threatened to fine Cal-Am $330 million per year for killing tens of thousands of steelhead.[19] Residents have also complained about poor customer service and unacceptable water leakages.

"We're like a bunch of wriggling ants under a sleeping giant" – Linda Agerbak, Citizens for Public Water, Monterey, CA

In what went down as the most expensive campaign in Peninsula history, Measure W was defeated by nearly a 2-to-1 margin on Nov. 8, 2005. This distinction was the result of the handiwork of Cal-Am, which outspent citizens' groups 10-to-1. The Pacific Grove Chamber of Commerce, which voted to oppose the measure, admitted joining the opposition after accepting $6,000 from Cal-Am for Good Old Days, an annual festival sponsored by the chamber.[20]

"We're like a bunch of wriggling ants under a sleeping giant," said Linda Agerbak of the pro-Measure W group Citizens for Public Water.[21]

Measure W was supported by a broad coalition of local business leaders, property owners, elected officials, consumers and environmentalists. The movement was united under Monterey Friends of Locally Owned Water, or Monterey FLOW. Had it passed, ratepayers would have been charged an average one-time fee of $14 per connection to fund the study.

Despite the defeat, Monterey FLOW and Citizens for Public Water continue to pursue legislative and legal options to achieve public ownership of the system.

Meanwhile, Cal-Am believes desalination is the solution. The company wants to build a pilot plant at nearby Moss Landing. The facility would produce drinking water by processing water flowing through Duke Energy power plant's seawater intake and outfall cooling system through a reverse osmosis filtering system.

Environmentalists are concerned the plant would stimulate growth in the already-overdeveloped area and damage Monterey Bay. The California Coastal Commission has also raised a red flag, ruling in October 2006 that the plant carries "substantial" environmental issues and ordering more hearings.

Another sticky issue is the possibility of Cal-Am receiving construction funds through Proposition 50. Passed by California voters in 2002, the initiative allows public bond money to support drinking water supplies.
Cal-Am would own and run the plant for 35 years to recover back costs before turning it over to public ownership. The proposal is before the California Public Utilities Commission and includes a possible rate increase to subsidize this speculative project, which has yet to be approved.

Chualar, California

In the early fall of 2004, farm-worker families in the fertile Salinas Valley of Monterey County found an unwelcome surprise in the mail. From one month to the next, their water bills had soared by up to 2,000 percent. American Water subsidiary Cal-Am had purchased their water system and did not send out notices warning of the rate increase. They did not hold community meetings.

Residents in Chualar were shocked by the rate hike, which the company said was meant to promote conservation. Water bills jumped from a $21-a-month flat fee to bills ranging from $100 to more than $500. Cal-Am even threatened to shut off the local school's water supply when its bill shot up to $2,000.

Rather than suffering water cutoffs or taking out loans to pay their water bills, Chualar residents called meetings in the school cafeteria and successfully challenged the rates before the California Public Utilities Commission, forcing Cal-Am to restore the flat fee.

"I called the company to see if I could pay the bill in phases and they said no," said Rebecca Trujillo, a farm worker and Chualar resident who was active in the protests against Cal-Am. "So I said: 'I pay your bill and then not eat? Am I not going to buy food this week?' Somebody in an office in Illinois, I think, said: 'The only thing I can tell you are the rules of the company.' They're selling us a gallon of water for more than a gallon of milk. Would it be better then for us to bathe with milk? Can you believe it?"

"We are all field workers," Trujillo told Public Utilities Commissioners at a hearing in San Francisco. "If we have to pay a water bill of $280, well, that's a week during which we can't eat."

"They're selling us a gallon of water for more than a gallon of milk. Would it be better then for us to bathe with milk?" – Rebecca Trujillo, resident, Chualar, CA

For her, the rates were a matter of justice not conservation. "It's six miles from Chualar to Gonzales," she continued, "where they pay trash, water and sewage together, and they pay about $70 for all three services."

After the hearing, Cal-Am officials admitted making a mistake by blending Chualar's rates with affluent Carmel and Hidden Hills, and promised to restore the flat rate and work with the community and the commission to establish a new rate structure.[22]

"The whole idea of setting rates based on an adjacent area is pretty shaky," a Public Utilities Commission official said. "It was a shortcut that the commission allowed **Cal-Am** to get away with, but it blew up in their face."[23]

Champaign-Urbana and Pekin, Illinois

The cities of Champaign, Urbana and Pekin, along with the University of Illinois at Urbana-Champaign, are in the process of raising more than $100,000 to hire a consultant to help buy local portions of American Water's Illinois American Water Co.

