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A PROFESSIONAL LIMITED LIABILITY COMPANY

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OTHER OFFICES

KNOXVILLE
MEMPHIS

August 18, 2008

VIA E-MAIL AND HAND DELIVERY

Chairman Tre Hargett
c/o Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

filed electronically in docket office on 08/18/08

Re: *Petition of Tennessee American Water Company To Change And Increase Certain Rates And Charge 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

Dear Chairman Hargett:

Enclosed please find an original and seven (7) sets of copies of Tennessee American Water Company's Response to several customers for filing in Docket 08-00039. Hard copies of this submission will be provided to the TRA officers in person at the hearing.

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

Sincerely



Erin M. Everitt

Enclosures

Chairman Tre Hargett
August 18, 2008
Page 2

cc: Hon. Mary W. Freeman (*w/o enclosure*)
Hon. Sara Kyle (*w/o enclosure*)
Hon. Eddie Roberson, PhD (*w/o enclosure*)
Ms. Darlene Standley, Chief of Utilities Division (*w/o enclosure*)
Richard Collier, Esq. (*w/o enclosure*)
Mr. Jerry Kettles, Chief of Economic Analysis & Policy Division (*w/o enclosure*)
Ms. Pat Murphy (*w/o enclosure*)
Timothy C. Phillips, Esq. (*w/enclosure*)
David C. Higney, Esq. (*w/enclosure*)
Henry M. Walker, Esq. (*w/enclosure*)
Michael A. McMahan, Esq. (*w/enclosure*)
Frederick L. Hitchcock, Esq. (*w/enclosure*)
Mr. John Watson (*w/o enclosure*)
Mr. Michael A. Miller (*w/o enclosure*)



Tennessee American Water
1101 Broad Street
Chattanooga, TN 37402
amwater.com

P 423-755-7697
F 423-755-7634

August 15, 2008

Mr. Chris Munson
78 W. Rogers Road
Chattanooga, TN 37408-2202

Dear Mr. Munson:

First of all, I would like to thank you for your patronage and continued good standing as a water customer of Tennessee American Water. We appreciate your business.

Thank you also for your email to the Tennessee Regulatory Authority expressing your concerns and issues with the private fire service to the building you are currently renovating at 917 East 16th Street in Chattanooga. The regulations dictating the need for a private fire service are set by the National Fire Protection Association, State fire insurance commissions, or the Chattanooga Fire Department and Fire Marshall. Fire protection must meet minimum water flows and pressures which have been made available to match the designed hydraulic requirements of the fire sprinkler system. Should your private fire system activate in order to extinguish a fire in this structure, the potable water that is used to supply the sprinklers, hoses and fire hydrants would not be billed as a result. The rate we charge for the private fire service connection is based on the size of the connection and the rate approved by the Tennessee Regulatory Authority and reflects the company's costs for providing fire storage requirements and pumping capacity requirements which have been designed and installed to deliver under all conditions water flows during periods of emergency. The current rate for a 6-inch diameter private fire service connection is \$979.79 annually, which is billed quarterly in advance.

Fire service protection is important not only to your building but to protect from death, injury, property damage and continuity of operations. Since the building code is a set of rules that specify the minimum level of safety for constructed objects such as buildings and non-building structures, the main purpose of the building code is to protect public health, safety and general welfare as they relate to construction and occupancy of buildings and structures. The building code becomes law of a particular jurisdiction when formally adopted by the appropriate authority. The power of regulating construction and fire safety is vested in local authorities.

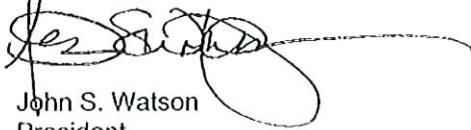
Fire protection service has characteristics that are markedly different from other types of water service. The service provided is principally of a standby nature – that is, readiness to deliver relatively large quantities of water for short periods of time at any of a large number of points in the water distribution system while the total annual quantity of water delivered is relatively small. There are two principal approaches to the determination of fire protection service costs that differ widely in both theory and application. One approach proposes that the costs of fire protection service, other than those of the direct cost related to the hydrants themselves, be determined on

Mr. Chris Munson
August 15, 2008
Page 2

the basis of the potential demands for water. A second approach proposes that fire protection service costs be allocated as an incremental cost to the costs of general water service. This second approach is based on the premise that the prime function of the water utility is to supply general water service and that fire protection service is a supplementary service. I am attaching a schedule which details the expenses and capital investments made by Tennessee American Water in order to provide private fire service.

