

PHILLIP A. NOBLETT, ESQ.
100 E. 11th Street, Suite 200
Chattanooga, TN 37402
(423) 643-8250

August 24, 2012

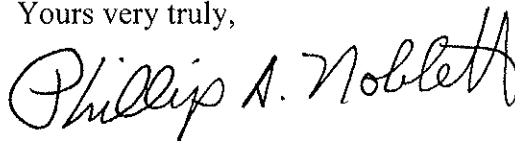
Kenneth C. Hill, Chairman
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: *Petition of Town of Signal Mountain, Tennessee to Intervene --*
Docket No. 12-00049

Dear Chairman Hill:

Enclosed please find the Direct Testimony and Exhibits of Honna Rogers, Town Manager for the Town of Signal Mountain, Tennessee. This response is filed pursuant to the Amended Procedural Schedule in TRA Docket No. 12-00049, which was entered on August 20, 2012. Please give me a call if you have any questions concerning the Direct Testimony of Ms. Rogers on this matter.

Yours very truly,



PHILLIP A. NOBLETT
Town Attorney

PAN/kac

Enclosures

cc: Frederick L. Hitchcock, Esq.
Melvin Malone, Esq.
Ryan L. McGehee, Esq.
William H. Horton, Esq.
Michael A. McMahan, Esq.
Lindsey W. Ingram, III, Esq.

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

August 24, 2012

IN RE:)	
)	
PETITION OF TENNESSEE AMERICAN)	
WATER COMPANY FOR A GENERAL RATE)	
INCREASE, IMPLEMENTATION OF A)	
DISTRIBUTION SYSTEM INFRASTRUCTURE)	Docket No. 12-00049
CHARGE AND THE ESTABLISHMENT OF)	
TRACKING MECHANISMS FOR PURCHASED)	
POWER, PENSIONS AND CHEMICAL EXPENSES)	

Direct Testimony of

Honna Rogers on behalf of Town of Signal Mountain

WITNESS INTRODUCTION

Q: What is your name and where are you employed?

A: My name is Honna Rogers. I am the Town Manager for the Town of Signal Mountain, Tennessee, whose business office is located at 1111 Ridgeway Avenue, Signal Mountain, Tennessee 37377.

Q: As Town Manager, what is your education and business experience?

A: I have a Masters of Public Administration from the University of Tennessee and I have been Town Manager of Signal Mountain for four years now. Before that I previously worked for the Tennessee Municipal Technical Advisory Service.

Q: What is the purpose of your testimony in this proceeding, Ms. Rogers?

A: I will testify to the fact that the Town of Signal Mountain has operated a pump station since 1947 to pump water up the mountain and that we continue to incur costs for capital

improvements and annual expenses that are above the costs to Walden's Ridge and the other bulk buyers who are purchasers from Tennessee American presently and as proposed in water increase rates for 2012.

Q. What is your knowledge about the history of water services provided by the Town to its residents?

The Town of Signal Mountain has been the provider of water services to its residents since December of 1947 when it purchased the entire water works system previously owned by Signal Mountain Estates Company, Inc., including the pump, motor pumping stations, reservoirs, water mains, laterals, meters and water works machinery in the use in the water works, together with all easements, rights-of-way and privileges incident to the same owned by Signal Mountain Estates Company, Inc. A copy of that deed is recorded at Record Book 960, Page 653 at the Register's Office of Hamilton County, Tennessee, which is attached as Exhibit A. The Town of Signal Mountain further issued water revenue bonds on November 1, 1947 for \$175,000.00 for proposed improvements to the water system, which was owned by the municipality as well as various resolutions authorizing the acquisition of the water works systems and repairs and maintenance to that system over the 65 years since its acquisition by the Town. A copy of the resolution and bonds incurred by the Town of Signal Mountain in the initial purchase of that water works system are attached as Exhibit B.

Q. What maintenance and capital improvements has the Town made to its water system since it acquired this system?

Since the 1940's, the Town rebuilt the pump station located at the bottom of the mountain in the 1960's and has incurred capital improvements costs in excess of

\$976,598.00, which is attached as Exhibit C. The Town has further installed three holding tank facilities on top of the Signal Mountain along James Boulevard and two large holding tanks were installed at the bottom of Signal Mountain near the Town's pumping station between 1997 and 2003. The Town of Signal Mountain has budgeted expenses for fiscal year 2013 for operation and maintenance of the pump station at the bottom of the mountain in the amount of \$223,669.71; \$62,321.00 for tank maintenance for the two tanks at the bottom of the mountain; and \$5,967.00 for employee salary, which is dedicated to the pump station and its maintenance. Based upon these total budgeted expenses, the total costs for the Town of Signal Mountain for operation and maintenance of the pumping facilities should cost \$291,957.71 for fiscal year 2013, which is attached as Exhibit D. The actual costs for fiscal years 2011 and 2012 are also included in Exhibit D.