The move is the latest in a long-standing effort to return the system to public control. In April 2006, Urbana Mayor Laurel Prussing attended RWE's annual shareholder meeting in Germany to urge the company to sell Champaign-Urbana's water system to its 150,000 citizens.

The system has been plagued by problems, including boil-water notices, malfunctioning fire hydrants and poor customer service. When firefighters responded to a recent fire, Prussing said, the nearest hydrant wouldn't open, so they had to search for one that worked. "Nobody died, but someone could have.

"We don't want to mess with these people anymore," Prussing said. "What it boils down to is: Who do you want to own the system? We think we can do a better job."

"We don't want to mess with these people anymore. What it boils down to is: Who do you want to own the system? We think we can do a better job." – Mayor Laurel Prussing, Champaign-Urbana, IL

Mayor Laurel Prussing (center) at an RWE meeting in Berlin, Germany.

In July 2006, Gov. Rod Blagojevich signed legislation making it easier for local governments to obtain water systems through eminent domain. Specifically, it strips from the Illinois Commerce Commission the power to block eminent domain actions. This was the agency that prevented the city of Pekin from obtaining its local water system from Illinois American in 2005.

Hamilton, Ontario, Canada

It took a full decade for Hamilton to learn that privatization was a huge mistake.

When this city near Toronto became Canada's first city to privatize its water service in 1994, the CAN$180 million deal was intended to serve as a showcase for privatization. The results were anything but.

The city endured years of sewage spills, financial irregularities and other problems under several companies, which briefly included Enron-owned Azurix. RWE took over the system in 2003, but by then city officials were fed up with private management.

The worst spill came in 1996 (prior to RWE ownership), when 48 million gallons of untreated sewage, heavy metals and chemicals flowed into Hamilton Harbour and Lake Ontario. More than 115 houses and businesses were flooded. Environmental fines went unpaid for years, while rates rose.[24]

Still, when the contract came up for renewal in 2004, an American Water executive proclaimed, "We will bid, and we will win."[25] Hamilton rejected the bid, which was double American Water's previous fee.[26]

American Water responded by filing for a court injunction to block the city from taking over the system. Hamilton Councillor Sam Merulla did not take kindly to the move. "It is unconscionable, it is unacceptable and how dare they try to interfere with the democratic process of any municipality," said Merulla, a long-time privatization opponent. "American Water is becoming a poster boy for why municipalities should reconsider the entire concept of private-public partnerships."[27]

Ontario Superior Court rejected American Water's injunction, clearing the way for Hamilton to reassume control of the system on New Year's Day, 2005.

Hamilton thus made history again, becoming what is believed to be Canada's first city to de-privatize its water system.

The city acted quickly to improve the system after retaking control, hiring an additional 10 workers and setting higher standards for effluent being discharged into Hamilton Harbour.

Lexington, Kentucky

What is believed to be the longest-running water privatization standoff in the country did not come to end on election day 2006 as planned because debate about local ownership of water got lost in the rhetoric against the use of eminent domain.

Citizens of Lexington voted by a 3-2 margin against purchasing their local water system from Kentucky American Water Co., a subsidiary of RWE's American Water. Had voters approved the measure, the Lexington-Fayette County government would have acted to buy the pumps, pipes and other equipment and property in seven of the nine east-central Kentucky counties where the company does business.

Local activists were pursuing the takeover through eminent domain, which allows the government – under extraordinary circumstances and at fair market value – to seize private property to serve a public purpose.

Former Lexington Mayor H. Foster Pettit, chair of the citizens group Bluegrass For Local Ownership of Water, or Bluegrass FLOW, said, "I don't think the last chapter in this has been written."[28]

Kentucky-American was able to use the controversy around eminent domain and the right of the government to seize private property to drum up opposition to the referendum. The company had planned to spend $2.7 million over three years to pressure local officials and oppose the local-control movement.[29] Kentucky-American devoted substantial resources to the election itself, spending $140,000 on television ads alone. The pro-local control group Vote Yes! raised a total of just $13,500.[30]

"Control and decision-making about water is best left to local leaders who can be held accountable."

