

In compromise and settlement of this matter, Tennessee Public Utility Commission (TPUC) Docket No. 17-00014, Herbert H. Slatery III, the Tennessee Attorney General and Reporter, by and through the Consumer Protection and Advocate Division (Consumer Advocate) and Integra Water Tennessee, LLC (Integra) respectfully submit this Stipulation and Settlement Agreement (Settlement Agreement). Subject to TPUC approval, the Consumer Advocate and Integra (individually, a Party and collectively, the Parties) stipulate and agree to the following:

1. On February 8, 2017, Integra filed a Petition to Receive a Certificate of Public Necessity (*Petition*) from the TPUC to provide water service to customers located in the Casey Cove in DeKalb County, Tennessee. Integra's *Petition* sought to serve 31 customers.

2. If the Certificate of Convenience and Necessity (CCN) is awarded, Integra will be a public utility pursuant of the laws of Tennessee, and its public utility operations are subject to the jurisdiction of TPUC.

3. In its *Petition*, Integra sought a \$60 flat monthly rate for all customers to receive wastewater service. Integra also sought a \$20 new account fee; an actual cost reconnection fee;

and a 1% late penalty fee.

4. On March 6, 2017, the Consumer Advocate filed a Petition to Intervene in the certificate of public necessity case. The intervention petition was subsequently granted without objection.

5. On May 17, 2017, Integra filed its *First Amended Petition* revising its proposed flat monthly rate of \$60 per residential unit to \$90 per residential unit.

6. On September 27, 2017, Integra filed two documents: a *Second Amended Petition* and an *Amended Tariff*. The *Second Amended Petition* requested a Reconnection Charge of \$100 and revised its Late Payment Penalty to 10% per month. The *Amended Tariff* reflected these two changes.

7. On October 3, 2017, Integra filed a *Notice of Filing of Instructions* which contained Integra's Instructions and Water Service Application. In this Application, the online credit card convenience fee is assessed in the amount of \$2.95 for each payment transaction.

8. On October 25, 2017, the Consumer Advocate sent Integra a letter (Clarification Letter) seeking clarification to Integra's responses to the Consumer Advocate's Second Discovery Request.

9. On November 1, 2017, Integra filed its response to the Consumer Advocate's Clarification Letter including a *Second Amended Tariff*. The *Second Amended Tariff* set out the following Rates and Charges: (a) \$90 per month flat rate for service; (b) \$20 Application Fee; (c) \$100 Reconnection Charge; (d) 1% per month Late Penalty Fee; (e) Credit Card Convenience Fees that vary depending on the size of the transaction; and (f) a Refundable Security Deposit equal to the monthly service rate, which is currently \$90. After this filing, Integra clarified that it had inadvertently failed to include a Return Check Fee of \$23.50 in the *Second Amended Tariff*.

10. Over several months, the Consumer Advocate and Integra worked together to resolve issues regarding Integra's proposed application, contract and tariff terms. For example, Integra agreed to remove release language and not to require certain private information to be required to apply for service.

11. On November 7, 2017, the Consumer Advocate's witness David N. Dittmore (Dittmore) filed testimony raising the following general concerns: (a) Integra should be required to not increase the fees for the lesser of five years or when Casey Cove has completed the full build-out for the 31 customers; (b) Integra should have an operating ratio of 6.5% annually to be applied in future Integra revenue requirement calculations; (c) Integra should agree to comply with the Commission's proposed Affiliate Transaction Rules and retain records verifying affiliate transactions are priced at the lower of actual cost of the affiliate, or the market cost of the product or service available from third parties and provide access to TPUC and the Consumer Advocate to those records; (d) Integra should not receive a CCN until it has posted a \$20,000 financial security issued by a licensed commercial bonding or insurance company or an irrevocable letter of credit issued by a financial institution acceptable to TPUC; and (e) the late penalty should be 1% and calculated as simple interest.

12. The Parties to this Settlement Agreement have engaged in discovery and have undertaken discussions to resolve all disputed issues in this case. As a result of the information obtained during discovery and the discussions between the Parties, and for the purpose of avoiding further litigation and resolving this matter upon acceptable terms, the Parties have reached this Settlement Agreement, subject to TPUC approval.

SETTLEMENT TERMS

Subject to TPUC approval, in furtherance of this Settlement Agreement, the Parties have agreed to the settlement terms set forth below and in the tariff attached as Exhibit A:

LIMITATION ON FUTURE RATE INCREASE

13. The Company agrees the \$90 monthly fee and other charges set forth in Exhibit A will not be increased for the lesser of five years or at such time as the Company has completed the full build-out of Casey Cove subdivision serving all 31 customers. The only exception to this limitation on future rate increases is if emergency rate relief is necessary and in the public interest.

