

TENNESSEE PUBLIC UTILITY COMMISSION



October 19, 2017

502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243



Karen H. Stachowski, Esq.
Assistant Attorney General
Consumer Protection & Advocate Division
Office of Attorney General and Reporter
P.O. Box 20207
Nashville, Tennessee 37202

RE: Response to Request for Records under Tenn. Code Ann. § 65-4-118
Docket No. 17-00108, *Tennessee Water Service, Inc. Petition for Emergency*
Interim Relief

Dear Ms. Stachowski:

In response to your letter of October 11, 2017, enclosed are copies of records that the Tennessee Public Utility Commission was able to locate in its files that are responsive to your requests.¹ The enclosed documents are being produced in accordance with Tenn. Code Ann. § 65-4-118 and should not be construed as an acknowledgment that such records are subject to the Tennessee Public Records Act.

A copy of this letter is also being sent to the counsels of record for the Petitioner, Tennessee Water Service, Inc. in Docket No. 17-00108. Because the request relates to the issues in the above styled docket, a copy of this letter, along with copies of the documents after redaction of confidential or personally identifiable information, and your letter are being placed in the docket file. Should you have any questions concerning this information, please do not hesitate to contact me.

Sincerely,


Kelly Cashman Grams
General Counsel

Encl.

Cc: **Docket No. 17-00108**
Ryan Freeman, Esq. (w/o encl.)
Joe Connor, Esq. (w/o encl.)

¹ Concerning your requests for electronic mail correspondence, as you are aware, the State electronic mail retention policy maintains items in the electronic mail service system for a maximum of 90 days, after which it is automatically deleted and unrecoverable. Only electronic mail items that have been specifically saved to a user's local hard drive are able to survive beyond the 90-day retention period.

STATE OF TENNESSEE

Office of the Attorney General



HERBERT H. SLATERY III
ATTORNEY GENERAL AND REPORTER

P.O. BOX 20207, NASHVILLE, TN 37202
TELEPHONE (615)741-3491
FACSIMILE (615)741-2009

Filed Electronically in TPUC Docket Room on 10/11/2017

October 11, 2017

Kelly Grams
General Counsel
c/o Sharla Dillon
Docket Manager
Tennessee Public Utility Commission
502 Deaderick Street
Nashville, TN 37243

Re: Records Request Related to TRA Docket 17-00108 -- Petition for Emergency
Interim Relief by Tennessee Water Service, Inc.

Dear Ms. Grams:

Pursuant to Tenn. Code Ann. § 65-4-118(b)(2), the Consumer Protection and Advocate Division of the Attorney General's Office (Consumer Advocate) respectfully requests the Tennessee Public Utility Commission (TPUC) to furnish some specific records which the Consumer Advocate believes the TPUC may possess that is needed in connection with the Consumer Advocate's analysis in the above referenced Docket. The records requested are as follows:

1. Any record of any correspondence, e-mail, or other document (including without limitation any copy of such correspondence, e-mail, or other document) received by the TPUC from Tennessee Water in response to an information request by Joe Shirley on August 14, 2017 (copy attached for your convenience).
2. Any record of any correspondence, e-mail, or other document (including without limitation any copy of such correspondence, e-mail, or other document) received by the TPUC from Tennessee Water regarding the request for emergency relief prior to the

August 14, 2017 meeting between TPUC staff, Tennessee Water and the Consumer Advocate. The Consumer Advocate has previously requested this information from Tennessee Water, but no information has been provided (copy of request attached for your convenience).

3. Any record of any correspondence, e-mail, or other document (including without limitation any copy of such correspondence, e-mail, or other document) received by the TPUC from Tennessee Water regarding the request for emergency relief after to the August 14, 2017 meeting between TPUC staff, Tennessee Water and the Consumer Advocate.
4. Any record (including without limitation any e-mail or order or written memorandum or note or other document) in the TPUC's file(s) of any oral or written complaints or inquiries regarding TWS, the Emergency Petition or the TPUC hearing process for this Docket.

In light of the abbreviated Procedural Schedule in this matter, the TPUC's response to this request is respectfully requested on or before October 18, 2017, and should be sent to the attention of Karen H. Stachowski at the Office of the Tennessee Attorney General and Reporter, Consumer Protection and Advocate Division, 315 Deaderick Street, 19th Floor, Nashville, Tennessee 37243.

Thank you for your time and consideration of this matter. If you have questions regarding this request, please contact me at (615) 741-2370.

Respectfully,



Karen H. Stachowski
Assistant Attorney General

cc: Ryan Freeman, Esq.
Joe Conner, Esq.
TPUC Docket No. 17-00108

Karen H. Stachowski

From: Joe Shirley <Joe.Shirley@tn.gov>
Sent: Monday, August 14, 2017 3:57 PM
To: Conner, Joe; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Cynthia Kinser; Jeff Hill; Vance Broemel; Karen H. Stachowski
Cc: David Foster; Patsy Fulton; Aaron Conklin
Subject: Tennessee Water Service

Thank you all for your participation in today's meeting. As discussed, TPUC Staff is requesting that the Company provide the following information to assist in the review of the proposed emergency petition:

1. General ledgers for 2015, 2016 and YTD 2017.
2. Quarterly Surveillance Report for the quarter ended June 30, 2017.
3. The most recently available count of total customers, active customers, and inactive customers. Please identify the date(s) of the customer counts provided.
4. An updated analysis of the financial relief requested using the capital structure and authorized cost of debt and return on equity approved in Docket No. 09-00017.
5. The capital budget supporting the requested \$300,000 of new plant additions broken down by project, including description and purpose of each project; budget amount and budget assumptions, including any supporting documentation, for each project; and projected start date and completion date of each project.
6. Water loss data for YTD 2017, including volume of purchased water and volume of billed water for the period. Please identify the period(s) of time related to the water loss data that is provided.
7. Please state whether the Company had any type of insurance coverage, including but not limited to business interruption or casualty loss insurance, for any losses incurred due to the Gatlinburg wildfires. If so, please state whether the Company has made any insurance claims related to the wildfires and provide the details of each such claim, including but not confined to: name of the insurance carrier, policy number, date of the claim, description of the claim, amount of the claim, status of the claim, insurance payments received or to be received on the claim or settlement of the claim, and a copy of the insurance policy related to the claim.
8. Please state whether the Company has applied for any grants, low-interest loans or any other subsidies or payments resulting from the Gatlinburg wildfires. If so, please provide the details of each such application, including but not confined to: name of the entity to which the application was made; date of the application; description of the application; status of the application; amounts received or to be received related the application; and a copy of each such application.

Please provide the requested information at your earliest convenience. We'll provide illustrative tariff language regarding flow-through of nondiscretionary expenses (e.g., purchased power and water) in a separate email. Please don't hesitate to contact David, Patsy or me should you have any questions. Thanks, Joe

Joe Shirley
Director of Utility Audit & Compliance
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
(615) 770-6888 (direct dial)
Joe.Shirley@tn.gov

Karen H. Stachowski

From: Karen H. Stachowski
Sent: Wednesday, August 16, 2017 3:41 PM
To: Conner, Joe; 'RLinneman@uiwater.com'; 'MKlein@uiwater.com'; Freeman, Ryan
Cc: Vance Broemel; Cynthia Kinser (Cynthia.Kinser@ag.tn.gov); Jeff Hill; 'David Foster'; Joe Shirley; Patsy Fulton; 'Aaron.Conklin@tn.gov'
Subject: Follow-up to Monday Meeting
Attachments: RE: meeting to discuss TN Water Service -; Tennessee Water Service

Joe,

I wanted to follow-up on my email from Monday regarding the proposed protective order and setting up a time to-discuss information and document needs of the Consumer Advocate (attached for your convenience).

In addition to the documents and information already identified during the Monday meeting:

- A. Information already provided to TPUC staff and
- B. List of information provided by Joe Shirley on Monday afternoon (attached for your convenience).

We have identified the following information:

1. Provide a chart of all affiliate companies of TWS doing any business in the state of Tennessee. Provide a listing of the officers, board members and/or managing members, of each company.
2. Provide a listing of each TWS's affiliate performing any function for TWS.
3. Provide a customer count of inactive and active customers by month starting January 2017 to present.
4. Provide detail regarding TWS's Acct No. 601 Salaries & Wages—Employees and provide supporting documentation as identified in the following reports
 - a. The 2016 Annual Report submitted to TPUC in the amount of \$48,312; and
 - b. The Quarterly Report ending March 31, 2017 in the amount of \$2,190; and
 - c. The Quarterly Report ending June 30, 2017 (do not have a copy of this report).
5. Provide a copy of the current contracts for purchased water and purchased power.
6. Provide detail regarding TWS's Acct No. 630 Contractual Services and copies of any contracts related to the services provided as identified in the following reports:
 - a. The 2016 Annual Report submitted to TPUC in the amount of \$12,349; and
 - b. The Quarterly Report ending March 31, 2017 in the amount of \$2,904; and
 - c. The Quarterly Report ending June 30, 2017 (do not have a copy of this report).
7. Provide detail on TWS's Acct No. 672 Miscellaneous Expenses (identified as Acct No. 675 in quarterly report) and provide supporting documentation as identified in the following reports
 - a. The 2016 Annual Report submitted to TPUC in the amount of \$57,148; and
 - b. The Quarterly Report ending March 31, 2017 in the amount of \$7,851; and
 - c. The Quarterly Report ending June 30, 2017 (do not have a copy of this report).
8. Can you explain why the total water pumped and purchased in December 2016 did not decrease in proportion to the decrease in the amount of water sold to customers? Specifically 1,515 gallons of water were purchased in December 2016 (approximately the same for November 2016) and the water sold to customers was 430 in December 2016 (the number was 1,498 in November 2016). Please provide any documentation to support your explanation. Note: Information from the 2016 Annual Report.

It would be best if you could a rolling production of documents and information so that we may begin our more detailed analysis rather than waiting until you have all the information gathered together to send. As we move forward, there will be additional request but we wanted to go ahead and share our initial thoughts so far.