– Lexington Herald-Leader

"We've been asked this question for the last 58 months," Kentucky American president Nick Rowe said shortly before the vote, "and we've said 'No, Kentucky American is not for sale'."[31] Even if the referendum had succeeded, American Water could have dragged out the sale in court for years.

The struggle began almost immediately after RWE purchased American Water. Two days after RWE stockholders approved the sale in January 2002, editors of the *Lexington Herald-Leader* wrote that "control and decision-making about water is best left to local leaders who can be held accountable," and that, "There's no guarantee that once Kentucky-American is sold to a profit-driven global behemoth that it will act as a good steward."[32]

Bluegrass FLOW fought RWE's purchase before the state Public Service Commission, but lost later in 2002. The following year, the group persuaded the Lexington-Fayette Urban County Council to initiate an eminent domain action.

Studies, audits, appraisals, regulatory approvals, appeals, lawsuits and an expensive public relations campaign by American Water ensued. And the company supported Council candidates who opposed the public takeover. American Water-backed candidates outspent opponents by more than 60 percent, turning a 9-6 pro-local ownership majority into a 9-6 minority in the November 2004 elections. The new pro-American Water council promptly cancelled the eminent domain proceedings.

Less than a month after the tide-turning election, Kentucky American customers woke up to an unapproved rate increase of 15 percent. The company gambled that the increase would be approved under what it perceived as a new pro-business climate. Upon review, the Public Service Com-

mission lowered the increase to 8.5 percent and ordered Kentucky American to issue refunds to customers.

The Commission went much further. It denied Kentucky American's request to increase profits to 11.2 percent, ruling that 10 percent was plenty. It rejected the company's requests to charge Kentucky ratepayers for consolidating financial operations in New Jersey and customer call centers in Illinois. And the Commission ruled customers shouldn't have to pay for Kentucky American's employee incentive packages, new acquisitions and business development costs.[33]

To put local ownership on the ballot, the citizens' group Let Us Vote Lexington delivered more than 23,000 signatures to the County Council in 2005. Kentucky American swiftly challenged the vote in court. After losing in the lower courts, Kentucky American persuaded the state Supreme Court to block the local buyout referendum. The company won on a technicality, arguing that citizens had no right to participate in an unscheduled election.

Faced with growing public opposition, Kentucky-American dropped its legal challenge in May 2006 and allowed the referendum to go on the November 7 ballot. "The best thing for all of us is to let our customers vote," company president Rowe said

But activists in Lexington are not giving up.

The struggle in Lexington serves as a stark lesson for any community considering privatization: More often than not, companies will fight tooth-and-nail to hold onto the revenue stream from water bills. Privatization can be very hard to overturn.

Getting Off the Ground

A growing number of communities have launched new efforts to purchase their local water systems from American Water. Several began this work after RWE announced its plans to sell American Water. Here is a sampling:

Bolingbrook, Homer Glen and Plainfield, Illinois

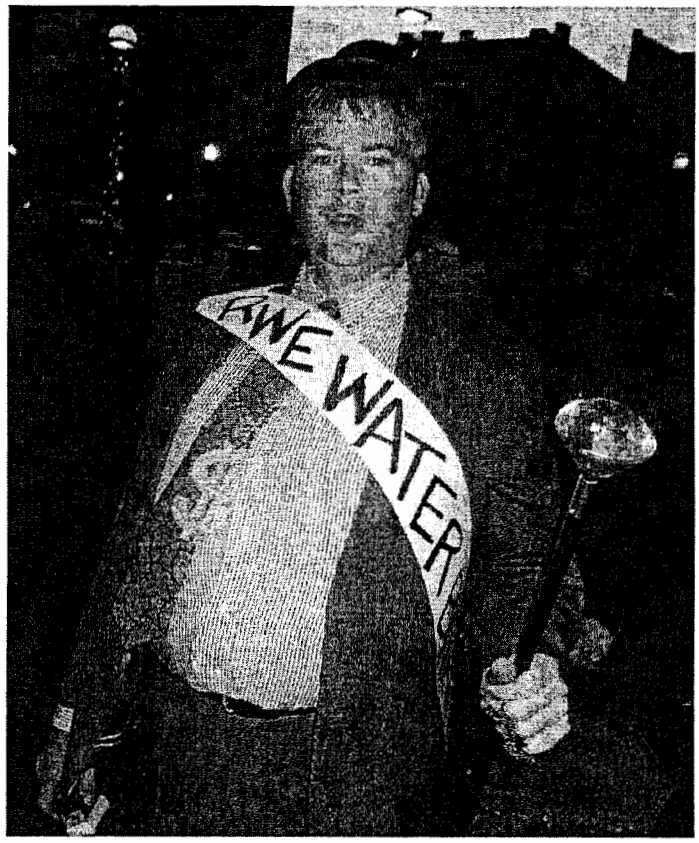
Hoping to gain more control of water rates, Bolingbrook, Homer Glen and Plainfield are exploring a joint purchase of their communities' water utility from Illinois American. The mayors of the three Chicago suburbs have signed a letter expressing their concerns about the company's service and billing practices. The first step would be to hire an engineering consultant to determine the water system's value.