Q. What anticipated costs are included in the Town budget for capital improvements to its water system for the future?

The Town of Signal Mountain has a large amount of expected costs in relation to the pumps only. It is anticipated that the Town will have to make additional large investments to replace several of the pumps that are aging over the next few years. These estimated replacement costs are shown on the spreadsheet which is attached as Exhibit E. None of these costs are considered in the rate which is proposed for the Town of Signal Mountain and the proposed rates for Walden's Ridge, Ft. Oglethorpe, and Catoosa County which do not have similar infrastructure costs paid for by the Town's residents. The rate for the Town of Signal Mountain is estimated to increase from 1.0344 flat rate for all water usage as of 2011 to 1.15 for the first 45,000' CCF, which is an eleven (11%) percent increase,

and then up to 2.00 for all water over 45,000 CCF, which is a ninety-three (93%) percent increase monthly for water consumers even though the cost of infrastructure and maintenance of the water lines and pumping stations and holding facilities for water in the Town has all been borne by taxpayers of the Town. This blanket increase for bulk purchasers proposed by Tennessee American decreases the rate of payment for Walden's Ridge residents and increases the rate of payment at two different levels for residents of the Town of Signal Mountain who have borne the costs of pumping and maintenance of its water system for more than 60 years. This proposed increase is not warranted where Walden's Ridge has received the benefit of infrastructure costs paid for by Tennessee American for water services which are now being passed on to other bulk rate customers that did not incur such costs.

Q. What accounting problems does this rate increase cause for residents of the Town of Signal Mountain?

It is anticipated that this increased rate will have to be borne by the rate payers of the Town, which have previously paid a flat rate for all water consumption for residential services 1.0344 CCF. The Town of Signal Mountain, after purchasing water in a bulk rate as it has done for the last sixty five years, also provides all billing to its rate payers at its own expense. The Town of Signal Mountain previously signed an Extension of Water Purchase Agreement with Tennessee-American Water Company on October 16, 2009, for an additional term of eighteen (18) months, which was to end on December 31, 2010, where it was billed at the rate of 0.8977 per hundred cubic feet based upon the order of the Tennessee Regulatory Authority (TRA) in TRA Docket 2008-00039 dated January 13, 2009. Following the date of that water purchase agreement, Tennessee-American

Water Company has not entered into any additional contract for water services for the Town. The Town of Signal Mountain is principally a residential customer from Tennessee-American Water and the increase of ninety-three (93%) percent for any water consumed over 45,000 CCF will be a burden on the rate payers of the Town, especially those large consumption purchasers, such as the Alexian Village and the Signal Mountain Golf and Country Club.

Q: Can you please describe how the proposed rates for general water services in the Town will be a burden on the residents of the Town of Signal Mountain?

A: This will be the third double digit increase that has been given to our residents within the last four years. This is a burden on incomes that have not been increased in having to pay double digit increases each year to Tennessee-American Water. The Town of Signal Mountain cannot absorb these costs and have to pass on the rates to the customers. The Town has in its own distribution system and capital improvements that are needed but due to already raising rates to pay Tennessee-American Water, we have been unable to raise rates to take care of our own costs within our distribution system.

Q: Does this conclude your direct testimony?

A: Yes.

Honna Rogers
HONNA ROGERS, Town Manager

STATE OF TENNESSEE :
COUNTY OF HAMILTON:

Before me, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared HONNA ROGERS, being by me first duly sworn and deposed that she is appearing as a witness on behalf of the Town of Signal Mountain, Tennessee, and if present before the Tennessee Regulatory Authority and duly sworn, her testimony would set forth in the attached direct testimony.

WITNESS my hand and Notarial Seal, this 24th day of August, 2012.