If you have any questions or concerns, feel free to contact me. If TWS's experts would like to talk to the Consumer Advocate's expert about this information request or seek other clarification, they can contact Hal Novak at 713-298-1760 or halnovak@whnc.consulting.com.

Respectfully,

Karen H. Stachowski | Assistant Attorney General

State of Tennessee
Office of the Attorney General & Reporter
Consumer Protection and Advocate Division
Post Office Box 20207
Nashville, TN 37202-0207
Direct Line: (615) 741-2370
Consumer Facsimile: (615) 532-2910
Consumer General Line: (615) 741-1671
Karen.Stachowski@ag.tn.gov



This Office is unable by law to represent individuals. As a result, if you believe you have a matter requiring legal assistance or advice, you should seek the assistance of a private attorney. Failure to commence legal action within certain time frames may bar you from obtaining legal relief. Therefore, you should act quickly to consult with an attorney to review your rights.

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Kelly Grams

From: Stacy Balthrop
Sent: Thursday, October 12, 2017 1:42 PM
To: Kelly Grams
Subject: FW: Q call

Follow Up Flag: Follow up
Flag Status: Flagged

From: Jeffrey Watson
Sent: Thursday, October 12, 2017 11:12 AM
To: Stacy Balthrop
Subject: Q call

John Rutledge called inquiring about the hearing on 10/23/17. He is wanting to attend and give testimony regarding Utility, Inc. He is a property owner that has suffered a lost due to Utility INC.
His phone number (615) 376-2711

Jeffrey K Watson
Tennessee Public Utility Commission
Consumer Service Division
(615) 770-6875 - Business
(615) 741-8953 - Fax

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Kelly Grams

From: Ashlee Hatfield
Sent: Tuesday, October 17, 2017 9:19 AM
To: Tim Schwarz; Kelly Grams
Subject: Phone message

I have a message from Adam Hughes with a statewide community group. He wants information about the hearing on Oct 23rd regarding the Water Utility in Gatlinburg. He specifically wants to know what the public involvement can be. Can someone give him a call- Adam Hughes 665-249-7488

Thanks !

Ashlee Hatfield

H.R. Director

Tennessee Public Utility Commission

502 Deaderick St., 4th Floor

Nashville, TN 37243

615-770-6851

Fax- 615-741-5015

David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Thursday, July 20, 2017 9:23 AM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: FW: TWS Emergency Petition
Attachments: Exhibit A - Current TWS Tariff.pdf; Exhibit B - Newspaper Articles.pdf; Exhibit C -Chalet Village North - 57 plotted R1 after the 11.28.2016 fire.pdf; Exhibit D - TWS Photos of Fire.pdf; Exhibit E - Letter to Foster from Klein.pdf; Exhibit F - TWS - Status Update Letter.pdf; 4851-3362-2091 v.5 TWS - Petition for Emergency Relief.docx

***** This is an EXTERNAL email. Please exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email - STS-Security. *****

Hi Joe, David and Patsy,

Attached for your review is the draft petition we discussed in our last meeting. We would like to schedule a call with you on Friday, July 28th to go over the numbers and discuss options. In the meantime, please give me or Ryan Freeman a call with any questions.

Thanks again and we look forward to working with you on this matter.

All the best,

Joe

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
Cell: 423.605.2780
E-mail: jconner@bakerdonelson.com
www.bakerdonelson.com

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
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in Alabama, Georgia, Florida, Louisiana, Mississippi, Tennessee,
Texas and Washington, D.C.

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October 13, 2009

Christopher J. Ayers
Partner
D: 919.783.1152
F: 919.783.1075
cayers@poynerspruill.com

VIA E-MAIL AND OVERNIGHT DELIVERY

Sharla Dillon, Docket & Records Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

filed electronically in docket office on 10/13/09

RE: **Petition of Tennessee Water Service, Inc.
to Change and Increase Certain Rates and Charges
TRA Docket No. 09-00017**

Dear Ms. Dillon:

Pursuant to the Order Approving Settlement Agreement issued September 15, 2009 in the above-referenced docket, enclosed are the original and four (4) copies each of the tariff for Tennessee Water Service, Inc., ("TWS") and the Rules, Regulations and Conditions of Service, both effective November 3, 2009, along with a copy of the Public Notice filed pursuant to TRA Rule 1220-4-1-05. Copies of this entire submission in *pdf* format were also submitted to you by e-mail concurrent with the date of this letter.

Also included for filing is a CD containing TWS' report on Tennessee deposit refunds in electronically searchable format as required by paragraph 15(b) of the Settlement Terms set forth in the *Proposed Settlement Agreement Between TWS and the Consumer Advocate and Protection Division* on August 17, 2009. **Please file and maintain this report under seal, as it contains customers' personally identifiable information.**

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

Christopher J. Ayers
Attorney for Tennessee Water Service, Inc.

/mkl

Enclosures

cc: Office of Attorney General, Consumer Advocate and Protection Division (*via U.S. Mail*)
J. Keith Coates, Jr., Esq. (*via e-mail*)

TENNESSEE WATER SERVICE

FIFTH SHEET NO. 1

CANCELLING FOURTH SHEET NO. 1

Applies to Chalet Village North

WATER SERVICE

METERED SERVICE

Base Facility Charge per month \$18.70

0 – 1000 gallons usage per month

All usage over 1000 Gallons per month \$13.30 per 1000 gallons

MINIMUM CHARGE: \$18.70 per month

DELAYED PAYMENT CHARGE:

An additional charge amounting to ten per cent (10%) of net bill will be added to all water bills under the foregoing schedule, if not paid within twenty-one (21) days of the billing date.

NEW ACCOUNT CHARGE:

Each new account shall pay a one-time service fee of \$20 at the time application for service is filed with the Company.

RECONNECTION CHARGE:

If water service cut off by utility for good cause: \$35.00

If water service discontinued at customer's request: \$35.00

(Customers who ask to be reconnected within 9 months of disconnection will be charged the base facility charge for the service period they were disconnected.)

FREQUENCY OF BILLING:

Bills will be rendered monthly in arrears.

NSF CHECK CHARGE:

A charge of \$10 will be applied to customers whose check is returned by the bank due to non-sufficient funds (one charge per check each time it is returned).

October 4, 2009
Issued August 24, 2009

November 3, 2009
Effective: September 23, 2009

Issued by  CEO
Issuing Officer Title

2335 Sanders Road, Northbrook, Illinois 60062
Address of Officer

Applies to Chalet Village North

RULES, REGULATIONS AND CONDITIONS OF SERVICE

Section XV. CLEAR NOTICE OF RETURNED CHECK FEES

48. The Company shall provide a clear and conspicuous notice of any returned check fee charge and other charges and fees, including the amount of the charge, on its monthly billings to customers.

Section XVI. ABILITY TO WAIVE FEES

49. The Company shall implement and establish a process to permit waiving all fees associated with late payment including, but not limited to, disconnection, reconnection, and late fees, in special circumstances such as financial distress or for disabled customers, family members of customers or customers with a unique situation.

Section XVII. PROMPT RECONNECTION

50. The Company shall provide prompt and timely reconnection service for all customers within no more than two (2) days of receiving the first installment payment from the past due customer.

Section XVIII. ALTERNATE ADDRESS NOTIFICATION

51. The Company shall establish and implement a process to permit and notify customers of the opportunity to provide an alternate address for notification of a potential disconnection. If a customer has provided such an alternate address, the Company shall be required to provide the required notice of disconnection to that address in addition to the customer's primary billing address.

Issued October 4, 2009
~~August 24, 2009~~

Effective: November 3, 2009
~~September 23, 2009~~

Issued by John Sanders CEO
Issuing Officer Title

2335 Sanders Road, Northbrook, Illinois 60062
Address of Officer

STATE OF TENNESSEE
COUNTY OF SEVIER

SS:

Joi Whaley, being duly sworn, says that she is the Advertising
Director of:

THE MOUNTAIN PRESS
&
GOOD NEWS IN THE SMOKIES

newspapers printed and published in Sevier County and that
the Notice, of which the annexed is a printed copy, has been
regularly published

1 times as follows: 10-4
10, 20 09
J. Whaley
Sworn to before me this 5 day of Oct, 2009

J. Manning

MY COMMISSION EXPIRES:
June 26, 2012



PUBLIC NOTICE

On September 18, 2009, in Docket No. 09-00017 the Tennessee Regulatory Authority (TRA) approved an increase in the water rates for Tennessee Water Service, Inc. for its Chast Village public water utility system.

The new rates will become effective 30 days from the date of this posting and will be phased in with three phases over the next 12 months.

| | Base Facilities Charge | Usage Charge per 1,000 gals |
|-------------------------------|--|-----------------------------|
| Current (bi-monthly) | \$28.04 (includes first 2,000 gallons) | \$6.61 |
| New Phase I rate (mos. 1-6) | \$16.36 (includes first 1,000 gallons) | \$10.37 |
| New Phase II rate (mos. 7-12) | \$17.53 (includes first 1,000 gallons) | \$11.84 |
| New Phase III rate (mos. 13+) | \$18.70 (includes first 1,000 gallons) | \$13.30 |

Based on average monthly usage of 4,047 gallons, the monthly bill under each phase will be:

| | Bill Amount | Percentage Increase |
|---------------------------------|-------------|---------------------|
| Current | \$34.16 | N/A |
| Phase I (mos. 1-6) | \$47.95 | 40.37% |
| Phase II (mos. 7-12) | \$53.59 | 11.76% |
| Phase III (mos. 13 and forward) | \$59.24 | 10.54% |

In addition, the facilities charge of \$468.75 has been eliminated, and customers will now be billed on a monthly basis rather than every two months. A complete copy of the tariff changes and the reasons for them are on file with the Tennessee Regulatory Authority at <http://www.trn.gov/tra> and are open to public inspection. You may also contact the company at 1-800-525-7990 if you have questions.