In seeking emergency rate relief the Company shall show the following:

- a. The events giving rise to the emergency rate relief request are extraordinary and outside the control of the utility such as an act of God or force majeure;
- b. The events resulted in a material impact on the financial status of the utility;
- c. Due to the events, the utility's financial situation has been significantly impaired, or is likely to be significantly impaired, its ability to provide safe, reliable and efficient service to its customers in the near future;
- d. The Company identifies its insurance coverage or access to grants or other governmental assistance and establishes it is not sufficient to mitigate its losses;
- e. The Company has filed a claim(s) with its insurance carrier(s), applied for grants, and other governmental assistance and took its own remedial actions to reduce its losses;
- f. If insurance coverage, grants and/or other governmental assistance is not available, the Company clearly establishes how the loss is material, significant and rises to the level of an emergency requiring ratepayer relief.

- g. There are unique, exigent and extraordinary implications of the particular emergency rate relief request which impact the public interest;
- h. An evaluation of utility's historic operating results, and its financial statements, does not indicate the utility, and its parent have the resources to address the situation without the request for emergency rate relief; and
- i. The Company establishes any other factors set by TPUC by law, regulation or rule required for emergency relief.

OPERATING MARGIN

14. The adequacy of Integra's rates in subsequent rate case proceedings shall be determined by the use of an operating ratio set at 6.5%. For the purposes of calculating the revenue requirement, taxes and depreciation/amortization expense are added to the operating expenses and the margin is determined as a percentage of this total.

15. If in the future Integra proposes to set base rates upon a Rate Base/Rate of Return model, the Consumer Advocate would not object to such a change in methodology. However, before making such a change, Integra shall file notice with TPUC of such a change and seeking guidance from TPUC.

AFFILIATE TRANSACTIONS

16. The Company agrees to comply with the Affiliate Transaction Rules¹ proposed by TPUC on April 7, 2017 (ATR) until the official rule is finalized. Further, the Company shall retain its records verifying that the cost of a product or service provided by an affiliate as defined in the ATR is lower than the actual costs of receiving such product or service from an independent third

¹ Tenn. Comp. R. & Regs. 1220-4-13-.16. A copy of the final proposed rules can be found in TPUC Docket No. 16-00112.

party. The Company agrees to make such verifying information regarding affiliate transactions to TPUC and/or Consumer Advocate upon request.

PROOF OF FINANCIAL SECURITY

17. The Company has filed with TPUC financial security in the amount of no less than a \$20,000 bond issued by a licensed commercial bonding or insurance company, or an irrevocable letter of credit issued by a financial institution acceptable to TPUC.

LATE PENALTY FEE

18. The Company shall be authorized to charge no more than a 1% late payment fee (if it so elects) consistent with the proposed tariff attached as Exhibit A.

CUSTOMER COMPLAINTS

19. By no later than February 28, 2018, Integra will develop a process to maintain a record of all consumer complaints and inquiries and Integra's response to those matters. The database shall be available to TPUC and the Consumer Advocate for review, upon request.

PETITION ATTORNEYS' FEES

20. Integra agrees not to seek to recover the attorneys' fees or costs associated with its Petition and waives recovery of such fees or costs associated with its Petition in any future filing.

GENERAL TERMS

21. All pre-filed discovery (formal and informal), testimony and exhibits of the Parties are introduced into evidence without objection, and the Parties waive their right to cross-examine all witnesses with respect to all such pre-filed testimony. If, however, questions should be asked by any person, including a Commissioner, the Parties may present testimony and exhibits to respond to such questions and may cross-examine any

witnesses with respect to such testimony and exhibits. The Parties would ask to permit any out of town witnesses to be available by telephone to reduce the costs associated with such appearance.

22. After the filing of this Settlement Agreement, the Parties agree to support this Settlement Agreement before TPUC and in any hearing, proposed order, or brief conducted or filed in this Docket. The provisions of this Settlement Agreement are agreements reached in compromise and solely for the purpose of settlement of this Docket. The provisions in this Settlement Agreement do not necessarily reflect the positions asserted by any Party. None of the Parties to this Settlement Agreement shall be deemed to have acquiesced in or agreed to any ratemaking or accounting methodology or procedural principle.

23. This Settlement Agreement shall not have any precedential effect in any future proceeding or be binding on any of the Parties in this or any other jurisdiction except to the limited extent necessary to enforcement and implementation of the provisions hereof.