Kathryn A. Camp
NOTARY PUBLIC AT LARGE

My commission expires: 06-17-2014

Respectfully submitted,

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
OFFICE OF THE TOWN ATTORNEY

By: 
PHILLIP A. NOBLETT – BPR #10074
Town Attorney
100 E. 11th Street, Suite 200
Chattanooga, TN 37402
(423) 643-8233
phillipnobleTT@comcast.net

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing pleading was emailed on August 24, 2012, and was served upon the following persons via United States first class mail with proper postage applied thereon to ensure prompt delivery:

Mr. Melvin J. Malone
Butler, Snow, O'Mara, Stevens & Cannada, PLLC
1200 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2433

Mr. Ryan McGehee
Attorney General and Reporter
Office of the Attorney General
Consumer Advocate and Protection Division
PO Box 20207
Nashville, TN 37202-0207

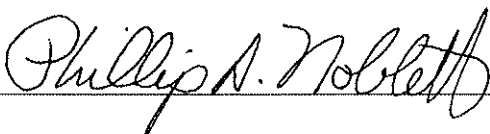
Mr. Lindsey W. Ingram, III
Stoll, Kennon, Ogden PLLC
399 West Vine Street, Suite 2100
Lexington, KY 40507

Mr. William H. Horton
Horton, Ballard & Pemerton
735 Broad Street, Suite 306
Chattanooga, TN 37402

Mr. Frederick L. Hitchcock
Chambliss, Bahner & Stophel, PC
1000 Tallan Building
Two Union Square
Chattanooga, TN 37402

Mr. Michael A. McMahan
City Attorney's Office
100 E. 11th Street, Suite 200
Chattanooga, TN 37402

This 27th day of August, 2012.



RECORD BOOK 960

Witness my hand at office in Chattanooga, Tenn.

J. H. Stewart

Register
Dept Reg

653

XX
Tax 45c Fee 15c Total 60c Paid Jan 9 1948
Jack Hixson County Court Clerk

In consideration of Ten (\$10.00) Dollars cash in hand paid, and other valuable considerations, the receipt of which is hereby acknowledged We W. H. Byrd Jr and wife Nettie Byrd, do hereby sell, transfer and convey unto H. H. Petty and wife, Lorene Petty the following described real estate.

In the Second Civil District of Hamilton County, Tennessee:

Being a part of Lots Nos 17 and 18 of G. N. Watts Subdivision as shown by plat of record in Plat Book 9, Page 35 in the Register's office of Hamilton County, Tennessee, excepting the North 100 feet of said lots which has been sold by grantors herein to Oliver Shirley and wife, Florence. Said lots herein conveyed face 202.6 feet on the North side of Nowlin Lane and the part of Lot 18 herein conveyed extends along the East side of Watts Avenue a distance of 112 feet, the east side of Lot 17 herein conveyed being 156 feet. The North side of both of said lots being approximately 200 feet.

To have and to hold the same unto the said H. H. Petty and wife, Lorene Petty, their heirs and assigns forever in fee simple. We covenant that we are lawfully seized and possessed of said real estate, have full power and lawful authority to sell and convey the same, that the title thereto is clear, free and unencumbered, except for the taxes for the year 1947 which the Grantees herein assume and agree to pay, and we will forever warrant and defend the same against all lawful claims.

Witness our hands this 3rd day of September 1947.

W. H. Byrd, Jr
Nettie Byrd

State of Tennessee

County of Hamilton On this 3rd day of September 1947 before me personally appeared W. H. Byrd, Jr and wife, Nettie Byrd, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

XXXXXXXXXXXXXXXXXXXX
Paul W. Shepherd, Notary Public
Hamilton Co Tenn
XXXXXXXXXXXXXXXXXXXX

Paul W. Shepherd,
Notary Public
My commission expires April 15, 1950

Internal revenue stamp 55c attached and canceled

State of Tennessee

Hamilton County The above instrument and certificate were filed Jan 9, 1948 at 2:51 P.M. entered in Note Book No 41 Page 195 and recorded in Book 960 Page 653

Witness my hand at office in Chattanooga, Tenn.

J. H. Stewart

Register
Dept Reg

XX
X-453, X-121, Tax \$87.00 Fee 15c Total \$87.15 Paid Jan 9, 1948
Q-434B, Q-219 Jack Hixson County Court Clerk

In consideration of Fifty eight Thousand (\$58,000.00) Dollars cash in hand paid, the receipt of which is hereby acknowledged, Signal Mountain Estates, Inc. a corporation, does hereby sell, transfer and convey unto Town of Signal Mountain, Tennessee, a municipal corporation, the following described real estate in the Third Civil District, Hamilton County, Tennessee:

Tract One (1): Lots Ten (10) and Eleven (11) Block Eight (8) Tract Four (4), Map of the Mountain Land Company's Subdivision showing parts of Tracts Two (2) and Four (4), as shown by plat of record in Plat Book 7, page 24 of the Register's Office of Hamilton County, Tennessee.

