

SPIEGEL & MCDIARMID LLP

GEORGE SPIEGEL (1919-1997)
ROBERT C. MCDIARMID
ROBERT A. JABLON
JAMES N. HORWOOD
THOMAS C. TRAUGER
JOHN J. CORBETT
CYNTHIA S. BOGORAD
SCOTT H. STRAUSS
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PETER J. HOPKINS
DAVID E. POMPER
WILLIAM S. HUANG
PABLO O. NÜESCH
TILLMAN L. LAY
LARISSA SHAMRAJ
STEPHEN C. PEARSON

1333 NEW HAMPSHIRE AVENUE, NW
WASHINGTON, DC 20036

WWW.SPIEGELMCD.COM

Telephone 202.879.4000

Facsimile 202.393.2866

E-mail INFO@SPIEGELMCD.COM

Direct Dial 202.879.4035

EMAIL SCOTT.STRAUSS@SPIEGELMCD.COM

ASSOCIATES

J.S. GEBHART
REBECCA J. BALDWIN
SHARON COLEMAN
KATHARINE M. MAPES
MELISSA E. BIRCHARD
ANJALI G. PATEL*
*MEMBER OF MICHIGAN BAR ONLY

OF COUNSEL

DANIEL I. DAVIDSON
FRANCES E. FRANCIS
MARGARET A. MCGOLDRICK
JEFFREY A. SCHWARZ
BARRY M. SMOLER
LEE C. WHITE

April 7, 2011

Mary Freeman, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

filed electronically in docket office on 04/07/11

Attention: Sharla Dillon

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. 10-00189

Dear Chairman Freeman:

Enclosed please find for filing in the above-referenced proceeding the Utility Workers Union of America, AFL-CIO and UWUA Local 121's Objection to "Notice of Filing Amended Tariffs." The original and four (4) copies will be sent via U.S. Mail.

Please feel free to contact either of the undersigned if you have any questions. Thank you for your attention to this matter.

Sincerely,



Scott H. Strauss
Katharine M. Mapes

Attorneys for UWUA Intervenors

Enclosures

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. 10-00189

OBJECTION TO “NOTICE OF FILING AMENDED TARIFFS”

On April 6, 2011, Tennessee American Water Company (“TAWC” or “the Company”) submitted in the instant proceeding a “Notice,” which was accompanied by two alternative sets of tariffs. The Company represents that the first alternative, Notice “Exhibit A,” reflects an across-the-board increase on terms consistent with those set forth in Chairman Freeman’s April 1, 2011, Motion, which was adopted by the panel during the Directors’ Conference held on April 4, 2011. The second alternative, Notice “Exhibit B,” purports to reflect that same increase distributed as per the settlement reached between TAWC and the Chattanooga Regional Manufacturers Association (“CRMA”).

The Utility Workers Union of America, AFL-CIO and UWUA Local 121 (collectively, “UWUA” or “the Union”) object to both tariffs because neither incorporates important reporting conditions (with respect to staffing and valve maintenance issues) placed on the Company by the Authority at the April 4 Directors’ Conference. The Union asks that the Authority direct the Company to submit revised tariffs that include the text of the reporting obligations imposed by

the Authority upon the Company as a result of its April 4 vote on Chairman Freeman's Motion.¹

The Union also requests that the Authority address the timing of those reporting obligations.

In support of its positions, the UWUA states:

Chairman Freeman's Motion states in relevant part that the Company should be:

required to submit semi-annual reports on staffing levels with the Utility Division Chief. Such reports should include the following: the actual number of full-time employees ("FTEs") for the previous period, an explanation for any differences between authorized and actual FTEs, and the date TAWC expects to fill any vacant position.

Chairman Freeman also moved

that TAWC be required to submit a semi-annual report to the Utility Division Chief regarding its Valve Operation and Maintenance Program. The report should include the following: 1) the number of employees assigned to the valve program; 2) the target number of larger and smaller valves to be inspected/operated and maintained during the previous period; 3) the number of valves actually inspected/operated and maintained during that period; 4) the number of valves found to be in need of repair or replacement; 5) the date for repair or replacement of such valves; and 6) if TAWC decided not to repair or replace those valves in need of such, the number of valves that were not repaired or replaced and the reason for not doing so.