In February 2006, state Attorney General Lisa Madigan filed a complaint against Illinois American for allegedly gouging suburban Chicago customers with high water bills in violation of state law. Madigan said the company mailed three- and four-figure water bills and then failed to inform customers of their right to dispute the bills. The company charged a Homer Glen customer for using 140,000 gallons of water in one month, which Madigan said was "impossibly high" given the typical single-family home uses 7,000 gallons.[34]

Chattanooga, Tennessee

In February 2006 Chattanooga Mayor Ron Littlefield and Hamilton County Mayor Claude Ramsey announced they were creating a citizens' panel to study buying the local water system from Tennessee American Water. Littlefield said he was surprised by the company's defensive response. "They're reacting as if we're coming after them in a confrontational nature," he said.[35] The move came three months after RWE announced plans to sell American Water.

A year earlier, the state consumer advocate said Tennessee American should be ordered to cut its rates by more than 4 percent because it was overstating its labor and investment costs.[36]



A water activist protests in Lexington, Kentucky.

In 1999, American Water fought off city takeover attempts by waging a $5 million public relations campaign in Chattanooga and Peoria, Illinois, which featured posting "not for sale" signs on its properties.

Larkfield-Wikiup, California

Shortly after RWE announced plans to sell American Water in November 2005, residents of this small Sonoma County community near Santa Rosa began to organize.

The Larkfield-Wikiup Water District Advisory Committee has proposed forming a new district to take over not just the local water system that serves 3,500 customers, but also parks, recreation, cable, lighting and garbage services. Like in Montara and Felton, citizens want to use bond money to finance a buyout of the local system from Cal-Am.

The company's response seems to be less combative than in other communities. Cal-Am has formed an "information committee" to address residents' concerns, such as high rates.

Charleston, West Virginia

The city hired a consultant and a lawyer in December 2005 to study a possible purchase of the local system owned by West Virginia American Water. The consultant will write an evaluation of the company, while the lawyer will examine legal issues including eminent domain. The move came one month after RWE announced plans to sell American Water.

Gary, Indiana

Mayor Scott King announced in his "State of the City Address" in February 2006 that he wants the city to purchase the local water system from Indiana American Water Co. "I do not want decisions made on an essential as important as water [based on] what benefits international shareholders and not local taxpayers." King's speech came three months after RWE announced plans to sell American Water.

"I do not want decisions made on an essential as important as water [based on] what benefits international shareholders and not local taxpayers."

– Mayor Scott King, Gary, IN

American Water and the Future

With American Water facing so many high-profile challenges, Don Correll seems ideal to lead the company in its life after RWE. Correll became American Water's president and CEO in April 2006, as RWE was in the midst of deciding whether to sell the company to a specific buyer or spin it off in an initial public offering on Wall Street.

Correll is a well-known water industry veteran. As CEO of New Jersey-based United Water, Correll was involved with several privatizations and acquisitions, including a $428 million contract in 1998 to operate Atlanta's water system, then the largest privatization deal in U.S. history.

Correll then oversaw United Water's sale to Suez of Paris, the second-largest water company in the world. Correll left the company in 2001, before underachievement and corruption led Atlanta officials to rescind the contract just four years into its 20-year term.

After leaving United Water in 2001, Correll became CEO of Pennichuck Water Service Corporation, a regional company based in Merrimack, N.H. He found himself at the helm of another headline-grabbing company, as Pennichuck was engaged in a years-long fight against an eminent domain action by Nashua, N.H. Correll launched a campaign in local newspapers criticizing the city's purchase effort that, thus far, has helped keep the city at bay.[37,38]

Now at American Water, Correll has a two-fold growth strategy: raising rates by convincing people their water is under-priced and leading the next wave of industry consolidation.