Tract Two (2): Lot Two (2) Block Six (6) Map of the Mountain Land Company Palisades

tabbies

A

EXHIBIT

Addition, as shown by plat of record in Plat Book 9, page 25 of the Register's Office of Hamilton County, Tennessee, being what is known as the "Dog Hole", except for a parcel of land out of Lot Two (2) transferred by deed recorded from Signal Mountain Estates Inc. to R. L. Parcell, dated the --- day of --- 1947, of record in the Register's Office of Hamilton County, Tennessee.

Tract Three (3): Being the certain strip of land forty (40) feet in width, and thirty three hundred thirteen (3313) feet, more or less, in length, extending from the right of way of the Chattanooga Traction Company's Signal Mountain line in a straight course and north thirty eight (38) degrees west up the side of Signal Mountain, also known as Walden's Ridge, to the top of Signal Mountain, at what is known as the "Dog Hole", which "Dog Hole" is located on Lot Two (2), ~~Block Six (6)~~ Block Six (6) Mountain Land Company's Palisades Addition, as shown by plat of said addition of record in the Register's office of Hamilton County, Tennessee, the southwest boundary line of which strip of land begins, at its upper end, at a stake on top of the said Mountain at the said "Dog Hole", which stake is south eleven (11) degrees fifty (50) minutes west one hundred fourteen (114) feet from the southeast corner of Lot One (1) of said Palisades Addition, and extends south thirty eight (38) degrees no minutes east to the right of way of said Traction Company's

Signal Mountain line, and being the strip of land on which the water main leading from the Pumping Station at the foot of the Mountain to the top of said Mountain is located, which forty (40) foot strip of land is subject to easement and ways across, along, on or over the same for (a) electric light and telephone lines (b) railroad lines, (c) streets and roads, and (d) sewer lines, together with rights of ingress and egress for installing and maintaining the same; all as heretofore granted by or reserved in former conveyances.

Tract Four (4): Beginning at a point south seventy four (74) degrees thirteen (13) minutes west twenty six & 8/10 (26.8) feet from the southwest corner of the L. F. Siveley lot; thence south eighty one (81) degrees twenty five (25) minutes west fifty five & 45/100 (55.45) feet; thence south sixty nine (69) degrees eighteen (18) minutes west one hundred fifty one & 75/100 (151.75) feet to the east line of the pipe line right of way conveyed to Mountain Land Company by G. E. James on February 2, 1925; thence with the said east line of pipe line right of way south thirty seven (37) degrees eight (8) minutes east thirty eight & 28/100 (38.28) feet to the north line of the right of way of the Chattanooga Traction Company's Signal Mountain line; thence along the north side of Chattanooga Traction Company's right of way north seventy four (74) degrees thirteen (13) minutes east one hundred ninety one & 38/100 (191.38) feet; thence north fifteen (15) degrees twenty six (26) minutes west forty (40) feet to the point of beginning, containing twenty one hundredths (0.21) of an acre, more or less, on which is located the pump house of the Signal Mountain water system.

Tract Five (5): Beginning on a stake in the L. B. Siveley south line north thirty (30) degrees forty seven (47) minutes west twenty five & 82/100 (25.82) feet from said L. B. Siveley's south line north thirty (30) degrees forty seven (47) minutes west three hundred forty seven & 8/10 (347.8) feet, more or less, to the Signal Mountain Boulevard; thence along said Signal Mountain Boulevard south eighty seven (87) degrees twenty (20) minutes west fifty four (54) feet to a stake; thence south thirty (30) degrees forty seven (47) minutes east three hundred fifty & 85/100 (350.85) feet to a stake; thence south seventy nine (79) degrees fourteen (14) minutes east fifty three & 12/100 (53.12) feet to the point of beginning, containing four-tenths of an acre more or less.