24. The Parties agree and request TPUC to order that the settlement of any issue pursuant to this Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before the TPUC or any court, state or federal except to the limited extent necessary to implementation the provisions hereof and for the limited purpose of enforcement should it become necessary.

25. The terms of this Settlement Agreement have resulted from extensive negotiations between the signatories and the terms hereof are interdependent. The Parties jointly recommend that TPUC issue an order adopting this Settlement Agreement in its

entirety without modification.

26. If TPUC does not accept the settlement in whole, the Parties are not bound by any position or term set forth in this Settlement Agreement. In the event that TPUC does not approve this Settlement Agreement in its entirety, each of the signatories to this Settlement Agreement will retain the right to terminate this Settlement Agreement by giving notice of the exercise of such right within 15 business days of the date of such non-approval; provided, however, that the signatories to this Settlement Agreement could, by unanimous consent, elect to modify this Settlement Agreement to address any modification required by, or issues raised by, TPUC within the same time frame. Should this Settlement Agreement terminate, it would be considered void and have no binding precedential effect, and the signatories to this Settlement Agreement would reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Settlement Agreement.

27. By agreeing to this Settlement Agreement, no Party waives any right to continue litigating this matter should this Settlement Agreement be rejected by TPUC in whole or in part.

28. No provision of this Settlement Agreement shall be deemed an admission of any Party. No provision of this Settlement Agreement shall be deemed a waiver of any position asserted by a Party in this Docket or any other Docket.

29. Except as specifically agreed in this Settlement Agreement, any request made by Integra in the Petition shall be deemed to have been withdrawn upon the approval of this Settlement Agreement by TPUC.

30. All exhibits and schedules attached to or referenced in this Settlement Agreement are hereby incorporated by reference into this Settlement Agreement.

31. The Consumer Advocate's agreement to this Settlement Agreement is expressly premised upon the truthfulness, accuracy and completeness of the information provided by Integra to TPUC and Consumer Advocate throughout the course of this Docket, which information was relied upon by the Consumer Advocate in negotiating and agreeing to the terms and conditions of this Settlement Agreement.

32. The acceptance of this Settlement Agreement by the Attorney General shall not be deemed approval by the Attorney General of any of Integra's acts or practices.

33. Each signatory to this Settlement Agreement represents and warrants that it/he/she has informed, advised and otherwise consulted with the Party for whom it/he/she signs regarding the contents and significance of this Settlement Agreement and has obtained authority to sign on behalf of such Party, and based upon those communications, each signatory represents and warrants that it/he/she is authorized to execute this Settlement Agreement on behalf of its/his/her respecting Party.

34. This Settlement Agreement shall be governed by and construed under the law of the State of Tennessee, Tennessee choice of law rules notwithstanding.

35. Nothing herein limits or alters the Sovereign Immunity of the State of Tennessee or any of its entities or subdivisions.

36. Integra agrees, once approved, this Settlement Agreement subject it to jurisdiction of and for enforcement by TPUC and other state tribunals pursuant to applicable

State law. Integra agrees this Settlement Agreement will become effective upon oral approval of TPUC. Integra hereby waives any right to appeal TPUC's order approving the Settlement Agreement.

The foregoing is agreed and stipulated to this 28th day of December 2017.

[Parties' signature pages follow – remainder of page intentionally left blank]

· Stipulation and Settlement Agreement
Tennessee Public Utility Commission Docket No. 17-00014
Integra Water Tennessee, LLC Signature Page

Integra Water Tennessee, LLC.

HAVE SEEN AND AGREED.

By:



JOHN MCDONALD
Member, Integra Water, LLC
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Birmingham, AL 35209
Tel: 877.511.2911

Counsel for Company:



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[additional signature page follows – remainder of page intentionally left blank]

Stipulation and Settlement Agreement
Tennessee Public Utility Commission Docket No. 17-00014
Attorney General's Signature Page

CONSUMER PROTECTION AND ADVOCATE DIVISION

HAVE SEEN AND AGREED.