The Authority's regulations provide that a utility's tariff shall include, but not be limited to "[a] copy of each schedule of rates for service, together with applicable riders." Tenn. Rules & Regs. 1220-4-3-.05(a)(1). As adopted by the Authority, the reporting provisions in the Chairman's Motion constitute affirmative obligations on the Company and explicit conditions on the imposition of the rates it seeks to collect. As such, these enforceable obligations properly belong in the Company's tariff.

¹ We note that while the Authority adopted Chairman Freeman's motion by a 2-1 vote, there is no indication that dissenting Director Roberson took issue with Chairman Freeman's proposed reporting obligations. Director Roberson's April 4, 2011, Motion states that with the exception of the specific items addressed therein, "I concur with Chairman Freeman's pre-filed motion."

Moreover, requiring the inclusion of these reporting obligations in the Company's filed tariff is consistent with the Authority's past approach to the TAWC tariff. Ordering paragraph (11) in the January 13, 2009, Order in the 2008 TAWC rate case (Docket No. 08-00039) directs TAWC to "file tariffs with the Authority that are designed to produce an increase of \$1,655,541 in incremental revenues for service rendered and any tariffs necessary to be consistent with this Order." Order at 55. It seems plain that the reporting obligations now imposed on the Company fall within the category of "tariffs necessary to be consistent with this Order." *Id.*

Finally, we note that the language proposed by Chairman Freeman and adopted by the Authority refers to the submission of "semi-annual reports." That obligation presumably is effective on the same date as the new rates (April 5, 2011). In directing that the Company include the reporting obligations in its Tariff, the Union requests that the Authority direct that the first of the semi-annual reports on staffing and valve maintenance are to be submitted within six (6) months (roughly October 5, 2011).

WHEREFORE, for the foregoing reasons, the UWUA respectfully requests that the Authority enter an Order in this proceeding directing Tennessee American to: (1) revise its tariff to include the two reporting obligations adopted at the April 4 Directors' Conference; and (2) submit the first set of semi-annual reports on staffing and valve maintenance issues within six (6) months of April 5, 2011, the effective date of the new rates.

Respectfully submitted,

/s/ Mark Brooks

Mark Brooks
Attorney at Law
521 Central Avenue
Nashville, Tennessee
(615) 259-1186

TN BPR #010386

/s/ Scott H. Strauss

Scott H. Strauss
Katharine M. Mapes
Spiegel & McDiarmid LLP
1333 New Hampshire Avenue, NW
Washington, DC 20036

Attorneys for Utility Workers Union of America,
AFL-CIO and UWUA Local 121

April 7, 2011

CERTIFICATE OF SERVICE

I, Scott H. Strauss, counsel for UWUA Intervenors, hereby certify that on the 7th day of April, 2011, caused a true and correct copy of the foregoing Notice to be served upon all parties of record via U.S. mail or facsimile.

Michael A. McMahan
Valerie L. Malueg
Special Counsel
100 East 11th Street Suite 200
Chattanooga, TN 37402

Frederick L. Hitchcock
Harold L. North, Jr.
1000 Tallan Building
Two Union Square
Chattanooga, TN 37402

Mr. Vance L. Broemel
Mr. T. Jay Warner
Mr. Ryan L. McGehee
Office of the Attorney General
Consumer Advocate and Protection
Division
Cordell Hull Building, Ground Floor
425 5th Avenue North
Nashville, TN 37243

Mr. David C. Higney
Grant, Konvalinka & Harrison, P.C.
Ninth Floor, Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-0900

Mr. R. Dale Grimes
Bass, Berry 7 Sims PLC
150 Third Avenue South, Suite 2800
Nashville, TN 37201

Mr. Henry M. Walker
Boult, Cummings, Conners & Berry
PLC
1600 Division Street, Suite 700
Nashville, TN 37203

Chairman, Tennessee Regulatory
Authority
c/o Sharla Dillon, Dockets and Records
Manager
460 James Robertson Parkway
Nashville, Tennessee 37243

Donald L. Scholes
Branstetter, Stranch & Jennings PLLC
227 Second Avenue North
Fourth Floor
Nashville, TN 37201

/s/ Scott H. Strauss

Scott H. Strauss