



Robert M. Klink

P.O. Box 271, Chattanooga, Tennessee, 37401-0271,

August 25, 2008

Hearing Officer and
Mr. Trey Hargett, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Mr. Robert E. Cooper, Jr.,
Tennessee Attorney General
Ground Floor
425 5th Avenue North
Nashville, TN 37243

Ms. Mary Clement,
Director of Consumer Affairs
Tennessee Department of Consumer Affairs
500 James Robertson Parkway
Nashville, TN 37243

RE: Hearing input re: Requested Tennessee
American Water Rate Increase - Chattanooga, TN

To Whom it May Concern;

I am writing this letter as part of the overall input of the Public Hearing noted herein above. After more than 20 years of membership, I have been notified that I have been given a Life Membership of the American Water Works Association. I respectfully request that you please consider these comments as a part of the official hearing input of the public. Please read them in full and take them seriously.

I am obviously also sending this letter to others than the Tennessee Regulatory Authority simply because, based upon my knowledge and experience, there may be more here than meets the eye, and I believe that there needs to be a much deeper, detailed legal and financial investigation of the TAWC than will probably be given by the Tennessee Regulatory Authority.

This letter is “*one man’s opinion*”, but also reflective of the personal experiences which I have previously had with Tennessee American Water Company (hereafter stated as “TAWC”) and American Water Company, along with comments which I had heard and discussed with others in the Chattanooga TAWC water service area.

As a TAWC customer for many years and a now retired previous Vice President, President, CEO and/or Chairman of the Board of water utility consulting firms, **this letter is to seriously recommend complete and total rejection of the currently requested TAWC Water Rate Increase** for the following reasons:

1. There should be no additional water rate adjustment until the 2007 TAWC Water Rate Increase Request has been totally and finally adjudicated. This adjudication will necessarily be made based upon the City of Chattanooga’s current Appeal filed with the Tennessee Court of Appeals. Further rate adjustments prior to this adjudication will only complicate an already complicated issue, probably to the consumer’s detriment;

2. Have previous TAWC rate increase requests, and hearings thereon, fairly balanced the “*Voices of the People*” against the statements and requests of TAWC? Based upon what I have seen and heard, I do not believe so. The voices of all TAWC customers, ***MUST*** be appropriately heard and be given fair weight;

3. I am not in a position to know the total numbers, but I do know that previous complaints about the activities of TAWC have been filed with the Tennessee Department of Consumer Affairs, which have been unilaterally decided by TAWC, but unsatisfactorily resolved in the Customer’s mind. All of such filed complaints should be read into the record, all complainant Customers contacted, and their comments seriously considered when determining if TAWC has been dealing fairly, honestly and with integrity with its customers;

4. With our own previously TAWC written complaint, filed with the Tennessee Department of Consumer Affairs (TDCA), the TDCA seemed only to be, without concern, a conduit to pass letters and comments from one to another, but offered no real problem solving beneficial action on behalf of the Customer. Shouldn’t we always remember that it’s “*The Customer*” who always “*pays the bills*”. In fact, our letter of complaint ended up on the Internet, apparently a blatant attempt to coerce, embarrass and abuse us for the filing of the complaint. Was the TDCA acting in complicity with TAWC in the placement of this information on the Internet? Should there not be adequate and specific rules imposed upon regulated utilities to eliminate harassment of complaining utility customers in this manner? I believe that most Customer’s would agree that they need better protection by their government representatives, both elected and appointed, who are supposed to adequately represent their interests;

5. From what I have personally observed, I believe that TAWC, In Chattanooga,

at least, operates with no real or effective accountability to any public or private entity, outside of their own self interests. I do not believe that to be in compliance with Tennessee State Laws and Regulations;

6. I understand that The City of Chattanooga, The County of Hamilton and The Chattanooga Manufacturer's Association have gone on record in distinct and direct opposition of the requested rate increase. I seriously agree with each of them and, from what I have heard, believe that those entities speak on behalf of most, if not all, TAWC water customer's in the area. Will this opposition, representing most, if not all, TAWC water customer's in the area be appropriately and truly heard and acted upon?

7. Based upon my personal experience in dealing with TAWC for many years, I personally do not believe that TAWC acts with honesty, fairness and integrity with their Customers;

8. In reading various news reports of statements attributed to TAWC and/or persons speaking on behalf of TAWC, there seems to me to be severe credibility questions of such statements in support of this requested rate increase. Has this process only become a "*Can you top this*" or a "*You can't prove that*" display ... or both? Let's be certain that only factual, proven information is utilized in this rate increase request;

9. While I understand that TAWC is claiming NOT to be including their very, very high and excessive costs in preparation for this rate increase request, in the millions of dollars, I hear, I understand that they are requesting that their total costs for the previous rate increase request be included as a part of their Customer supported costs upon which to justify this rate increase. Similarly, I have no doubt that TAWC will later petition to have the overall costs of this rate increase request included as a part of their future Customer supported cost basis as well. Does this simply come down to a "*Pay me now or pay me later*" situation? That is simply a concept which is not consumer oriented, and should not be allowed. If they want to generate even more excessive profits, they should be willing to take the risk and to pay the costs for the attempt out of their own shareholders pockets, *otherwise what do they ever have to loose by generating rate increase request ... after rate increase request ... after rate increase request*, which seems to me to be their current agenda and mode of operation;