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

**PETITION OF TENNESSEE WATER SERVICE, INC.
FOR APPROVAL TO AMEND ITS RATES AND CHARGES**

DOCKET NO. 09-00017

CONFIDENTIAL

**TENNESSEE WATER SERVICE, INC.
REPORT ON DEPOSIT REFUNDS**

Filed October 13, 2009

CHALET VILLAGE NORTH
PWSID 0000849
SEVIER COUNTY, TN
12-12-16

1151 Willey Oakley Dr
1445 Willey Oakley Dr
13 Willey Oakley Dr
1245 Willey Oakley Dr
1151 Willey Oakley Dr

From: Matthew Klein

Sent: Saturday, February 11, 2017 10:09 AM

To: Joe Shirley <Joe.Shirley@tn.gov>; David Foster <David.Foster@tn.gov>; Patsy Fulton <Patsy.Fulton@tn.gov>

Cc: jconner@bakerdonelson.com; Tony Konsul <TJKonsul@uiwater.com>; Richard Linneman <RLinneman@uiwater.com>

Subject: RE: TWS - Chalet Village Update

David, Joe, and Patsy, as a follow-up to my earlier e-mail, attached is a letter being issued to all customers within Chalet Village.

Please let me know if you have any questions.

Also, as noted below, we would like to further discuss an appropriate date and time to tour Chalet Village with you. Please let us know what works for you.

Thank you.

Matt

Matthew Klein
(704) 302-4900 (cell)
mklein@uiwater.com

From: Matthew Klein

Sent: Monday, February 06, 2017 10:30 PM

To: 'Joe Shirley' <Joe.Shirley@tn.gov>; David Foster <David.Foster@tn.gov>; Patsy Fulton <Patsy.Fulton@tn.gov>

Cc: jconner@bakerdonelson.com; Tony Konsul <tjkonsul@uiwater.com>; Richard Linneman <RLinneman@uiwater.com>

Subject: TWS - Chalet Village Update

David, Joe, and Patsy, I hope you are well.

I want to provide a brief update on our assessment of and response to the damage at Chalet Village. Here are a few notes:

- Hired an engineering firm to (potentially) assess the entire distribution system's integrity.
- Had both ground storage tanks assessed to be sure there was no fire damage. The outcome is positive, but we will be recoating both the inside and outside of the tanks in the next few months.
- Installed new temporary telemetry controls at wells and storage tanks which allows for communication between the wells and tank.
- Repaired some leaking hydrants in the distribution system.
- Rebuilt the interconnection device with Gatlinburg and replaced the cover structure.
- Sampled the potable water supply to insure it's safe for consumption.

We would like to further discuss an appropriate date and time to tour Chalet Village with you. Please let us know what works for you.

If you have any questions, please let us know. We will offer additional information soon. Thank you.

Matt

Matthew Klein
President of North Carolina & Tennessee
Utilities, Inc.
5701 Westpark Drive, Suite 101
Charlotte, North Carolina 28217
(704) 319-0514 (direct)
(704) 302-4900 (cell)
mklein@uiwater.com



A Message from Matthew Klein, President, Tennessee Water Service, Inc.

To all of our customers,

I hope you are well and are recovering from the wildfire tragedy that struck your neighborhood and many others. As promised, we want to provide a brief update on our assessment of, and repairs to, the Chalet Village service area.

First, we retained an engineering firm to evaluate the need for further assessment of the integrity of the water system. Also, we have repaired some leaking hydrants and rebuilt the interconnection device with Gatlinburg. Most importantly, we sampled the water supply to make sure it remains safe for consumption.

Second, as stated in my previous letter to you, we have continued to put a hold on all bills for homes affected by this tragedy. All outstanding balances have been extended an additional sixty (60) days, until March 31, 2017, to allow you an appropriate amount of time to make your payment for services rendered prior to the wildfire. If you need additional time (beyond March 31) to pay your bill, please feel free to contact Customer Service at (800) 531-2321 to request a payment arrangement to further extend the balance owed.

Third, please be assured that no penalties or late charges will be assessed on those bills.

Fourth, we are pleased that we have been able to restore water service for some customers. For those customers with restored water service, beginning with the March 31, 2017, bill, your due date for payment will return to the normal 23 days as approved by the Commission in our rules of operation.

Our goal continues to be straightforward—to eliminate at least one small concern from your minds in order to let you focus on your families, neighbors, and the community. We stand ready to provide whatever assistance we can as the process of rebuilding lives and homes begins. Our prayers and thoughts are with all members of this wonderful community who have been effected by this tragedy.

If you have any questions, please feel free to contact Customer Service at (800) 531-2321 or customerservice@uiwater.com.

Sincerely,

Matthew Klein

After the flames, 'mountain tough' Gatlinburg looks to the future

By Darryl Fears December 8, 2016

GATLINBURG, Tenn. — As two wildfires that nearly destroyed this tourist town continue to smolder in the surrounding mountains, officials vowed to reopen for business Friday.

"I want to let everyone know that Gatlinburg is still here," Mayor Mike Werner said. "The shopping district is intact. People need to know that the beloved pancake houses are still standing. The doughnut shops, the candy stores and caramel corn places are all still here. Our businesspeople are working hard to get open by the end of this week.

"We are mountain tough."

The drive to reopen downtown less than two weeks after much of the town burned makes sense from a business perspective. Sevier County, where Gatlinburg sits near Great Smoky Mountains National Park just south of Knoxville, raked in \$2 billion last year in tourism alone, ranking it third in that category behind Nashville and Memphis, according to Tennessee's tourism commission.

But visitors who flock to Gatlinburg for the start of the busy Christmas season this weekend will see more than the beloved fun rides and amusing replicas of King Kong scaling a skyscraper and the Titanic hitting an iceberg. They will drive past the frightful remains of hotels and apartments that burned on the main street into the city.

On the steep roads that branch off into scorched mountains, tourists can see where showcase homes were reduced to their foundations. More than 2,400 structures were damaged or destroyed, 14 people lost their lives, and more than 125 were injured.

Two juveniles charged with aggravated arson sat at the Sevier County Juvenile Detention Center awaiting arraignment. On Wednesday, when police handed down the charges, hundreds of people were still in Red Cross shelters and hotel rooms, and the smell of smoke was still strong on the main drag into Gatlinburg.

Many of the hotel maids, store cashiers, restaurant food-prep assistants and trash-haulers who make the city work are still piecing their lives back together. Hundreds of people lost everything they owned, from driver's licenses to cars parked by the curb to their household belongings.

April Calhoun, a cashier at a Family Dollar store, said her family barely survived. When the fire struck without warning late Nov. 28, they staggered from their apartment to a sidewalk off East Parkway, the road that ushers visitors into town, struggling to breathe.

Calhoun said she locked eyes with her husband in the orange haze outside their apartment and cried. "To the left, there was fire. Behind us. All of downtown. We were like, 'We're not going to make it.' We just thought: 'We're dead. There's no way out.' "

They could barely see three steps ahead. They held shirts over the noses of their children, ages 4 to 11, who were already wheezing. "I knew that if something was going to happen, it was going to happen to the kids first because they are so small," she said. "We didn't want to say anything, but they could see their whole world was on fire."

A stranger in a truck stopped out of nowhere and offered the family a ride that saved their lives, she said this week while sitting at a Red Cross shelter, wearing donated clothes.

Two of her daughters, Alexis and Piper, sat on either side of her, staring blankly. A Red Cross official said they appeared to be experiencing trauma.

"My daughter is having to deal with her best friend being found dead with her mother," Calhoun said of Alexis, 11.

Her friend, Chloe Reed, 12, set out with her mother, Constance, and sister Lily, 9, in an attempt to escape the fire in another part of Gatlinburg, off Ski Mountain Road in Chalet Village. They were found dead after a five-day search.

The girls were sixth-graders at the Pi Beta Phi K-8 school. On the afternoon before their lives were threatened, they talked and laughed during recess the way they usually did.

Alexis knew Chloe was missing and became emotional at the shelter when she learned her friend did not make it. "I was kind of crying. I was really sad and crying. I just couldn't believe she would die," the girl said.

"I'm really happy that all of my children are alive and that we are here and that we're together," said April Calhoun. "I know that could have been us, and my entire heart goes out to that family. They must've been so scared."

The Chimney Tops 2 and Cobbly Nob fires, as they're known, were freakish blazes fueled by drought, high winds and a decades-long buildup of underbrush resulting from the rush to douse previous fires to protect the park and county.

Thirty-mph winds pushed flames over mountains and catapulted burning material onto parched brush. Soon the fire took on the personality of monster blazes that ravage California, New Mexico, Nevada and the rest of the West but rarely the Southeast.

Sevier County, Gatlinburg and the Tennessee Emergency Management Agency are on the defensive, trying to explain why many residents were not warned, why news stations broadcast reports that the fire was far away even as the wind pushed over the mountains and down the slopes toward their homes.

Officials said winds damaged communications equipment, hampering their ability to alert residents. "No one could have predicted that a front would come in with near-hurricane winds," said Henri Grissino-Mayer, a geography professor at the University of Tennessee at Knoxville.

Yet while the sudden wind that carried fire to the welcome mats of hundreds of homes was unpredictable, Grissino-Mayer said, the wildfire was foreseen. As a fire ecologist, he has issued warnings that for years went unheeded by people who said the temperate Great Smoky Mountains are too wet to burn.

Local lore holds that the mountains are called the Smokies because of the clouds and fog, but before the park was established in 1934, the mountains burned all the time, Grissino-Mayer said. Meanwhile, the resort towns of Gatlinburg and Pigeon Forge kept expanding into burn zones.

"I will tell you it's going to happen again," he said. "These forests are supposed to burn. It might not happen till 10 years from now, but it will. And they [people] will rebuild from this. It's what we do. In the face of catastrophe, we want to show how resilient we are as humans."

Despite two days of rain earlier this week, fires are still burning in the surrounding forest; Chimney Tops 2 covers 17,000 acres, and Cobbly Nob is 815. Both are about half-contained, with 780 firefighters and 61 fire engines, helicopters and bulldozers fighting to put them out.

