

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)	
)	
GENERIC DOCKET TO CONSIDER)	Docket No. 10-00040
MODIFYING NOTICE REQUIREMENTS)	
FOR RATE CASES)	

COMMENTS OF TENNESSEE AMERICAN WATER COMPANY

Tennessee American Water Company ("Tennessee American") respectfully provides these Comments in response to the Tennessee Regulatory Authority's ("TRA") Notice of Filing Comments, dated March 22, 2010, in the above-referenced docket. Tennessee American appreciates the opportunity to file these Comments and to assist the TRA in determining whether any modifications need be made to the current notice requirements for rate cases. Tennessee American's response is as follows:

- 1. Whether TRA Rule 1220-4-1-.05 should be amended to provide for alternate methods that a public utility can use to provide notice to customers of a proposed rate increase and the hearing addressing that proposed increase.**

Tennessee American does not believe there is any need to amend TRA Rule 1220-4-1-.05 with respect to its rate cases. Tennessee American's service area is in and around the city of Chattanooga, an area well-served by a local newspaper of general circulation and numerous other news outlets. Moreover, as has been demonstrated in its last two rate cases in Dockets No. 06-00290 and No. 08-00039, there has been no lack of publicity about either its requests for rate increases or the dates when the rate requests were to be heard by the TRA; in fact, its service area has been inundated with such information from print, broadcast, and internet media sources.

In addition, Tennessee American is concerned about the possible increase in the cost of its rate cases that might result from amending the Rule. Tennessee American opposes any amendments to the Rule that would adopt methods that add materially to the cost of filing and pursuing a rate case. Should the TRA adopt notice methods that do increase those costs, Tennessee American strongly believes the TRA should include a positive commitment that these costs can be recovered by the utility as regulatory expenses in the rate case.

Notwithstanding the foregoing, Tennessee American does not oppose efforts to provide alternative methods of notifying customers of proposed rate increases and related hearings if they are cost-efficient and effective. For example, Tennessee American would not oppose a requirement that notice of the information currently required by Rule 1220-4-1-.05 be provided on the public utility's official website accompanied by a message printed on the customers' bills announcing the filing of the rate case and directing them to the website for the remaining content. This website posting, coupled with the bill message, would provide an alternative cost-efficient and effective method of ensuring that customers receive notification of pending proposed rate increases and hearing dates.

2. Whether a public utility should employ a method of direct customer contact, e.g. bill insert, direct mail notification, etc., as a means of providing notice to customers of a proposed rate increase.

Tennessee American strongly opposes notification via bill inserts, direct mail notification, or any similar method because they would be inordinately costly and would not necessarily increase dissemination of the required information. The use of bill inserts or direct mail would be vastly more expensive than the example Tennessee American described in response to Issue 1 and would not likely be any more effective in providing notice. If the TRA decides to require the use of expensive measures such as bill inserts or direct mail, then

Tennessee American respectfully submits that the TRA should contemporaneously establish an explicit rule allowing recovery of these costs in rate cases. However, given the TRA's current sensitivity about the level of expense required to file and pursue a rate case, and the existence of alternative, cost-efficient customer contact methods, the TRA should avoid adopting any requirement that notification be made through bill inserts, direct mailings, or similar methods.

3. Whether there should be different notification requirements for different public utilities based on the type of service provided and the type of locale(s) served.

Tennessee American does not oppose variations in notification requirements. In light of the fact that the current requirements of Rule 1220-4-1-.05 are sufficient to provide adequate notice to its customers, Tennessee American believes it would be appropriate to maintain the current method of providing notice for any utility whose service area has a newspaper of general circulation, even if different methods of notification are deemed necessary for other utilities.

4. Whether notification by a public utility through newspaper(s) should continue to be the principal means of notice to customers and, if so, whether the days of publication of such notice should be increased beyond one day.

Tennessee American supports the continued use of newspaper(s) as the principal and exclusive method of customer notification (along with posted notice at its business office as currently required). In the case of Tennessee American, it is clear that such notification is a cost-effective method of disseminating the information required by the Rules. As stated in response to Issue 1, Tennessee American's rate cases have been fully publicized to its customers, and accordingly, Tennessee American does not believe that the added expense of requiring additional days of publication is necessary or justified.

5. Where a public utility's service territory is in a locale that is separate and apart from a significant-sized urban area, whether the public utility should publish notice of a propose rate increase in a newspaper having general circulation in the locale.

Because Tennessee American's service area is in a significant-sized urban area, it expresses no opinion on this issue.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "R. Dale Grimes", is written over a horizontal line.

R. Dale Grimes (#6223)
BASS, BERRY & SIMS PLC
150 Third Avenue South, Suite 2800
Nashville, TN 37201
(615) 742-6200
*Counsel For Tennessee American Water
Company*

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served via U.S. Mail, overnight delivery and/or electronic mail, on this the 19 day of April, 2010, upon the following:

<i>For the Consumer Advocate Division:</i> Vance Broemel, Esq. OFFICE OF THE ATTORNEY GENERAL CONSUMER ADVOCATE AND PROTECTION DIVISION 425 5th Avenue North, 2 nd Floor Nashville, TN 37243 email: Vance.Broemel@ag.tn.gov	<i>For Kingsport Power Company:</i> William C. Bovender, Esq. HUNTER SMITH & DAVIS LLP P. O. Box 3740 Kingsport, TN 37664-0740 email: bovender@hsdlaw.com
<i>For Atmos Energy:</i> A. Scott Ross, Esq. NEAL & HARWELL, PLC One Nashville Place, Suite 2000 150 Fourth Avenue North Nashville, TN 37219-2498 email: sross@nealharwell.com	<i>For Chattanooga Gas Company:</i> J. W. Luna, Esq. FARMER & LUNA, PLLC 333 Union Street, Suite 300 Nashville, TN 37201 email: jwluna@farmerluna.ocm
<i>For AT & T:</i> Guy M. Hicks, III, Esq. AT&T TENNESSEE Suite 2101, 333 Commerce Street Nashville, YN 37201-3300 email: guy.hicks@att.com	<i>For TDS Telecom, Inc.:</i> Mr. Bruce H. Mottern TDS TELECOM, INC. Suite 200 10025 Investment Way Knoxville, TN 37932 email: bruce.mottern@tdstelecom.com
<i>For CenturyLink:</i> Jeanne W. Stockman, Esq. CENTURYLINK 1411 Capital Boulevard MS: NCWKFR313 Wake Forest, NC 27587 email: jeanne.w.stockman@embarq.com	

12.12 J. J. J. J.