



# News Release

Attorney General Robert E. Cooper, Jr.

**FOR IMMEDIATE RELEASE**  
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## **Consumers May Comment at Proposed Chattanooga Water Rate Hike Hearing Monday**

Tennesseans will have an opportunity to comment on a proposed water rate increase by the Tennessee American Water Company (TAWC) during a Tennessee Regulatory Agency (TRA) hearing in Chattanooga on Monday, Feb. 28.

The Consumer Advocate with the Tennessee Attorney General's Office has intervened in this case in which TAWC is seeking an approximately \$11.6 million increase in rates. This Office has pre-filed testimony of numerous experts supporting the need for no more than an approximate \$1 million rate increase for Chattanooga residents. This makes the fifth time in eight years that the TAWC has filed a request to increase rates with the TRA. In Tennessee, the monopoly has about 74,500 customers in Chattanooga and Hamilton County. They also have customers in Cleveland and Bradley County.

The Attorney General's Office typically represents consumers' interests in matters involving telecommunications, energy, sewer and water rate-making and regulation issues that are presented to the TRA for review. The TRA defines its mission as the promotion of the public interest by balancing the interests of utility consumers and providers, while facilitating the transition to a more competitive environment.

"My Office will urge the TRA to reject this latest rate hike as disproportionate in relation to the company's ability to make a fair profit," Attorney General Bob Cooper said. "We are concerned that the rates proposed by TAWC would result in the City of Chattanooga's residents having a higher water rate than five other major Tennessee cities."

Current water rates are calculated (per 5,000 gallons of water) for the average consumer as follows: Memphis \$8.73, Nashville \$13.41, Jackson \$19.63, Knoxville \$18.85 and Murfreesboro \$22.41. If approved, Chattanooga rates would be about \$25.96.

The hearing is scheduled to begin Monday with public comment periods set aside from 9-10 a.m. and from 6:30 -7:30 p.m. at the Hamilton County Courthouse in Chattanooga. It is expected to last most of the week.

All documents and testimony filed into the record in this docket can be found at the TRA's web site at [www.state.tn.us/tra/dockets/1000189.htm](http://www.state.tn.us/tra/dockets/1000189.htm). There is an approximate \$10.6 million difference in the proof filed by TAWC and the Attorney General's Office. The City of Chattanooga and the Chattanooga Manufacturers Association have also intervened in the case to oppose the rate hike.

By way of summary, the Attorney General's testimony filed in the rate case indicates TAWC has requested about \$10.6 million more in customer charges than the company actually needs to meet its expenses and to provide a fair rate of return to shareholders while providing quality water

services to its customers. TAWC is requesting an average rate increase of approximately 31 percent, and the Attorney General's Office is requesting the rate increase be limited to approximately 2.7 percent. For more detailed information and recent filings in this case, please visit the Attorney General's website at <http://www.tn.gov/attorneygeneral/recentfilings.html>.

The rate increases received in the three prior cases total 18.3 percent for consumers. The last rate case resulted in new rates effective Oct. 1, 2008. In that case, the Attorney General sought a decrease of \$1.49 million, and TAWC sought an increase of \$7.644 million in its rates. The TRA ultimately ordered a \$1.655 million increase in rates. The Attorney General has intervened in each of these prior cases and in the current case to represent the interests of consumers.