

To: Customers of the Town of Signal Mountain Water Company

Tennessee America Water Company recently requested its third double-digit rate increase from the Town in three years.

- TAWC no longer wants to negotiate directly with the Town. The Town previously negotiated a bulk purchase rate with TAWC, but now they want to work through the Tennessee Regulatory Authority (TRA) to set rates.
- The Town has owned the Signal Mountain pumping station at the bottom of the mountain since the 1940's. The Town has incurred all expenses to pump the water up the mountain for distribution and to maintain its infrastructure.
- There are four bulk purchasers that buy from TAWC (Catoosa Co, Ft Oglethorpe, Walden's Ridge Utility District, and Signal Mountain). We have historically had a lower cost per CCF of water due to our pumping costs.
- For the first time, TAWC has requested that the TRA set equal rates for its bulk purchasers, despite the fact that Signal Mountain has higher distribution costs and TAWC has lower delivery costs.
- In FY 2013, the Town is budgeted \$291,957 on operating expenses alone to pump water up the mountain for distribution.
- The Town has historically spent over \$975,000 on capital expenses to provide water to its customers. TAWC has proposed a rate increase of 11% for the first 45,000 CCF purchased in a month and a 93% increase for purchases over 45,000 CCF.
- This is the third double-digit rate increase from TAWC in three years. We received a 12.77% increase on June 1, 2009 and a 14.77% increase on April 1, 2011.
- Frequent rate increases impact the Town's ability to maintain and improve its water infrastructure.

If TAWC is granted this increase, the Town will have to pass it along to its ratepayers. The TRA is holding a public input meeting on September 20, 2012 between 4:00-7:00 pm at the Hamilton County Courthouse, 625 Walnut Street, Room 402. If you are opposed to this increase and would like to explain its impact to you or your organization, please plan to attend. For more information, go to signalmountaintn.gov and click on "TAWC Rate Increase Fact Sheet." You do not have to sign up in advance to speak.