Downtown Gatlinburg has been closed but is intact, suffering little more than smoke damage and two weeks of revenue loss.

"It only takes one building to catch fire and they would have all gone up," Grissino-Mayer said, because the stores are connected like rowhouses. "The downtown area is extremely lucky."

"I love Gatlinburg. But it's all wood, and as a fire ecologist, I look at it as all fuel to burn. It looks beautiful. It's very rustic. It's what we all want to see. But it's wood."

Forests need fire to grow and diversify, and there is debate among ecologists across the United States over whether officials should let more fires burn. Fire clears away pine needles and leaves so seeds can reach dirt. It opens pine cones to release

seeds. It brings down branches and other nutrient-rich shrubbery so they can enrich the soil.

Without fire, many conservationists say, the fires next time will be larger and more aggressive.

The lingering smoke on Nov. 28 was annoying enough for some hotel guests to cut their visits short and go home. It seemed to get worse by the hour, and no one seemed to know why.

Katrina Mills looked at the sky, wrinkled her face and went back indoors at her place off East Parkway. Coty Weaver went Christmas shopping with his wife and 7-year-old daughter, Kylie. Michael Gentzkow returned home to his place off the parkway and undressed to his boxers to watch a movie.

Like most of those people, April Calhoun, 31, watched the television news for signs. Her husband, Terry, 32, covered every opening in the apartment with heavy-duty duct tape because the smoke was so thick.

"The news stories had said all day it was from the Chimney fires 10 miles away. No one was in any danger," Calhoun said.

About 8 p.m., it was clear to everyone that the reports were wrong. Mills's son burst into her door. "The mountain's on fire!" At 8:30, Gentzkow looked out his door and shouted to his fiancée, who was on the phone with police. "Oh my God, we're getting the hell out of here," he said. "This place is burning." "The whole side of the mountain was flames shooting out everywhere," he later recalled. On the road home, Weaver stopped at a police blockade that would not let him pass.

It was not until 9 p.m., after the television and phones suddenly cut off, that the Calhouns peeked out the door. April recalled that her husband's face went pale.

"He turned around and said, April, we got to get out. We got to get out now!"

Her anger remains strong. "It's ridiculous that that many people had to die in something like this when it could've been prevented," she said at the shelter, while a man dressed as Santa tried to cheer children into singing carols. "I can't believe there were no alerts."

Sevier County officials said they contacted the Tennessee Emergency Management Agency to ask for an evacuation alert to Gatlinburg late that Monday. But the wind had already disabled phone, Internet and electricity service, interrupting all communication.

Weaver's house and black Mazda 6 burned to nothing in a fire so hot that it melted the car's tire rims. But he gave his misfortune a positive spin.

“A lot of that comes down to our faith in Christ. We look at this and see so much good is coming from it. Our nation’s divided, and so many things are keeping us apart . . . and all of a sudden here, it doesn’t matter what color or race, all of a sudden we’re helping each other,” he said.

In the next breath, he said the church where he and his wife were married burned down across the street from his house.

Logan Coykendall opened two hotels his company owns to firefighters, National Guardsmen, his own newly homeless workers and others who needed shelter.

“It’s obviously a catastrophic event going on that my team is in the middle of,” Coykendall said. He was forced to evacuate guests from threatened hotels in Gatlinburg and put them up at hotels in Pigeon Forge. He estimated that his losses at the two hotels amounted to \$10,000 per day.

“It wasn’t a hard decision for us,” he said. “Emergency responders were sleeping on the ground.”

Calhoun saw all the good of a community coming together, and Red Cross workers have been so kind to her family that she has decided to stay as long as they will let them.

But part of the reason she is staying in the shelter is a growing distrust in her community — the emergency managers who failed to alert everyone, the inaccurate reports on the television news, neighbors who panicked and left her apartment complex without bothering to knock on her door.

“No one had done anything to tell me. They said they went door to door. They did not in my neighborhood,” she said. But there was a silver lining, a stranger whose name she did not get after he drove her family through the fire.

“He’s an angel,” she said. “He saved all of our lives.”

“The past 11 days have been the most challenging and emotional days our community has likely ever had to endure,” said Cassius Cash, superintendent of Great Smoky Mountains National Park. He said love, strength and support, such as that from the stranger who helped Calhoun, eased the pain. “Our community has shone brightly in the midst of this disaster and proven that we are truly mountain tough.”

Darryl Fears has worked at The Washington Post for more than a decade, mostly as a reporter on the National staff. He currently covers the environment, focusing on the Chesapeake Bay and issues affecting wildlife.

🐦 Follow @bydarrylfears

Death toll rises to 13 in Tennessee wildfires as grim search for survivors continues

By Lindsey Bever, Angela Fritz and Peter Holley December 2, 2016

Efforts to pinpoint the cause of deadly wildfires that engulfed two tourist towns outside Great Smoky Mountains National Park and shut down one of the country's most popular natural attractions focused Thursday on their devastating path through East Tennessee, where 13 people have been found dead and hundreds of buildings have burned.

Gatlinburg Fire Chief Greg Miller told reporters that the devastation has been "unfathomable" and warned that the death toll could continue to rise, as numerous people were still missing.

"We're never going to give up hope. I will always hang onto hope that there's a chance of rescue," he said at a news conference Thursday. "But now, we are at hour 65 from the beginning of the fires. We have to come to a realization that the potential is great that it could be more of a recovery than a rescue."

Although officials said emergency workers have made significant progress with search efforts, Miller noted that in some areas around Sevier County, structures were destroyed so completely that "to search much further would take forensics."

The American Red Cross launched a service to try to reunite those who were separated; the number of those unaccounted for, however, is not clear. Officials said midday Thursday that they were following up on about 70 leads, though that number did not necessarily reflect the number of those missing.

At least 80 people have been treated for injuries suffered in the fires, which spread into Gatlinburg and Pigeon Forge on Monday, and some remain hospitalized.

The fires are estimated to have damaged or destroyed more than 700 homes and businesses — nearly half of them in the city of Gatlinburg. Additionally, thousands of wooded acres have burned in the most-visited national park in America. Park

Superintendent Cassius Cash said that the first fires, which were spotted last week, were “likely to be human-caused” but that others were started when strong winds knocked trees into power lines.

As people throughout the region tried to move forward and return to their routines — and their homes — on Thursday, some schools were still closed, and access to Gatlinburg remained limited. Officials said the main roads, with a few exceptions, would be open to property owners Friday to allow them to return to their neighborhoods to assess the damage.

“We’re mountain tough and have a strong, strong faith in God,” Gatlinburg Mayor Mike Werner said Thursday afternoon.

Werner said nearly his entire neighborhood had burned to the ground.

By Friday, relatives and officials had named several victims from the fire.

Alice Hagler, who went missing at Chalet Village, was identified Wednesday night by her son Lyle Wood, who said his mother’s body had been found “in the ruins of her home, her life taken by a devastating fire that impacted so many lives in East Tennessee,” according to the Knoxville News Sentinel.

Jon and Janet Summers, a Memphis couple who were also reportedly staying at the rental cabins, were confirmed to be among the dead, according to the newspaper.

Officials said a couple from Canada, 71-year-old John Tegler and 70-year-old Janet Tegler, also died in Chalet Village; authorities were still trying to notify family members for another victim on Friday, according to the News Sentinel.

A telethon for the American Red Cross of East Tennessee’s relief efforts raised more than \$270,000 by Friday.

Country music icon Dolly Parton, who was born and raised in the area and whose Dollywood theme park was in the path of the fires, launched her own fundraiser and pledged to donate \$1,000 per month for six months to families who lost their homes.

“I have always believed that charity begins at home,” she said in statement. “We want to provide a hand up to those families who have lost everything in the fires . . . until they get back up on their feet.”

The Pigeon Forge theme park was not damaged, but company officials said that more than a dozen rental cabins managed by Dollywood were damaged or destroyed. Dollywood remained closed Thursday.

The “Chimney Tops 2” fire was first reported Nov. 23 in the Great Smoky Mountains National Park near Gatlinburg, according to the National Park Service. The wildfire exploded on Monday, as massive walls of flames spread down the mountains into Gatlinburg and Pigeon Forge with shocking speed, according to those who fled with little more than the clothes on their backs.

Rain “provided some relief” Wednesday, the Tennessee Emergency Management Agency said, and all wildfires in Gatlinburg were out by late afternoon, though some were still smoldering. Gatlinburg remained under an emergency evacuation order,

with an overnight curfew in place, according to the agency.

Miller, the Gatlinburg fire chief, stressed Thursday that the precipitation should not give people a false sense of security “because fire is a tremendous beast.”

He said there are about 200 firefighters on the ground — 20 percent of them still battling active blazes. Search-and-rescue efforts continued in the charred, smoke-choked mountains, but some areas remained unreachable, authorities said. First responders also struggled with small mudslides and rock slides as the lush foliage that once held the ground in place had burned away.

Park officials estimated that more than 17,000 acres had burned.

Property damage was extensive, both to private residences and to buildings at the heart of the tourism industry.

The News Sentinel reported fire damage to the Chalet Village, among other popular rental cabins, hotels and resorts. The Westgate Smoky Mountain Resort & Spa, a mountainside resort boasting spacious villas steps away from the national park, reported heavy destruction, but officials said the core of the resort survived and would reopen in the coming weeks.

The Alamo Steakhouse in Pigeon Forge and Gatlinburg’s Mountain Lodge Restaurant were destroyed, according to the News Sentinel, which has compiled a running list of the structures that sustained damage. Employees at the Ripley’s Aquarium of the Smokies, which houses more than 10,000 exotic sea creatures, were forced to evacuate and leave the animals behind Monday as wildfires grew, but the structure made it unscathed, and the animals were unharmed, according to the newspaper.