Tennessee American is a strong supporter of economic development in the Chattanooga area, and we look forward to meeting your future needs. Please contact us at your convenience if you would like additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Watson", with a long horizontal flourish extending to the right.

John S. Watson
President

/s
Enclosure

CLASSIFICATION OF SERVICEPRIVATE FIRE SERVICEAvailable For:

Private Fire Service in all territory served by the Company. Private Fire Service is rendered only after approval by the President or Vice President and General Manager of the Company of an "Application for Special Connection," and only in accordance with the terms and conditions as provided therein.

RatesRate per Annum

Private Fire Service Connections:

1" diameter	\$ 27.15 (I)
1-1/2" diameter	61.24 (I)
2" diameter	108.92 (I)
2-1/2" diameter	166.09 (I)
3" diameter	244.83 (I)
4" diameter	490.28 (I)
6" diameter	979.79 (I)✓
8" diameter	1,961.24 (I)
10" diameter	2,942.08 (I)
12" diameter	3,923.10 (I)

Private Fire Hydrants other than those supplied
by Private Fire Service Connections

\$934.69 (I)

(I) Increase

ISSUED: May 17, 2007

EFFECTIVE: May 22, 2007

BY:

John S. Watson

Vice President & General Network Manager

1101 Broad Street

Chattanooga, Tennessee 37401



Tennessee American Water
1101 Broad Street
Chattanooga, TN 37402
amwater.com

P 423-755-7607
F 423-755-7634

August 15, 2008

Mr. David K. Riall
265 Oak Street
Rossville, GA 30741-2979

Dear Mr. Riall:

First of all, I would like to thank you for your patronage and continued good standing as a residential water customer of Tennessee American Water. We appreciate your business.

I have taken notice of your recent concern about the water rate increase and I have personally made a review of your account for service at 265 Oak Street in Rossville so that I could offer some additional information to you about the monthly billing you receive from Tennessee American Water and the other issues you raised in your email to the Tennessee Regulatory Authority.

The monthly bill for water service to your residence at 265 Oak Street has been ranging from a low of \$14.66 in April 2007 to a high of \$40.21 on July 15, 2008. Looking at the history of your account, your water service bill increased slightly during June and July, due to increased water usage, which is often attributable to summer activities or other changes in the home, or is related to the number of days of service in the billing period (typically ranging from 27 to 33 days).

Tennessee American Water's rate request currently before the Tennessee Regulatory Authority is to consider a rate change and, if approved in full, based upon the requested amount, a residential user that consumes 4,305 gallons per month would be paying an additional \$3.65 over the current amount. In your particular case, your average bill in 2007 was \$25.08 which would mean your increase would be only \$1.37 more a month than the example I gave in my letter to the customers. Until the request is decided, however, your water service rates will remain at the current level.

To address the other issues you raised in your email to the Tennessee Regulatory Authority, let me begin by saying I appreciate your taking the time to call our customer service center when you observed the main break on at 118 Nason Street in Rossville, GA. We have a leak detection crew that dedicates all their time to locating leaks in our distribution system, but they cannot be everywhere at one time and we depend on our employees and customers to notify us when they see a main break. Each report of a leak is evaluated and a decision made as to the urgency and whether repairs need to be made immediately based on several factors, including water loss and potential for damage to property. Our records indicate your call was received by customer service on August 23, 2007. Our field crew followed up on the call on August 23rd and contacted Tennessee "One Call" for emergency utility "mark out" of all gas, electric, sewer, phone, and cable prior to digging. We were able to obtain impending emergency locates and repaired a two-inch galvanized main at this address on August 24, 2007.

Mr. David K. Riall
August 15, 2008
Page 2

The only other contact that we have in our records from you was on January 31, 2008 when you reported a crack in the foundation of your garage as a result of burst pipes at vacant property at 308 Ivy Street in Rossville. The meter was turned off to this residence immediately, but the meter was not removed as it was still an active account and not listed as condemned by the Chattanooga Fire Marshall. Your damage claim was submitted to our insurance carrier by our Loss Control Specialist but was denied since the damage was not caused by Tennessee American Water.

Our records do not indicate that you requested your water quality be checked at your home, but we will be glad to make an appointment to sample your residence and address your concerns with the chlorine and grit. It is possible that the grit issue may be related to a water heater dip tube. During the 1990's water heater manufacturers used a product that began disintegrating causing a problem with particles clogging customers' plumbing. We can provide information to determine if that is a possibility in your case.