By:



HERBERT H. SLATTERY III (BPR #09077)
Attorney General and Reporter
State of Tennessee



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TARIFF OF
INTEGRA WATER TENNESSEE, LLC

SCHEDULE OF RATES, TERMS AND CONDITIONS
FOR
WASTEWATER SERVICE
FOR CASEY COVE SUBDIVISION

Issued by: INTEGRA WATER TENNESSEE, LLC

Address: 600 UNIVERSITY PARK PL STE 275
BIRMINGHAM, AL 35209-6789 USA

Issue Date:

Effective Date:

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Schedule of Rates and Charges

Residential Monthly Wastewater Service: \$90 per month
All residential Customers

Miscellaneous Charges:

Application Fee \$20

Reconnection Charge \$100

Late Payment Penalty 1 % per month

Return Check Fee \$23.50 per check

Credit Card Convenience Fee \$2.95 for each transaction for bill \$0-\$49.99
\$3.50 for each transaction for bill \$50-\$149.99
2.75% of the total amount for bill over \$150

(only one credit card convenience fee can be charged per bill)

Refundable Security Deposit 1 multiplied by the monthly wastewater service charge

No other charges or fees of any other type by whatever name can be charged to any Customer without the prior approval of the TPUC.

RULES AND REGULATIONS

1. Purpose

The general purpose of these rules and regulations are to establish procedures for furnishing wastewater service on a uniform basis to the Customers within the service area boundary of Integra Water Tennessee, LLC.

2. Definitions

- A. Company – shall mean Integra Water Tennessee, LLC
- B. Customer – shall mean any person who receives wastewater service from the Company.
- C. Commission – shall mean the Tennessee Public Utility Commission.
- D. Residential Service – shall mean the provision of wastewater service to a Customer whose primary use is for a customer's personal dwelling or residence.
- E. Commercial Service – shall mean the provision of wastewater service to a Customer whose primary use is other than residential service.
- F. Consumer Advocate – shall mean the Consumer Protection and Advocate Division of the Tennessee Attorney General's Office.

3. Authorization of Rules and Regulations

Integra Water Tennessee, LLC, a corporation organized and engaged in business as a wastewater public utility in the state of Tennessee under a Certificate of Convenience and Necessity approved by the Commission on December 12, 2017 under Docket No. 17-00014.

4. Application and Contract

Each Customer will complete an application and contract for wastewater service in the form attached as Exhibit A. A Customer may be asked to provide a security deposit of no more than 1 times the monthly scheduled tariff charges if they are not able to provide evidence they have previously received utility services for a period of 12 months with timely payments or they are a service member of the armed forces. The security deposit shall be held in an escrow account and automatically returned to the Customer at the end of 12 months of service with timely payments.

5. Customer Duty and Responsibility

- A. Each Customer shall have the duty to maintain their wastewater system on the Customer's side of the wastewater connection. Failure to properly maintain service lines may result in temporary suspension of wastewater service after proper notice and an opportunity to respond.
- B. Each Customer shall have the responsibility to promptly notify the Company of any and all service interruptions, unexpected odors and leaks of the system for which the Customer becomes aware.

6. Company Contact

- A. The Company's Customer contact information is listed here and Company representatives shall be available Monday – Friday from 8 a.m. to 5 p.m. local time (Central Time Zone) of the Customers to respond to Customer inquiries.

Customer Service
600 University Park Place Suite 275
Birmingham, AL 35209-6789 USA
Phone: 877-511-2911
Email: info@integrawater.com
Website: www.integrawater.com

- B. The Company's Emergency Contact is listed here for Customers to report emergency situations such as service interruptions, odor issues and leaks in the system. The number shall be answered 24 hours per day 7 days a week by a live person. The number shall appear on all communications with Customers including billings:

Customer Service—Emergency Contact
600 University Park Place Suite 275
Birmingham, AL 35209-6789 USA
Phone: 877-511-2911

7. Billing and Payment

- A. Bills cannot be paid in person.
- B. Customers may pay bills by check, auto draft, over the telephone or online.
- C. Bills for monthly wastewater service will be mailed to the Customer during the first week of each month for the wastewater service for that month's service.
- D. In addition to three days allowed for mailing of the bills, Customers shall have at least 14 days additional days after the mailing of the bill to remit their payment for the particular month's service.
- E. Wastewater bills shall be paid by the due date on the bill. The due date shall be at a minimum 17 days after mailing of the bill by the Company.
- F. When the due date for a bill falls on a weekend or holiday, the due date shall be the next business day.

8. Disputed Bill

In disputing a period billing statement, a Customer shall first try to resolve the issue by discussion with the Company's personnel. The Company's personnel shall investigate the disputed issue and shall try to resolve that issue by negotiation. If the negotiation does not resolve the dispute, the Customer may obtain informal review by contacting the Consumer Services Division for a formal review with the Commission. While a Customer is proceeding with either informal or formal review of a dispute, no termination of service shall be permitted if any amounts not disputed are paid when due.