Gatlinburg, with a population of about 4,000 about 43 miles south of Knoxville, is surrounded on three sides by Great Smoky Mountains National Park. The Smokies, part of the Appalachian mountain range, straddle the border between eastern Tennessee and North Carolina. Considered the gateway town to the Tennessee side of the park, Gatlinburg draws more than 11 million visitors a year, according to tourism officials. It is known for its mountain chalets and ski lodge — drawing honeymooners and other visitors all year long.

Despite widespread destruction and chaos, officials said the last few days were not without some good news. Miller said rescuers were able to free three people who became trapped in an elevator at the Westgate resort after it lost power during a fire. The trapped occupants, who were able to reach rescuers using their cellphones, were like many in the region who narrowly escaped tragedy.

Linda Monholland ended her shift at the Park View Inn around 9 p.m. Monday, stepped outside the Gatlinburg resort and found herself surrounded by high flames, according to the Associated Press. For 20 minutes, she and five colleagues struggled through the thick smoke and blowing embers of a sudden wildfire until they found safety in a tourist trolley turned evacuation shuttle.

"It was like we were in hell; hell opened up," Monholland told the AP Tuesday from an 80-acre sports facility pressed into service as a shelter. "Walking through hell, that's what it was. . . . I never want to see something like that again in my life, ever."

Tennessee Gov. Bill Haslam (R) said that the state was sending resources, including the National Guard, to help those left homeless by fire, which he called the worst in at least 100 years.

Although wind gusts exceeding 60 mph caused the disaster to explode in Sevier County, fires have been brewing for months in this region. More than 150,000 acres have been charred in the Southeast by large fires, according to the U.S. Forest Service, and nearly 4,000 firefighters have been called into action to fight blazes that keep popping up.

The wind carried the flames from the nearby Chimney Tops fire across ground parched by a historic drought and into the surrounding towns. The fire moved too fast and too far to contain. "This is a fire for the history books," Miller said Tuesday. "The likes of this has never been seen here. But the worst is definitely over with."

However, forecasts of strong wind gusts and severe thunderstorms through midweek threatened lightning strikes — and more fires.

Jeff Barker sat on the curb outside a shelter Tuesday afternoon, his eyes bloodshot and glassy with tears. He couldn't bring himself to go inside. When he was returning from work on Monday, cars were being stopped from entering Gatlinburg, Barker said. So he set off on foot.

"By the time I arrived at my apartment, apartment's gone, car's gone, pets are gone," he said. "It's devastating when you come home, and all you can do is flee with the clothes on our back."

Inside the gymnasium, other refugees from the fire were resting on cots or sharing stories of loss with neighbors.

Carol Lilleaas, a Gatlinburg resident, said she fled her home with only her animals and her husband's ashes. She does not know what happened to her house or what she might be returning to. "It will be there, or it won't," she said.

Gatlinburg's downtown was mostly spared, volunteer fire department Lt. Bobby Balding told the News Sentinel. But he added: "It's the apocalypse on both sides."

Katie Brittain, manager at the Dress Barn in Pigeon Forge, said that when she showed up to work Monday, the sky was brown and ash was raining down. Despite the ominous conditions, store employees were not sure whether they were supposed to evacuate from their location, not far from Dollywood.

Brittain said employees stayed put but grew increasingly nervous as the smoke thickened and the wind increased that afternoon. By the end of the day, she said, the inside of the store "smelled like a bonfire." "My eyes were burning, and our throats were getting scratchy," she said. "Everyone was kind of in a state of disbelief."

This post, originally published Nov. 30, has been updated. Leslie Wylie contributed from Gatlinburg. Travis Andrews and Sarah Larimer contributed from Washington.

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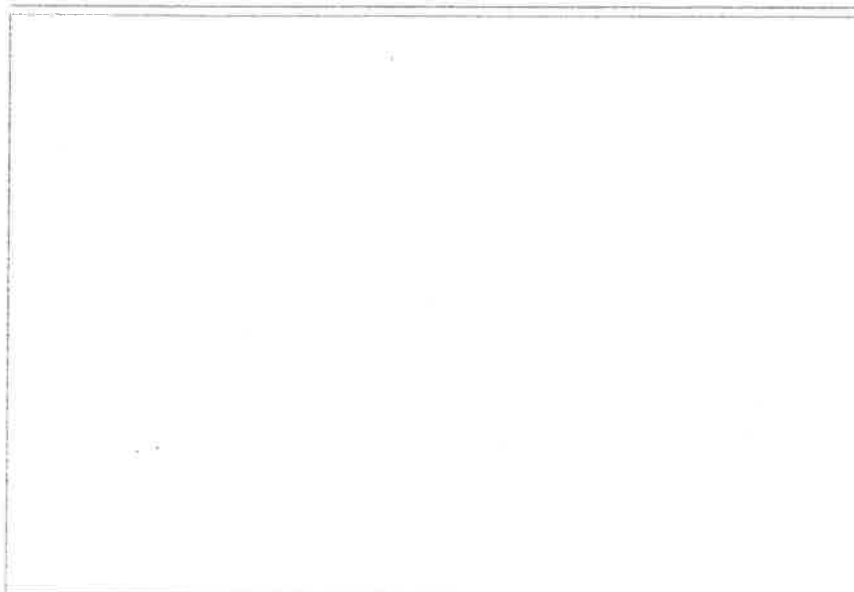
The Atlantic

Photos of the Wildfires Near Gatlinburg, Tennessee

ALAN TAYLOR | NOV 30, 2016 | 25 PHOTOS | IN FOCUS

On Monday, a fire erupted in a section of the Great Smoky Mountains National Park, quickly spreading through the drought-affected area around Gatlinburg, Tennessee, forcing a quick evacuation of thousands of residents and tourists. More than 250 houses and businesses have been reported damaged or destroyed, and so far four deaths

Read more +



1. A wildfire burns on a hillside after a mandatory evacuation was ordered in Gatlinburg, Tennessee, in a picture released November 30, 2016. #

Tennessee Highway Patrol / Reuters

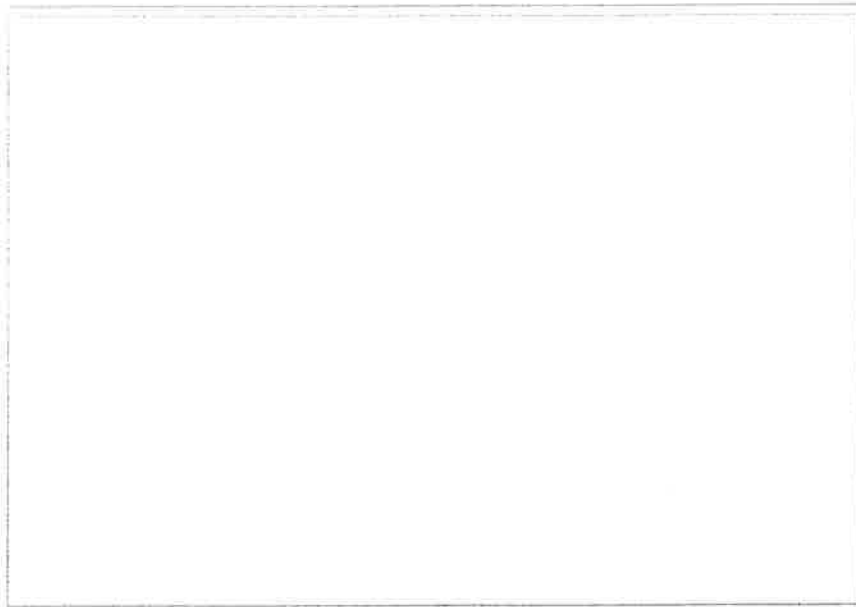


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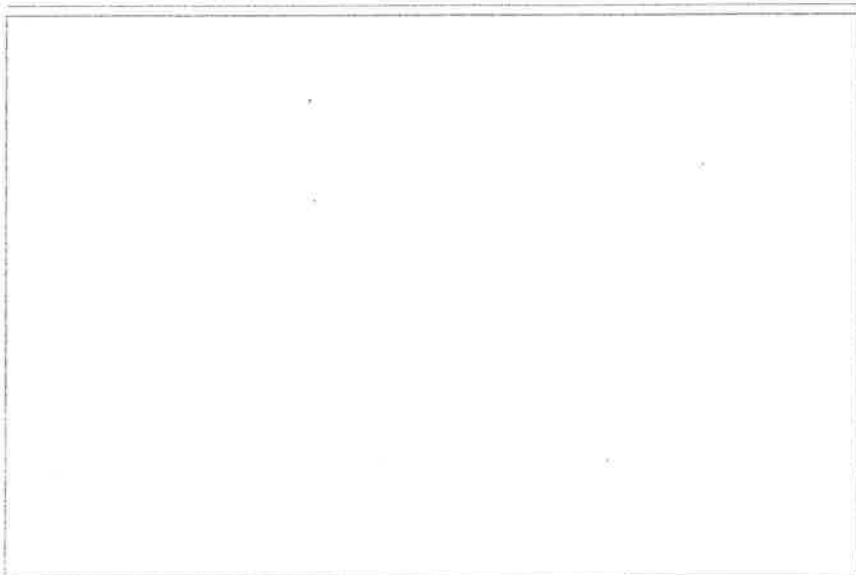
3. Firefighters stand by a destroyed home after a wildfire forced the mandatory evacuation of Gatlinburg, Tennessee on November 30, 2016. #