In regard to the chlorine, it is essential to add chlorine to the water to protect public health. The amount of chlorine added is within the safe drinking water standards and monitored continuously at the water treatment plant, as well as confirmed throughout the distribution system at customers' taps including locations in your vicinity. There are individuals who prefer to take steps to reduce chlorine taste and odor by allowing the water to stand prior to consumption or to use the point-of-use filters, as in your case. Our Water Quality Supervisor made an attempt to call you today to let you know someone will be out today to check the chlorine level at your residence and leave the water heater information for you.

I trust I have been able to address to your satisfaction your concerns and some of the issues you have with Tennessee American. If not, please give me a call at 755-7607 and we can discuss the issues in more detail. Please again accept my thanks for your business and the opportunity to provide high quality water service to you and your household. If there is anything else we can do to serve you, or if I could answer any questions, please contact my office at your convenience.

Sincerely,


John S. Watson
President

/s

Sharla Dillon - Re: tenn amer water

From: Sara Kyle
To: riall, david
Date: 8/4/2008 8:41 AM
Subject: Re: tenn amer water
CC: sharla.dillon@state.tn.us

REC'D
2008 AUG -4 AM 8:41
T.R.A. DOCKET ROOM

Mr. Riall,

Thank you for your comments regarding Tennessee American Water Company. I will forward your email on to the Docket Manager to be included in the docket file. The panel hearing this docket consist of Directors Hargett, Freeman and Roberson. Again, thank you for your comments. Sara Kyle

>>> david riall <driall@comcast.net> 7/31/2008 9:41 PM >>>

After hearing all the slug calls and people from the water company on talk radio, I felt like my impression should be heard

They tried to say the average bill was under \$20.00 per month - BS!! I have never had water bill below \$20.00 and this is without sewage charges and in a 1000 sq ft home with two normal adults so I can imagine their "average" home must be a spinster who does not bath often!!

The clam quality service - We had to put in a high end filter system because of the chorine smell and all the "Grit" kept clogging the facets - and the low pressure sometimes makes it hard to take a shower. and don't even think of do something else like washing the dishes at the same time. And the thought of drinking it unfiltered is not an option.

They claimed such a great infrastructure - I have reported 3 water main breaks (I won't any more) - each time I get some jerk who makes it clear that she does not want to be bothered by such an inconvenience. And when and building is condemned they don't take out the meter so some can turn the water on and let it run damaging surrounding property with out taking responsibility (and the meter is still connected - from 6 months ago!) No one there new the policy or could give a darn.

The claimed that the water does not just come out of the river - then where the hell does it come from? Do the produce it? Do they have to drill for it? Pipe it from from a distance? No they do just get from the river - yes the filter it (some) but we can not be compared to most other areas because they do have to make an effort to get the water.

And just the effort of all the "slug calls" (talking about the providing children with clean water - are the going the provide bad water if they don't get this) should make it clear that this is a money grabbing attempt with vailed threats to our water supply. Maybe the effort to buy these people out should be reinvestigated.

I am sure they are after a small part of what they are asking far which is probably what they are after, But they should be fully accountable to their false claims. For once I would like politicians to stand firm and refuse their money grab.

D riall



P 423-755-7607

F 423-755-7634

Tennessee American Water
1101 Broad Street
Chattanooga, TN 37402
aniwater.com

August 15, 2008

Mr. & Mrs. Frank Lala
3967 A Webb Road
Chattanooga, TN 37416

Dear Mr. & Mrs. Lala:

First of all, I would like to thank you for your patronage and continued good standing as a residential water customer of Tennessee American Water. We appreciate your business.

I have taken notice of your recent concern about the water rate increase and I have personally made a review of your account for your service at 3967 A Webb Road so that I could offer some additional information to you about the monthly billing you receive from Tennessee American Water.

I want to make sure you understand that the monthly bill you receive from Tennessee American Water includes both water service from Tennessee American Water, as well as sewer service, a service provided by the City of Chattanooga which Tennessee American Water bills and collects on behalf of the City. Sewer service is based upon the gallons of water you are billed from Tennessee American Water, and, in fact, is not based upon the dollar amount of the water service.