In an interview with the Associated Press, Correll said that after the stock sale is completed, perhaps by the second quarter of 2007, the company will start looking for a variety of expansion opportunities. "We will be a consolidator," he said. He wouldn't identify potential targets but said American Water would pursue long-term contracts with municipalities and perhaps begin purchasing other large publicly-traded water companies.

Correll acknowledged that few municipalities nowadays are willing to sell their systems outright to private companies. Instead, American Water has completed a number of "tuck-in" deals recently, buying up small systems of 20 to 50 customers owned by land developers.[39]

At an industry conference in New York City in June 2006, Correll said water companies would be able to charge more by spinning the water crisis to their advantage. "We need to educate the public to appreciate the value of water, so they

"We need to educate the public to appreciate the value of water, so they are willing to spend more." – *Don Correll, president/CEO, American Water*

are willing to spend more," he said. "Once you educate the customer, there is a willingness to pay."[40]

Illustrating how far the industry should go to drive the point home, he said customers should be presented with the choice of "bottled water or going to the river with a bucket."[41] Clearly, the situation isn't nearly this grim in the United States, but Correll says people need to be shaken out of their comfortable reality. "We're taken for granted," he said.[42]

In the End

RWE's short, uneasy experiment in the U.S. is a cautionary tale for all concerned – water companies, regulators, elected officials and citizens alike.

Companies – not just RWE, but Suez, Veolia and many others – are backing away from 1990s-style privatization models and looking for less controversial ways to expand their businesses. Regulators are more cautious about allowing companies to maximize profits by applying excessive markups to their investments.

After discovering privatization was not a solution to their funding and technical shortcomings, elected officials and citizens in a growing number of communities are questioning the wisdom of privatization and attempting to return their systems to public ownership and operation. And more communities are rejecting the overtures of private companies.

Reversing privatization is very difficult, particularly when going up against well-funded public relations campaigns, political candidates and legal maneuvers. These tough realities make such efforts all the more admirable.

Leaders of local ownership efforts are monitoring corporations that seek to influence decision-making, and they are asking critical questions about true motives. They are backing local, state and federal legislation that promotes the public right to water. Particularly on a national level, they are working to establish a permanent trust fund to improve access, affordability and quality of water.

The American Water experience begs the question: Should a resource so essential to life be controlled by multinational, for-profit corporations, or safeguarded by the public with strong local oversight and accountability measures?

Every human being has the right to clean and affordable water. The cost of providing water should not be based on a company's share price. Rather, the bottom line should be tied to protecting the public by providing a safe and reliable service to all citizens.

What You Can Do

1. **Investigate**

Find out who owns and operates your local water utility, and how decisions are made on rates, staffing and other issues. Call your elected representatives or public works department. Attend a meeting of the board or committee that oversees the utility. Tell us what you find out, by e-mailing water@fwwatch.org or calling (202) 797-6550.

2. **Educate**

Host a film screening at your school, place of worship, workplace, community group or neighborhood center. Borrow a film from Food & Water Watch's Film Library. Browse our library at www.foodandwaterwatch.org/films/films or call (202) 797-6550.

3. **Act**

- Download a "ReWirE American Water" Campaign Kit by visiting www.foodandwaterwatch.org/water/corporations/Am-Water or by calling (202) 797-6550. The kit includes:
  - The Pledge for Local Ownership of Water;
  - A campaign fact sheet;
  - A guide for getting your issue in the media.
- Write a letter to the editor of your local newspaper. If your local water system is publicly owned and operated, talk about the importance of it staying this way. If it's owned or operated by a private corporation, say that it should return to public control.
- Help us take action for policies that promote local, democratic control of water by visiting www.foodandwaterwatch.org.

4. **Stay Involved**

- Support our work. Become a member of Food & Water Watch. Join us by visiting www.foodandwaterwatch.org/support-us/become-a-member or call (202) 797-6550.
- Join our e-mail list and get the latest information in your inbox. E-mail us water@fwwatch.org to sign up.
- Let us know what's happening in your community.

Every human being has the right to clean and affordable water. The cost of providing water should not be based on a company's share price. Rather, the bottom line should be tied to protecting the public by providing a safe and reliable service to all citizens.

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