Tract Six (6): Being the south two hundred forty (240) feet of a two & 06/100 (2.06) acre tract as shown on map attached to and made a part of deed from W. T. James to the Chattanooga Garage, recorded in Book 11, Vol 27, page 699 of the Register's Office of said County, said tract of land is bounded on the north by the lands conveyed by A. C. Brown to Henry Witt and wife, as shown by deed registered in Book 112 page 326 of the said Register's Office, and bounded on the east, south and west by property of the Signal

Mountain Estates, Inc. it being the intention to describe the identical property conveyed by Marguerite Hall Brown to the Signal Mountain Estates, Inc. as shown by deed dated October -- 1942 and recorded in Book 845 page 212 of the said Register's Office.

Subject to conditions and restrictions, also easements and agreements between C. E. James and Mountain Land Co., and Lookout Development Co. as set out in deeds recorded in Book D. Vol 19 page 364 and Book D, Vol 19 page 366 as to Tract Three (3);

Subject to easement to Southern Bell Telephone and Telegraph Co. recorded in Book B. Vol 24 page 404 of the said Register's office, as to Tracts Two (2) and Three (3);

Subject to conditions and restrictions in deed of Mountain Land Company to Signal Mountain Palisades, recorded in Book F. Vol 19 page 80 as to Tract Two (2);

Subject to conditions and restrictions in deed of Mountain Land Co to Signal Mountain Palisades, recorded in Book X Vol 21 page 655 of the Register's office of said County, as to Tract One (1);

Subject to the Zoning Act as passed by the State Legislature, Private Acts of 1939 Chapter 460, House Bill No 1528 as adopted by resolution of the County Council of Hamilton County, Tenn on August 13, 1941 and any amendments thereof.

Subject to Municipal Zoning Ordinance of the Town of Signal Mountain

It is intended by the grantor hereby to convey unto the grantee the entire water works system now serving the Town of Signal Mountain Hamilton County, Tennessee, owned by the Signal Mountain Estates Company, Inc. including the pump, motor pumping stations, reservoirs, water mains, laterals, meters and water works machinery now in use in the water works together with all easements, rights of way and privileges incident to the same and owned by Signal Mountain Estates, Inc. the water mains, pipe lines, reservoirs and pumping station being shown by the blueprint and maps now in the possession of Signal Mountain Estates, Inc. also all contract rights and privileges with respect to the ownership, maintenance, used and service of said works with customers and users of water, served by said grantor and particularly all rights and privileges belonging to the Signal Mountain Estates Inc. by virtue of a written contract and agreement made with the Town of Signal Mountain, Tennessee, with respect to the reservoir, water mains and the machinery and fire plugs, as shown by instrument recorded in Book 828 page 584 of the Register's Office of Hamilton County, Tennessee.

Excepting a certain tract of land known as the Brady Point Section and containing 35 acres more or less, and Lot Eighteen (18) Block Ten (10) Mountain Land Company's Map showing Blocks Two thru Twelve (12) inclusive Tract Two (2), Signal Mountain Properties as shown by plat recorded in Plat Book 6, page 44 of the said Register's office.

Excepting Lot Fifteen (15) Block Twenty five (25) Tract Two (2) Mountain Land Company Map #2 resubdivision of Lots Fourteen (14) and Fifteen (15) Block Twenty five (25) Signal Mountain Palisades, as shown by plat recorded in Plat Book 6 page 44, of the said Register's Office.

The grantor also hereby conveys unto the grantee the fee in and to the streets and alleys within the boundaries of what are known as Tracts One (1), Two (2), Three (3) and Four (4), Mountain Land Company's Signal Mountain Properties, also the Williams Point, North Palisades and Ridgeway Avenue Sections of Signal Mountain Palisades, according to plats thereof recorded in the said Register's office, subject, however, to the easement for the streets and alleys as shown by plats of said tracts of record.

To have and to hold the same unto the said Town of Signal Mountain, Tennessee, a municipal corporation, its successors and assigns, forever in fee simple. The said Signal Mountain Estates, Inc. a corporation, covenants that it is lawfully seized and possessed of said real estate, has full power and lawful authority to sell and convey the same; that the title thereto is clear, free and unencumbered, and it will forever warrant and defend the same against all lawful claims.

In Witness Whereof, Signal Mountain Estates, Inc. a corporation has caused these presents

RECORD BOOK 960

Signal Mountain Estates, Inc
By: Paul S. Mathos, President
J. T. Guthrie, Secretary

Mary Jean Giles
Notary Public
n expires May 10, 1951

P. D. Stewart

Paul A. Hienor