10. On our personal water account with TAWC, TAWC seems to have conveniently "*lost*" our previously signed and submitted water service tap insurance paperwork, after we much later submitted a verbal claim for greatly excessive water billings, even when we were gone from our property for long periods of time, thus completely denying our coverage and costing us over \$ 1,000.00 to completely replace our water service on top of the extremely excessive water billings and additionally on top of the resultant water meter based extremely excessive sewerage billings;

11. On the same occasion, TAWC assured us that because of the severe and excessive leakage in the water system, if we would pay the complete water billings by TAWC, even though they were recognized as being extremely excessive, TAWC would take it upon themselves to negotiate the appropriate reduction of the City of Chattanooga sewer bill portion of the water billings (for which TAWC also bills us for) down to where they should have been for normal usage, and refund the overpayments to us. To our knowledge and belief, TAWC has done absolutely nothing to comply with their commitment, and therefore our costs have been further escalated, by multiples, well beyond what they should have been. This only additionally affirms to us the lack of honesty, fair dealing and integrity of TAWC;

12. We had complained about bad tasting/smelling water coming from TAWC lines into our home for some years. TAWC sent out a representative, tested the water, agreed with our determination of bad tasting/smelling water, however disclaimed any TAWC responsibility and left, never to be heard from again. This is apparently the quality of "*Customer Service*" that TAWC believes to be appropriate for its Customers. We obviously do not!

13. TAWC, while making repairs to their service lines on their side of the water meter, damaged our property and landscaping without adequate restoration, and, with no advance notice whatsoever, blocked the only ingress and egress to/from our property for some time, holding us hostage/keeping us confined within our own property, when we had other things which needed to be done outside of our property. TAWC has yet to make any contact with us to rectify and make right the situation. Based upon our experience, we can only assume that TAWC feels that they have the unlimited "*rights*" to ravage people's property without accountability, however the rights of their customer's are apparently deemed to be basically nil. Again, when things such as this happen, we have to once again question the honesty, fairness and integrity of TAWC. I believe that they should be held fully accountable for this incident and all others that have been detrimental to the interests of their customers;

14. I, both personally and professionally, have dealt with American Water Company over approximately the past 40 years, and generally had great respect for the organization as I knew it. However, based upon what I have seen of TAWC in the Chattanooga area recently, I personally do not believe that TAWC is nearly the quality of water company which I had attributed positively to American Water Company previously. Is it local management ... is it a change of corporate philosophy ... or is it something else much more than that?

15. Based completely upon my previous association and experience with American Water Company over the years, when the City of Chattanooga, several years ago, attempted to take over the interests/operations of the TAWC in the Chattanooga area, I personally vigorously and publically spoke out against the takeover, since I

generally believe that private enterprise can and should provide services better and less expensively than can a governmental entity, that is however, when the private entity has proper safeguards in place, including adequate competition to hold it accountable. In this particular case, it seems to me that TAWC has become far too “cozy”, however they did it, with those who are elected and appointed in place to hold them totally accountable, with the utility Customers being left out in the open with no adequate representation whatsoever;

I now admit that I was wrong in speaking out against that TAWC takeover by the City of Chattanooga. Now, based upon my personal experience locally and what I have heard from other TAWC Customers, I would heartily support replacement of TAWC with another water utility for the Chattanooga Area, along with proper safeguards and accountability to protect the interests of the consumers;

16. The Volkswagen Automotive Facility has recently committed to locating in the Chattanooga area. This will bring thousands of jobs to the area along with very large water billings, presumably from TAWC. Has TAWC’s projections of revenue included an adequate representation of that probable great amount of additional revenue? Has the Tennessee Regulatory Authority seriously considered any “*mandated rebate*” that will be given back to the normal ratepayers when that happens, or will that be just another allowed “*landfall*” of “*excess profitability*” to TAWC on the backs of it’s Customers? Obviously, Volkswagen is now in the mix and their future revenue should be seriously considered when setting the future water rates;

17. Chattanooga streets and highways are in deplorable condition and rougher riding than in most similar cities I have seen due to extremely poorly and improperly repaired utility cuts, including those by TAWC. One more place where TAWC does not seem to me to be held accountable for the damages to the public infrastructure and the public at large in the Chattanooga area;

18. Has anyone looked at the employee and management pay structure of TAWC at all echelons to compare them with other salaries and benefits actually paid by other local corporations and entities with similar market risks in the Chattanooga area? If not, why have they not been checked for reasonability, since the Customer base is paying directly for them?

19. Does it seem that TAWC gets “*preferential treatment*” over the objections and stated desires and appropriate fair treatment of the general public and TAWC Customers in matters such as these? Based upon what I have seen in the past, it does to me! Is such a perception by the public simply because of hefty campaign contributions and substantial lobbying efforts with both elected and appointed officials, that the Consumer’s interests are all but ignored? Why not mandate by law and regulation that all contributions, gifts, lunches, entertainment and all other items of any value whatsoever,

by any and all private utilities to all appointed and elected officials, including to their staff members and employees, without exception, be annually made a matter of public record?

20. In summary, we believe, that due to the observed actions and statements of TAWC, we personally would be better off to be outside of the TAWC service area, as we understand that others also currently desire to be.

Unfortunately, based upon experience, I have to assume that this letter will be completely wasted time and expense on my part, on behalf of TAWC ratepayers, as may be all of the adverse testimony given at these TAWC water rate increase hearings.

I hope and Pray that I am wrong, but, I am writing this to see if the Tennessee Consumers; in this case, the Customers of the TAWC, will be heard and given due consideration, or if the publically perceived "*coziness*" will once again prevail.

Only you can provide that answer! One way or another, you will!

Sincerely,



Robert M. Klink

cc: as needed