

June 25, 2012

**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

ORDER GRANTING PETITION TO INTERVENE OF CONSUMER ADVOCATE

This matter is before the Hearing Officer upon the filing with the Tennessee Regulatory Authority (“TRA” or “Authority”) of a *Petition to Intervene* by the Consumer Advocate and Protection Division of the Office of the Attorney General and Reporter (“Consumer Advocate”) on June 13, 2012.

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.”¹ The

¹ *Petition* at 3 (June 1, 2012).

Company seeks to put into effect “customer rates that will produce an overall rate of return of 8.23% on a rate base of \$135,820,256.”² According to TAWC, the required additional annual gross revenues would approximate \$10,586,344.³ Additionally, the Company is seeking to implement certain rate adjustment and tracking mechanisms.⁴

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 filed a *Petition to Intervene*. No objection or opposition to this *Petition* has been filed.

PETITION TO INTERVENE

In its *Petition to Intervene*, the Consumer Advocate seeks intervention pursuant to Tenn. Code Ann. § 65-4-118, which authorizes the Consumer Advocate to intervene in proceedings to represent the interests of Tennessee consumers. The Consumer Advocate asserts that additional investigation and discovery may be needed to determine whether the proposed rate increase, charges and proposed tracking mechanisms are in the best interest of Tennessee consumers. The Consumer Advocate further asserts that it can protect the public interest only by participating in this proceeding. The petitioner, TAWC, has not filed an objection in the docket file or otherwise indicated opposition to the Consumer Advocate’s intervention request.

Therefore, the Hearing Officer finds that the legal rights and interests of Tennessee consumers may be determined in this proceeding, the Consumer Advocate’s petition is timely,

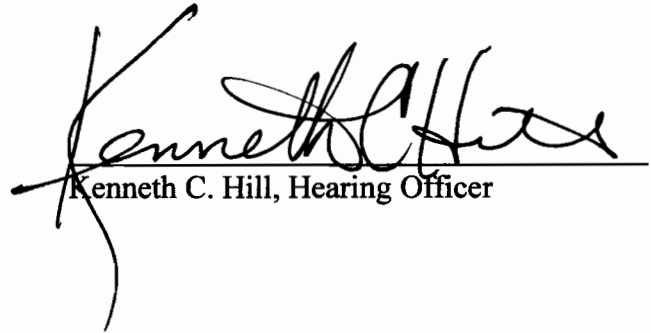
² *Id.*

³ *Id.*

⁴ *Id.* at 4-5.

and that its intervention will not impair the orderly and prompt conduct of these proceedings. For the foregoing reasons, the Hearing Officer hereby grants the Consumer Advocate's *Petition to Intervene*.

IT IS SO ORDERED.



Kenneth C. Hill, Hearing Officer