Tennessee Highway Patrol / Reuters



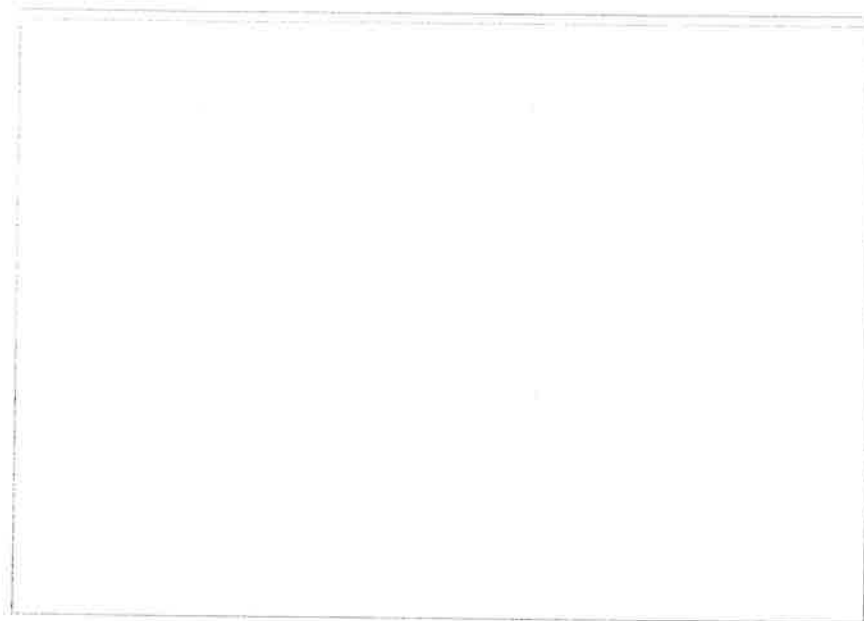
4. Motorists stop to view wildfires in the Great Smoky Mountains near Gatlinburg on November 28, 2016. #

National Park Services Staff / Reuters



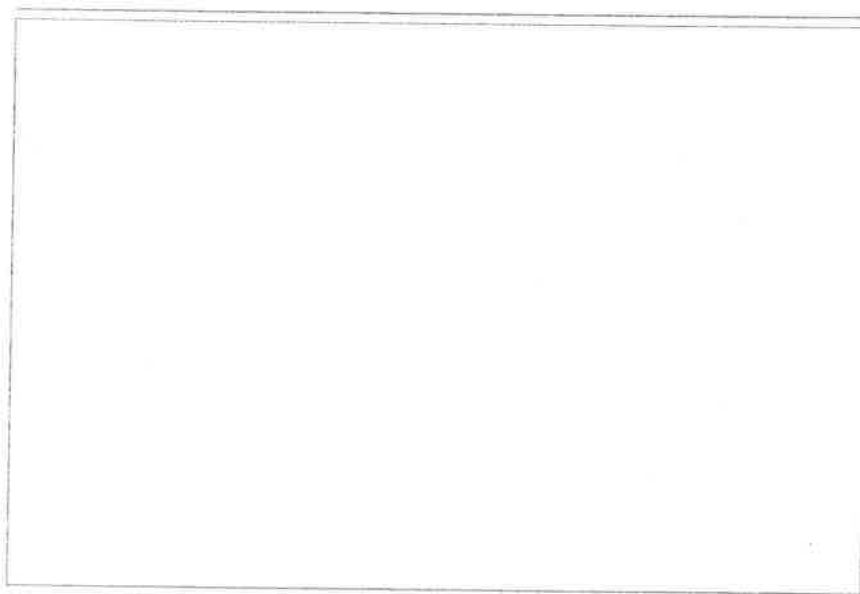
5. Smoke surrounds a home as seen from aboard a National Guard helicopter near Gatlinburg on November 29, 2016. #

Erik Schelzig / AP



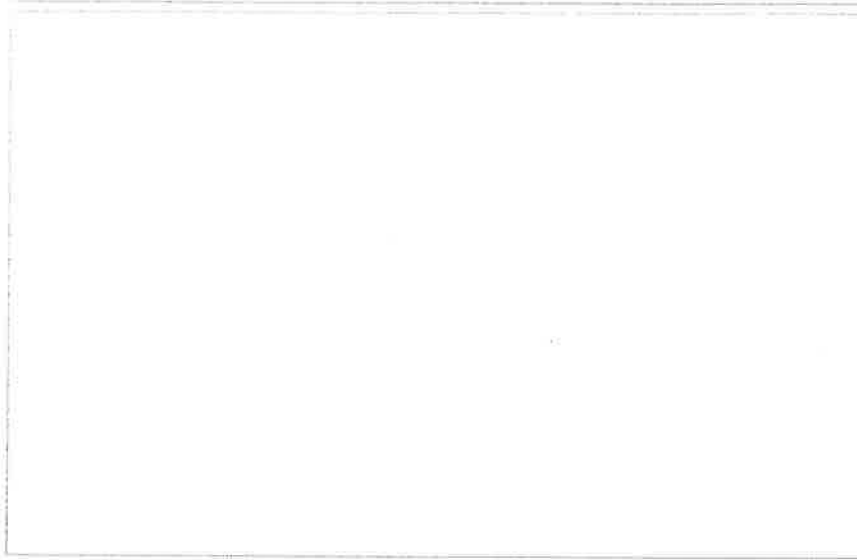
6. Smoke plumes from wildfires in the Great Smoky Mountains near Gatlinburg on November 28, 2016. #

National Park Services Staff / Reuters



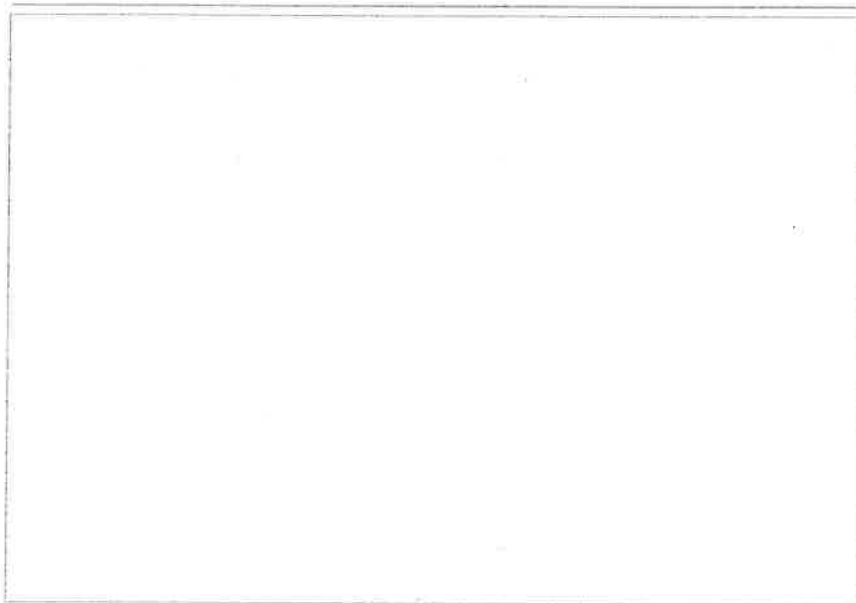
7. Burned structures are seen from aboard a National Guard helicopter near Gatlinburg on November 29, 2016. #

Erik Schelzig / AP



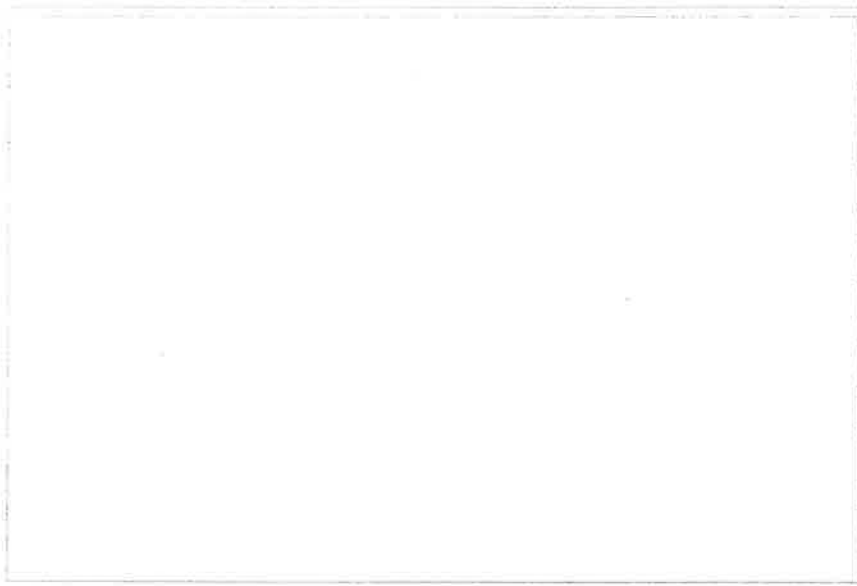
8. People survey a destroyed building as it sits among burned trees on November 29, 2016, near Gatlinburg. #

Wade Payne / AP



9. Burned structures are seen from a National Guard helicopter near Gatlinburg on November 29, 2016. #

Erik Schelzig / AP



10. Burned structures near Gatlinburg, Tennessee, on November 29, 2016. #

Erik Schelzig / AP



11. Foundations and supports are all that is left of burned structures near Gatlinburg, after a fire swept through the day before, on November 29, 2016. #

Erik Schelzig / AP



12. A fire still burns in the chimney of a destroyed home near Gatlinburg on November 29, 2016. #

Wade Payne / AP



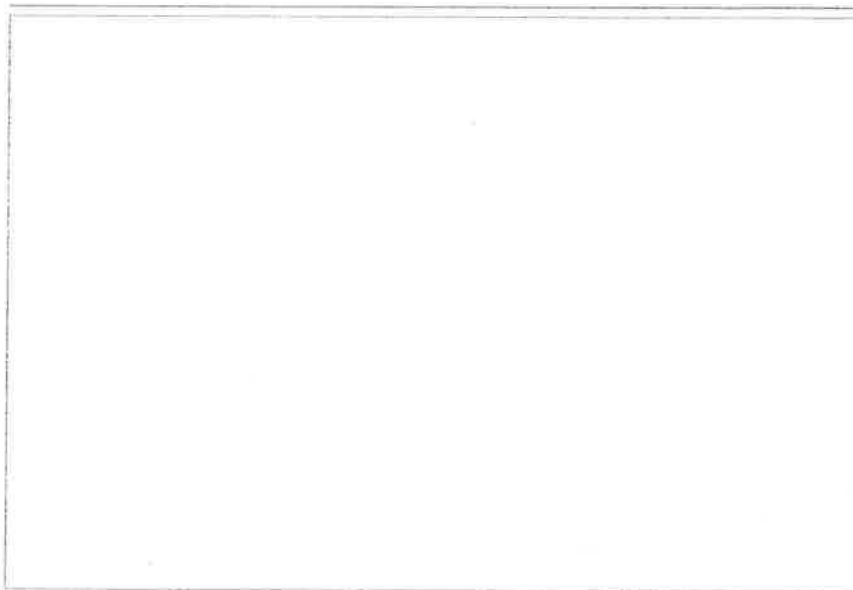
13. Destroyed homes sit among burned trees on November 29, 2016, near Gatlinburg, Tennessee. #

