

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TN

November 29, 2016

IN RE:

**PETITION OF TENNESSEE
WASTEWATER SYSTEMS, INC., FOR
APPROVAL OF ADJUSTMENT OF ITS
RATES AND NEW TARIFF**

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DOCKET NO. 16-00139

PETITION

Pursuant to TCA §65-5-103 *et. seq.* and the Rules and Regulations of the Tennessee Regulatory Authority (“TRA” or “Authority”), Tennessee Wastewater Systems, Inc. (“TWSI” or “Company”) petitions the TRA for approval of an adjustment in TWSI’s rates and charges for the provision of wastewater services to its customers and for authority to place such rates and charges into effect through a new tariff.

In support of this Petition, TWSI submits the following:

1. TWSI is a public utility as defined in TCA §65-4-101 and is engaged in providing residential and commercial wastewater collection, treatment, and dispersal services to approximately 2800 customers in over 23 counties across Tennessee.
2. TWSI is a wholly-owned subsidiary of Adenus Group, LLC which also owns Alabama Wastewater Systems, Inc. (AL), Commonwealth Wastewater Systems, Inc. (KY), and Ohio Wastewater Systems, Inc. (OH).
3. TWSI’s principal place of business is located at 851 Aviation Parkway, Smyrna, TN 37167.
4. All correspondence and communication with respect to this Petition should be sent to the following:

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and

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5. TWSI's current base rates and charges were approved by the Authority in July 2009 in Docket No. 08-00202. TWSI's current and projected rates and charges are not sufficient for the Company to have a fair opportunity to recover its reasonable operating costs and to provide a fair and reasonable net operating income. For TWSI to maintain its utility systems and provide safe and reliable services to its customers in accordance with Authority requirements, an increase to its rates and charges should be granted.

6. Under the present rates, TWSI does not have sufficient revenue to continue to support the needs and requirements of its growing business. Since its last rate case in 2008 the Company's customer base and service area has significantly grown. The costs associated with this growth have outpaced the revenues generated by the growth.

7. TWSI operates as efficiently as possible yet, it is not achieving a fair return on its investment with its current rates. Presently the Company is projected to experience a net operating loss of \$305,216 for the Twelve-Month Attrition Period Ending December 31 2015.

8. As supported by the information contained in this filing, TWSI is requesting a rate increase that would produce additional revenues of \$492,815.18 or 24% to allow the Company to cover

the costs of providing needed wastewater services to its customers and provide income sufficient to continue to incentivize company ownership to continue with the business.

9. To eliminate the revenue deficiency TWSI proposes the following rate increases and charges:

- a. Twenty percent (20%) increase in Residential and Commercial (non-cabin) rates
- b. Cabin rate set at .0358 cents per sketched square foot
- c. Escrow recovery rider of \$2.64 per customer for 36 months to recover the underfunded escrow reserve account balance.
- d. \$6000 capital capacity fee for Williamson County

The changes in rates are as follows:

Residential Rates:

	<u>Current Monthly Rate</u>	<u>Proposed Monthly Rate</u>
Rate Class 1	\$45.29	\$56.83
Rate Class 2	\$46.61	\$58.42
Rate Class 5	\$40.28	\$50.82
Rate Class 6	\$41.45	\$52.23
Rate Class 9*	\$25.08	\$32.58
Rate Class 10	\$56.12	\$69.30

Commercial Without Food:

Tier 1 (0-300GPD)	\$103.29	\$126.43
Tier 2.1 (301-400GPD)	\$123.74	\$150.97
Tier 2.2 (401-500GPD)	\$144.19	\$165.51
Tier 2.3 (501-600GPD)	\$164.64	\$200.05
Tier 2.4 (601-700GPD)	\$185.09	\$224.59
Tier 2.5 (701-800GPD)	\$205.54	\$249.13
Tier 2.6 (801-900GPD)	\$225.99	\$273.67
Tier 2.7 (901-1,000GPD)	\$246.44	\$298.22
Tier 3.1 (1,001-2,000GPD)	\$404.39	\$485.33
Tier 3.2 (2,001-3,000GPD)	\$562.34	\$677.29
Tier 3.3 (3,001-4,000GPD)	\$720.29	\$866.83
Each additional tier	+\$157.95	+\$189.54

Commercial With Food:

Tier 1 (0-300GPD)	\$137.29	\$167.23
Tier 2.1 (301-400GPD)	\$161.79	\$196.63
Tier 2.2 (401-500GPD)	\$186.29	\$226.03
Tier 2.3 (501-600GPD)	\$210.79	\$255.43
Tier 2.4 (601-700GPD)	\$235.29	\$284.83
Tier 2.5 (701-800GPD)	\$259.79	\$314.23
Tier 2.6 (801-900GPD)	\$284.29	\$343.63
Tier 2.7 (901-1,000GPD)	\$308.79	\$373.03
Tier 3.1 (1,001-2,000GPD)	\$502.14	\$605.13
Tier 3.2 (2,001-3,000GPD)	\$695.49	837.23
Tier 3.3 (3,001-4,000GPD)	\$888.84	\$1069.33
Each additional tier	+\$193.35	+\$232.10

Cabin Rate:

For illustration purposes, the average cabin size is 2500 sq. ft. Under the current tariff if a customer is within the design flow calculations for the wastewater system (Tier 1; 0-300 gallons per day), the rate is \$70.29. Under the proposed rate of .0358 cents per sketched square foot, the new rate would be \$89.50.

10. In accordance with Authority Rule 1220-4-1-.05 TWSI will notify its customers of the proposed increase to rates and charges by direct mail to the customers' billing addresses on file with the Company.

11. In support of the Petition, TWSI submits:

a. Pre-filed direct testimony of Charles Hyatt, CEO, Adenus Group, LLC regarding a general overview of TWSI's operations and summary of the rate relief requested. Mr. Hyatt will also provide testimony regarding the Company's finances including explanations of the test and attrition periods and calculations used for the proposed rates.

b. TRA Tariff No. 2 providing the adjustments to the rates and charges

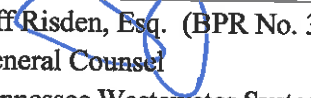
WHEREFORE, Tennessee Wastewater Systems, Inc. requests that the Authority:

1. Notice and schedule the Petition for a hearing at the earliest possible date;
2. Find the existing rates of TWSI are inadequate and that the rates and charges proposed by TWSI are just and reasonable and in the public interest;

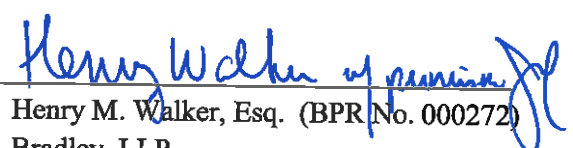
3. Approve TWSI's Tariff implementing the proposed rule changes, rates and charges; and
4. Grant such further and other relief as the Authority deems appropriate.

Respectfully submitted,

By: _____


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