In your particular case, the water service for your residence has been ranging between \$14.27 and \$23.49 per month for the period September 2007 through your most recent bill for August 2008 and is the portion of the bill that Tennessee American Water relies upon to cover the costs of water service. In September and October 2007, the water service portion of your bill increased slightly to \$23.49 per month, due to increased water usage, which can be attributable to a fluctuation in water use in the home due to additional people visiting or being away from the residence for extended periods, plumbing repair such as a toilet leak, or faucet drip, or is related to the number of days of service in the billing period (typically ranging from 27 to 33 days).

Tennessee American Water's rate request currently before the Tennessee Regulatory Authority is to consider a rate change for the water portion only of the bill you receive each month. On average, if approved in full based upon requested amount, a residential user that consumes 4,305 gallons per month would be paying an additional \$3.65 over the current amount each month. Based upon your average monthly bill of \$18.11, your monthly bill would increase only \$3.62 a month, if the full amount of our request is granted by the Tennessee Regulatory Authority. Until the rate request is decided by the Tennessee Regulatory Authority, your water service rates will remain at the current level.

Mr. & Mrs. Frank Lala
August 15, 2008
Page 2

By comparison, the sewer service portion of the bill has been running between \$15.83 and \$24.57 per month between September 2007 and August 2008 and is the portion of the bill labeled "Chatt. Sewer" that is billed and collected on behalf of the City of Chattanooga and which is returned to the City as revenue to provide you with sewer service. In September and October 2007, the sewer portion of your service did increase slightly to \$24.57 per month, due to increased water usage. Again, this charge is based upon the gallons of water billed and the rates for sewer service that are set by city ordinance and approved by Chattanooga City Council. Two sewer rate increases have occurred during that same period, and were effective October 1, 2007 and April 1, 2008. These sewer rate increases have been the source of a portion of the increase you have seen in your monthly bill. By comparison, there have been no water rate increases during the last 12 month period.

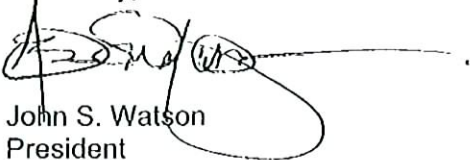
As a result, the water service portion on the billing paid to Tennessee American Water is *only approximately 48-50% of the total amount you pay*, the remaining amounts you are paying are for the benefit of sewer service from the City and sales tax which is required to be paid to the state and also benefits the county where you live, which we regularly remit as required, to governmental entities involved in those activities and that we have an obligation to collect on their behalf.

Finally, I appreciate that most customers would wish that utility rates remain flat. However, the economic pressure related to increases in many of the products and services which are necessary to provide the water service you receive each day, as well as replacement of water system components and improvements to serve our customers, which is what all water utilities need to do to maintain high-quality water and reliable service is also required. Please let me assure you, that I am confident that Tennessee American Water employees are making the appropriate infrastructure improvements, although costly, and at the same time containing the operating and maintenance costs of the business, given the rising costs of doing so that we face.

I trust that I have helped explain what Tennessee American Water is doing regarding water rates and that an explanation of the bill has been helpful for your understanding.

Finally, please again accept my thanks for your business and the opportunity to provide high quality water service to you and your household. If there is anything else we can do to serve you or if we could answer any further questions you might have, please contact my office at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Watson", with a long horizontal flourish extending to the right.

John S. Watson
President



Tennessee American Water
1101 Broad Street
Chattanooga, TN 37402
amwater.com

P 423-755-7607
F 423-755-7634

August 14, 2008

Ms. Kathy Roy
Chattanooga, TN

Dear Ms. Roy:

First of all, I would like to thank you for your patronage and continued good standing as a residential water customer of Tennessee American Water. We appreciate your business.

Since an address was not included in your email to the Tennessee Regulatory Authority, we were unable to access your account for a review and personal analysis of your water service with us, but I would like to offer some information to you about the monthly billing you receive from Tennessee American Water.

The monthly bill you receive from Tennessee American Water includes both water service from Tennessee American Water, as well as sewer service, a service from the City of Chattanooga for which Tennessee American bills and collects on behalf of the City. Sewer service is based upon the *gallons* of water you are billed from Tennessee American and is not based upon the *dollar amount* of the water service.

Tennessee American Water's rate request currently before the Tennessee Regulatory Authority is to consider a rate change for the water portion only of the bill you receive each month. On average, if approved in full based upon the requested amount, a residential user that consumes 4,305 gallons per month would be paying an additional \$3.65 over the current amount. Until the request is decided, your water service rates will remain at the current level.