9. Nonpayment Penalties

- A. A penalty of 1% of the monthly charges shall be due after the 25th day after the date on the bill. This penalty shall be calculated as simple interest and not compounding interest. Thereafter, after 3 days and notice and an opportunity to respond is provided to the Customer, the Company may disconnect the Customer's service.
- B. A fee of \$100 will be charged for reconnection of service.
- C. The Company may permit the Customer to make payments to bring their account current including the costs of the late penalties, disconnection and re-connection fees for a period of up to 5 month billing cycles. Service shall be promptly turned back on again upon payment of the charges or payment of the first payment by the Customer arranged payment plan to the Company.
- D. If the Customer is a member of the armed services on active duty, the Company will comply with state and federal law regarding collection from active duty service members before disconnecting service.

10. Credit/Debit Card Use Fees

The Company will clearly and conspicuously advise its Customers of the fact it charges a fee to pay the Customer's bill by debit or credit card on its bills and it shall be a separate clearly delineated charge. The notice shall include the amount of the fee and methods of payment available to the Customer without having to pay the fee. The Company's website shall also include the notice.

11. Alternate Address Notification

Customers may provide an alternate address for notification for potential disconnection that will also receive any required notices of disconnection. In addition during the initial application for service of process, the Customer will be notified at least twice a year of this option on the monthly bills along with the address and telephone number to contact to add the alternative contact and address. The Company's website shall also clearly and conspicuously disclose how to add an alternate address notification to the Customer's account.

12. Disconnection of Service

After notice and an opportunity to be heard is given to the Customer, service under any Customer contract may be discontinued if the following reasons exist:

- A. Nonpayment as set forth in this tariff.
- B. Material misrepresentation on an application.
- C. For modifying or repairing any Company property without Company permission.
- D. For intentionally damaging any service pipes or Company property.
- E. Abandonment or vacating the premises for more than 30 days without notice to the Company and nonpayment as set forth in this tariff.

13. Change in Ownership, Tenancy Service

A new application and contract must be made and approved by the Company on any change in ownership of property, or in tenancy, or in the service as described in the application. In the event of failure of a new owner or tenant to make such application, the Company shall have the right to discontinue service until such new application is made and approved consistent with the Disconnection of Service section of this Tariff.

14. Customer's Statement of Rights and Responsibilities

The Company will provide a copy of the "Customer's Statement of Rights and Responsibilities" when sewer service is extended to a Customer, annually, and upon first notice of an impending service disconnection.

15. Construction Standards

Within 10 days of a written request, the Company shall provide copies of its required construction standards at no costs. The standards shall also be filed with the Commission and any updates provided within 10 business days of becoming effective to the Commission.

16. Inspection

All pipes, valves and fixtures of the Company shall be subject to inspection by the Company or its duly authorized agent during reasonable hours and times.

17. Commission Regulations

The Company in its operation shall comply with all the applicable rules and regulations promulgated from time to time by the Commission.

STATEMENT OF UTILITY CUSTOMER RIGHTS AND RESPONSIBILITIES

The Tennessee Utility Commission has established rules about utility/customer/company

relationships. These rules cover Customer relations, Customer billing, reconnection, service disconnection and other matters. These rules assure Customers of certain rights and outline Customer responsibilities.

Customer Rights. The Company will:

- Provide service if you are a qualified applicant.
- Follow specific procedures before your service is disconnected.
- Continue service for a reasonable time if you provide a physician's statement that a medical emergency exists in your home.
- Give you written information about Commission rules and your rights and responsibilities as a Customer under those rules.

Customer Responsibilities. You, the Customer will:

- Use services safely and pay for them promptly.
- Contact the Company when you have a problem with payment, service, safety, billing, or Customer service.
- Notify the Company about billing or other errors.
- Contact the Company when you anticipate a payment problem to attempt to develop a payment plan.
- Notify the Company when you are moving to another residence.
- Notify the Company about stopping service in your name or about stopping service altogether.
- Permit access for essential Company personnel and equipment.

To contact the Company, call the telephone number shown on your utility bill.

If you have a problem, call the Company first at

Customer Service
600 University Park Place Suite 275
Birmingham, AL 35209-6789 USA
Phone: 877-511-2911

If you cannot resolve the problem you may contact the Consumer Services Division of the Commission at the following

Telephone number: (615) 741-2904

Facsimile: (615) 741-8953

Mailing Address: 502 Deaderick Street, 4th Floor, Nashville, TN 37243

Website Address: <http://www.tn.gov/tpuc/article/csd-online-utility-complaint-form>