

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

July 31, 2012

IN RE:

PETITION OF TENNESSEE AMERICAN WATER  
COMPANY FOR A GENERAL RATE INCREASE,  
IMPLEMENTATION OF A DISTRIBUTION  
SYSTEM INFRASTRUCTURE CHARGE AND THE  
ESTABLISHMENT OF TRACKING MECHANISMS  
FOR PURCHASED POWER, PENSIONS AND  
CHEMICAL EXPENSES

DOCKET NO.  
12-00049

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ORDER GRANTING PETITION TO INTERVENE

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This matter is before the Hearing Officer to consider the *Petition to Intervene* of Walden's Ridge Utility District.

**BACKGROUND**

On June 1, 2012, Tennessee American Water Company ("TAWC" or the "Company") filed with the Authority a *Petition of Tennessee American Water Company for a General Rate Increase, Implementation of a Distribution System Infrastructure Charge and the Establishment of Tracking Mechanisms for Purchased Power, Pensions and Chemical Expenses* ("Petition") in which the Company seeks approval by the Authority of proposed increased rates, alleging that "its existing rates for water service do not afford the Company the opportunity to recover its reasonable operating costs or to earn a just and reasonable rate of return on its investment."<sup>1</sup> The Company seeks to put into effect "customer rates that will produce an overall rate of return of

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<sup>1</sup> *Petition* at 3 (June 1, 2012).

8.23% on a rate base of \$135,820,256.”<sup>2</sup> According to TAWC, the required additional annual gross revenues would approximate \$10,586,344.<sup>3</sup> Additionally, the Company is seeking to implement certain rate adjustment and tracking mechanisms.<sup>4</sup>

At an Authority Conference held on June 7, 2012, Chairman Kenneth C. Hill, Director Sara Kyle and Director Mary W. Freeman, the panel assigned to this docket, voted unanimously to convene a contested case proceeding and to appoint Chairman Hill as Hearing Officer for the purpose of preparing this matter for hearing, including handling preliminary matters and establishing a procedural schedule to completion.

On June 13, 2012, the Consumer Advocate Consumer Advocate and Protection Division of the Office of the Attorney General (“Consumer Advocate”) filed a *Petition to Intervene*. No objection or opposition to this *Petition* was filed, and the Hearing Officer granted the Consumer Advocate’s request. On July 5, 2012, the City of Chattanooga (the “City”) filed a *Petition to Intervene*. On July 9, 2012, TAWC responded that it did not object to the City intervening with respect to rate matters, and therefore the City’s intervention request was granted. On July 6, 2012, the Town of Signal Mountain (“Signal Mountain”) filed a *Petition to Intervene*. No objection or opposition to this *Petition* was filed, and the Hearing Officer granted Signal Mountain’s request.

#### **PETITION TO INTERVENE**

On July 18, 2012, Walden’s Ridge Utility District (“Walden’s Ridge”) filed a *Petition to Intervene*. In the petition, Walden’s Ridge seeks intervention pursuant to Tenn. Code Ann. § 65-2-107, which allows any interested party to intervene and become a party to a contested case. TAWC has not responded to Walden’s Ridge’s *Petition*.

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<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 4-5.

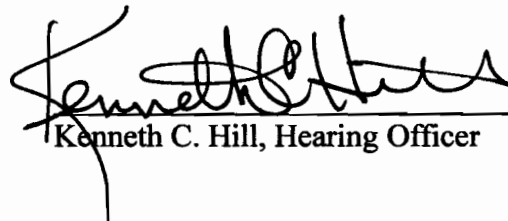
Tenn. Code Ann. § 4-5-310(a) sets forth the following criteria for granting petitions to intervene:

(a) The administrative judge or hearing officer shall grant one (1) or more petitions for intervention if;

- (1) The petition is submitted in writing to the administrative judge or hearing officer, with copies mailed to all parties named in the notice of the hearing, at least seven (7) days before the hearing;
- (2) The petition states facts demonstrating that the petitioner's legal rights, duties, privileges, immunities or other legal interest may be determined in the proceeding or that the petitioner qualifies as an intervenor under any provision of the law; and
- (3) The administrative judge or hearing officer determines that the interests of justice and the orderly and prompt conduct of the proceedings shall not be impaired by allowing the intervention.

Upon review of these criteria, the Hearing Officer determines that the legal rights and interests of Walden's Ridge may be determined in this proceeding, the petition of Walden's Ridge is timely and the interventions will not impair the orderly and prompt conduct of these proceedings. For these reasons and applying the standards set forth in Tenn. Code Ann. § 4-5-310(a), the Hearing Officer grants the intervention of Walden's Ridge.

**IT IS SO ORDERED.**

  
Kenneth C. Hill, Hearing Officer