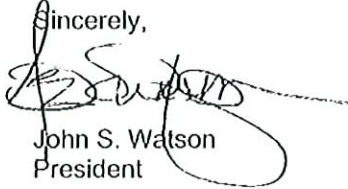
The sewer service portion of the bill is the portion of the bill which is returned to the City of Chattanooga to provide you sewer service. This charge is based upon the gallons of water billed and the rates for sewer service that are set by City ordinance and approved by the Chattanooga City Council. Their most recent sewer rate increases occurred on October 1, 2007 and on April 1, 2008.

It is my hope that I have helped explain what Tennessee American Water is doing regarding water rates and that an explanation of the bill has been helpful for your understanding. If you would like to have a more thorough analysis of your account, please provide your address and we will be glad to provide that information to you.

Ms. Kathy Roy
August 14, 2008
Page 2

Again, please accept my thanks for your business and the opportunity to provide high quality water service to you and your household. If there is anything else we can do to serve you, or if I could answer any questions, please contact my office at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Watson", with a large, sweeping flourish extending to the right.

John S. Watson
President

/s

Sharla Dillon - Re: TAWC Water Rate Hike

RECEIVED

2008 AUG 12 AM 9:21

T.R.A. DOCKET ROOM

From: Sara Kyle
To: Dillon, Sharla; Roy, Kathy
Date: 8/11/2008 11:44 AM
Subject: Re: TAWC Water Rate Hike

Ms. Roy,

Thank you for your comments regarding Tennessee American Water Company. I am not one of the panel members hearing this docket, but will forward your comments to the docket manager to be included in the file. Again, thanks for taking time out of your busy schedule to share your concerns. Sara Kyle

>>> Kathy Roy <lilrd50@hotmail.com> 8/11/2008 11:33 AM >>>

Hello,

My name is Kathy Roy and I am a resident of Hamilton County in Chattanooga Tennessee. The past 3 years the Tennessee American Water Company has raised water rates and now is going to raise them again 20 percent. Everything is going up except my paycheck. I believe the water company should be more responsible and be more accountable for the monies they have already received. Please help the citizens of Hamilton County with this issue. Thank you for your time.

Get Windows Live and get whatever you need, wherever you are. [Start here.](#)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served via the method(s) indicated, on this the 18th day of August, 2008, upon the following:

<input checked="" type="checkbox"/> Hand-Delivery	Timothy C. Phillips, Esq.
<input type="checkbox"/> U.S. Mail	Consumer Advocate and Protection Division
<input type="checkbox"/> Facsimile	Office of Attorney General
<input type="checkbox"/> Overnight	2nd Floor
<input checked="" type="checkbox"/> Email	425 5th Avenue North
	Nashville, TN 37243-0491
<input type="checkbox"/> Hand-Delivery	David C. Higney, Esq.
<input type="checkbox"/> U.S. Mail	Counsel for Chattanooga Manufacturers Association
<input type="checkbox"/> Facsimile	Grant, Konvalinka & Harrison, P.C.
<input checked="" type="checkbox"/> Overnight	633 Chestnut Street, 9th Floor
<input checked="" type="checkbox"/> Email	Chattanooga, TN 37450
<input checked="" type="checkbox"/> Hand-Delivery	Henry M. Walker, Esq.
<input type="checkbox"/> U.S. Mail	Counsel for Chattanooga Manufacturers Association
<input type="checkbox"/> Facsimile	Boult, Cummings, Conners & Berry, PLC
<input type="checkbox"/> Overnight	Suite 700
<input checked="" type="checkbox"/> Email	1600 Division Street
	Nashville, TN 37203
<input type="checkbox"/> Hand-Delivery	Michael A. McMahan, Esq.
<input type="checkbox"/> U.S. Mail	Special Counsel
<input type="checkbox"/> Facsimile	City of Chattanooga (Hamilton County)
<input checked="" type="checkbox"/> Overnight	Office of the City Attorney
<input checked="" type="checkbox"/> Email	Suite 400
	801 Broad Street
	Chattanooga, TN 37402
<input type="checkbox"/> Hand-Delivery	Frederick L. Hitchcock, Esq.
<input type="checkbox"/> U.S. Mail	Harold L. North, Jr., Esq.
<input type="checkbox"/> Facsimile	Counsel for City of Chattanooga
<input checked="" type="checkbox"/> Overnight	Chambliss, Bahner & Stophel, P.C.
<input checked="" type="checkbox"/> Email	1000 Tallan Building
	Two Union Square
	Chattanooga, TN 37402