Wade Payne / AP



14. A scorched vehicle sits next to a burned-out building in Gatlinburg on November 29, 2016. #

Erik Schelzig / AP



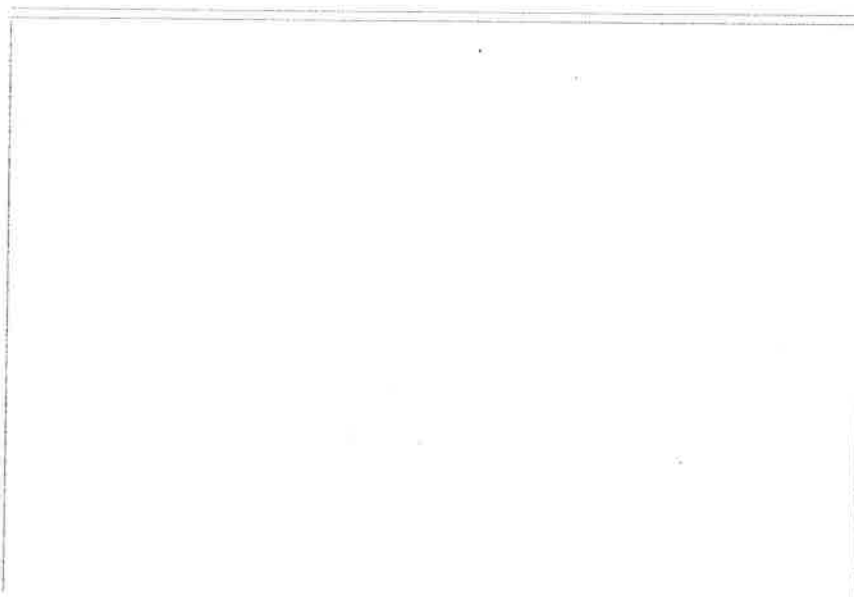
15. A utility pole is left damaged as fires smolder nearby after a wildfire in Gatlinburg on November 29, 2016. #

Brian Blanco / Getty



16. The remains of a Jeep rental business smolder after a wildfire on November 29, 2016, in Gatlinburg. #

Brian Blanco / Getty



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18. The remains of a business, after a wildfire passed through on November 29, 2016, in Gatlinburg, Tennessee. #

Brian Blanco / Getty

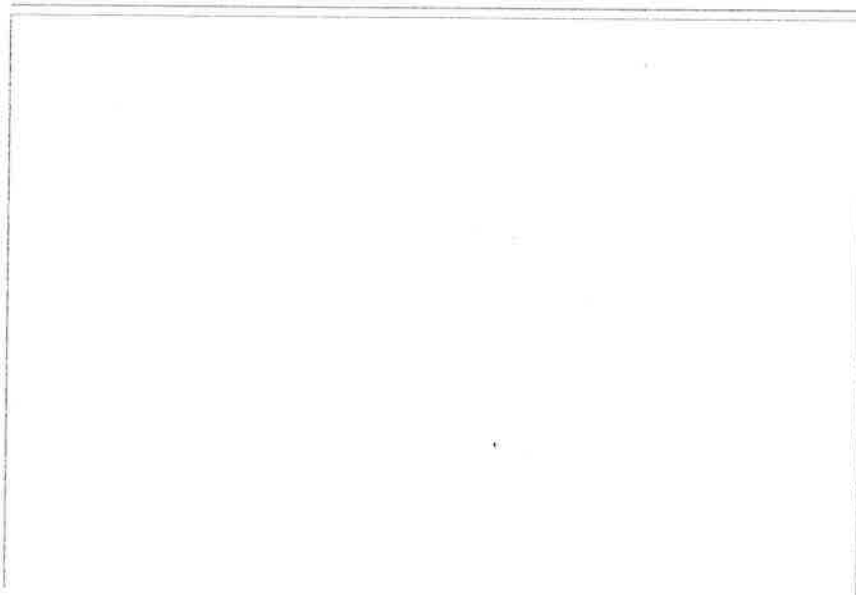


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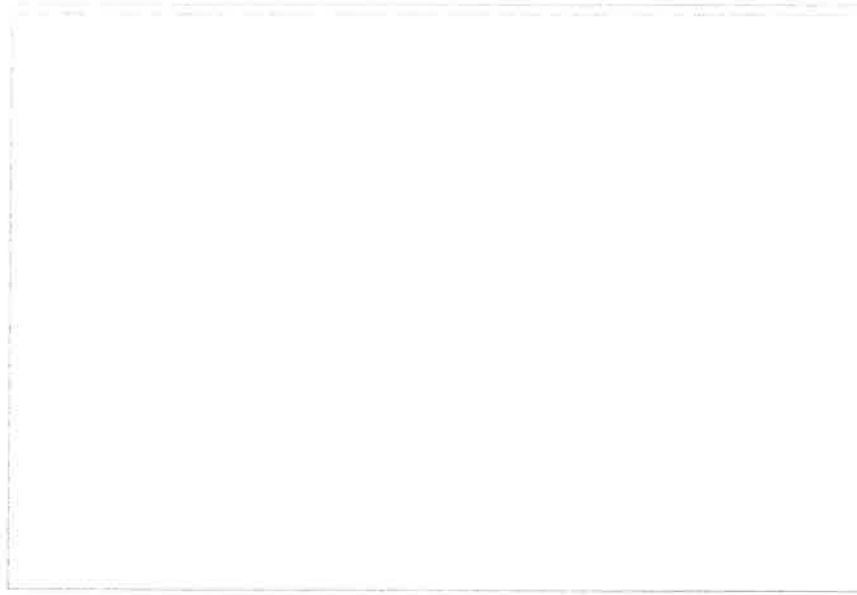


20. Volunteers assist evacuees in gathering needed clothing items at a shelter on November 29, 2016 in Pigeon Forge, Tennessee. #

Brian Blanco / Getty

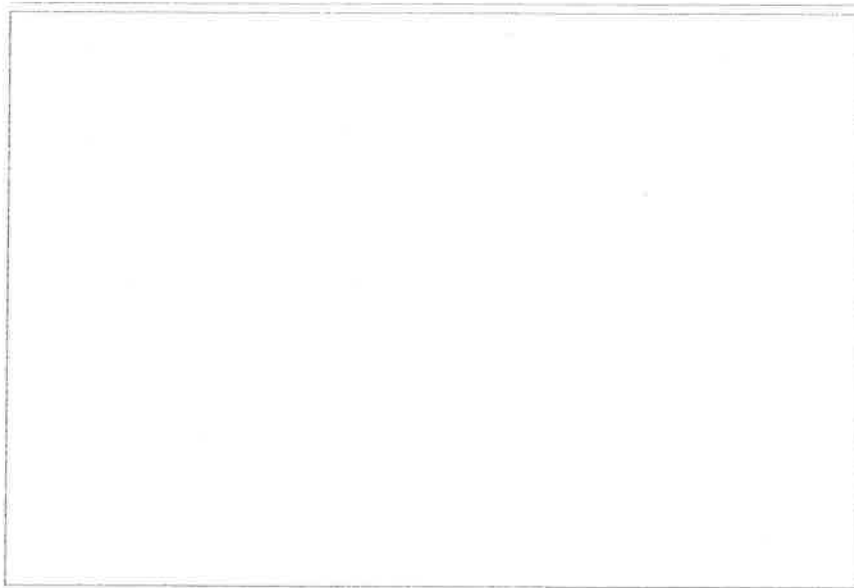


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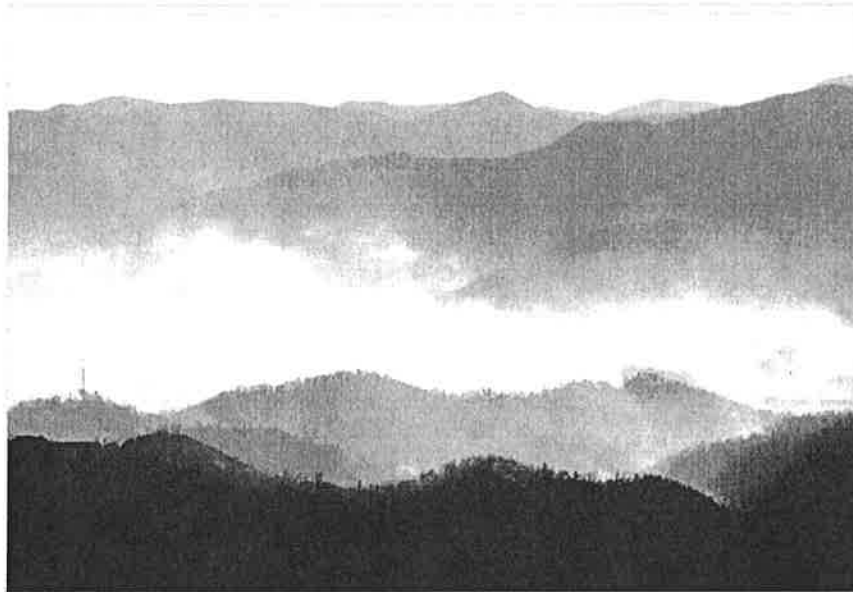
22. A burned out building smolders in Gatlinburg on November 29, 2016. #

Erik Schelzig / AP



23. The remains of a home and cars, after a wildfire on November 29, 2016, in Gatlinburg. #

Brian Blanco / Getty



24. Smoke from wildfires blankets the mountains near Gatlinburg on November 29, 2016. #

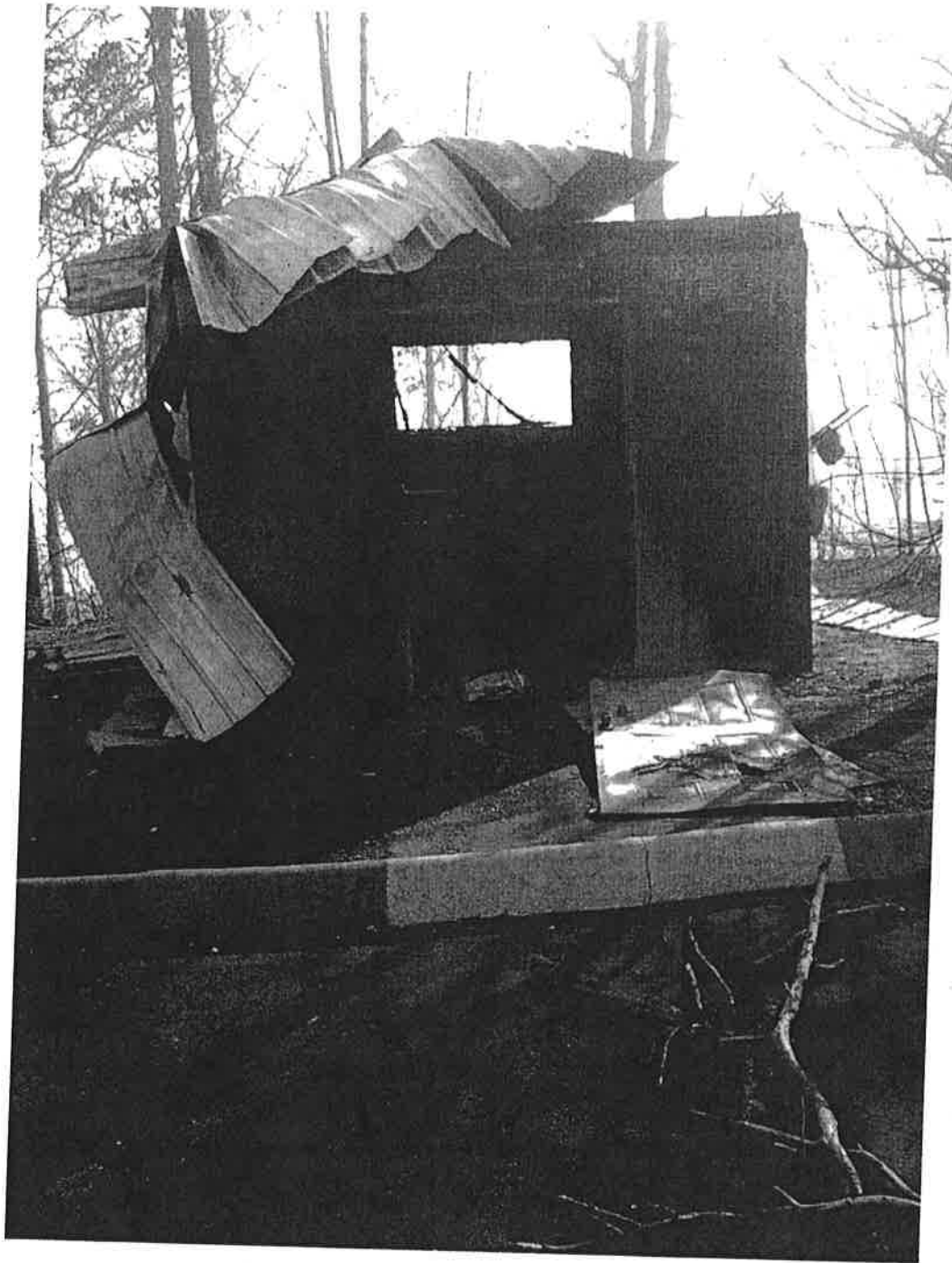
Wade Payne / AP



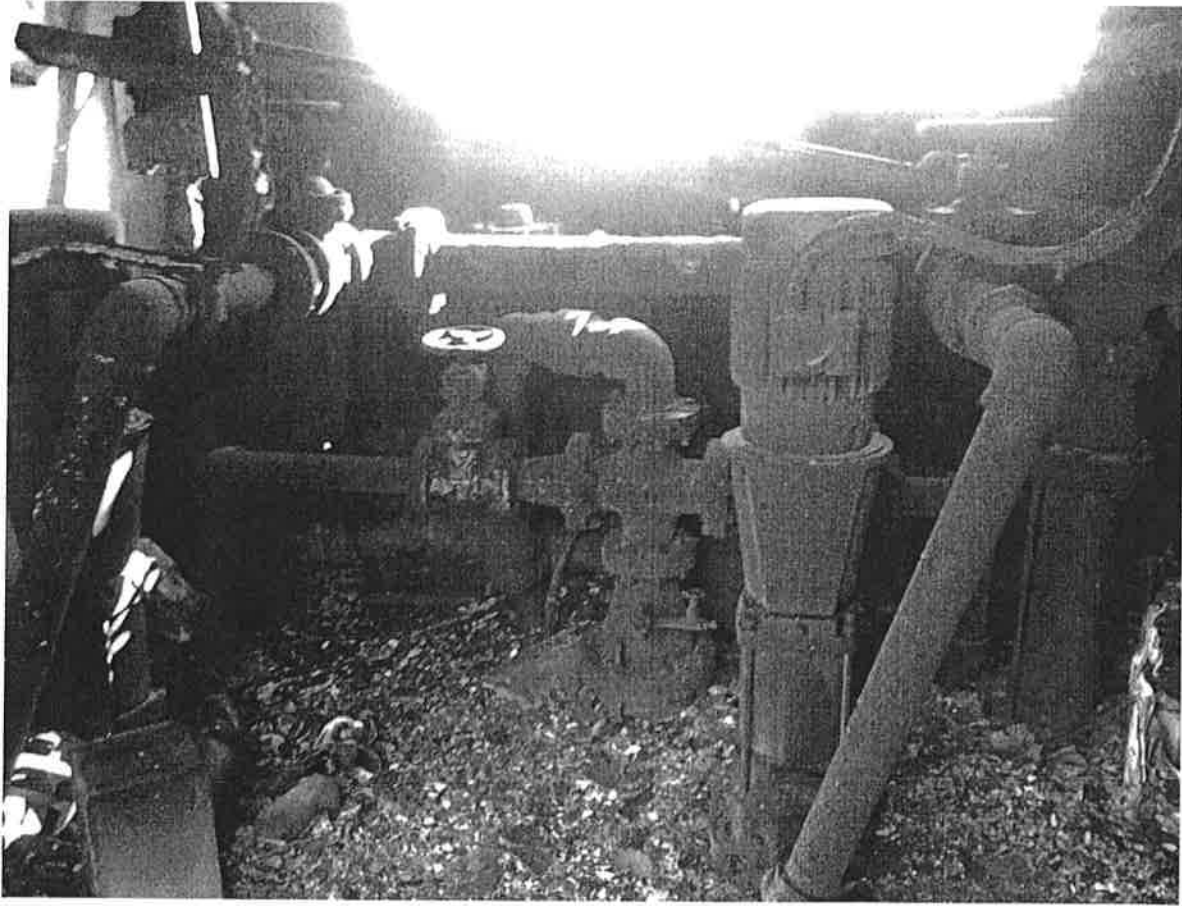
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JUMP TO COMMENTS

Chalet Village Well #1



Chalet Village Well #1 (inside)



Chalet Village Piney Butt Booster



Chalet Village Well #1 Parking Lot



Chalet Village Chestnut Drive
(customer's car)





A Message from Matthew Klein, President, Tennessee Water Service, Inc.

To all of our customers,

I hope you are well and are recovering from the wildfire tragedy that struck your neighborhood and many others. As promised, we want to provide a brief update on our assessment of, and repairs to, the Chalet Village service area.

First, we retained an engineering firm to evaluate the need for further assessment of the integrity of the water system. Also, we have repaired some leaking hydrants and rebuilt the interconnection device with Gatlinburg. Most importantly, we sampled the water supply to make sure it remains safe for consumption.

Second, as stated in my previous letter to you, we have continued to put a hold on all bills for homes affected by this tragedy. All outstanding balances have been extended an additional sixty (60) days, until March 31, 2017, to allow you an appropriate amount of time to make your payment for services rendered prior to the wildfire. If you need additional time (beyond March 31) to pay your bill, please feel free to contact Customer Service at (800) 531-2321 to request a payment arrangement to further extend the balance owed.

Third, please be assured that no penalties or late charges will be assessed on those bills.

Fourth, we are pleased that we have been able to restore water service for some customers. For those customers with restored water service, beginning with the March 31, 2017, bill, your due date for payment will return to the normal 23 days as approved by the Commission in our rules of operation.

Our goal continues to be straightforward—to eliminate at least one small concern from your minds in order to let you focus on your families, neighbors, and the community. We stand ready to provide whatever assistance we can as the process of rebuilding lives and homes begins. Our prayers and thoughts are with all members of this wonderful community who have been effected by this tragedy.

If you have any questions, please feel free to contact Customer Service at (800) 531-2321 or customerservice@uiwater.com.

Sincerely,

Matthew Klein

David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Friday, July 21, 2017 7:41 AM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: RE: TWS Emergency Petition

You too! It is going to be a hot one here!

All the best,

Joe

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
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Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
represents clients across the U.S. and abroad from offices
in Alabama, Georgia, Florida, Louisiana, Mississippi, Tennessee,
Texas and Washington, D.C.

♻️ Please consider the environment before printing this e-mail.

From: Joe Shirley [<mailto:Joe.Shirley@tn.gov>]
Sent: Friday, July 21, 2017 8:39 AM
To: Conner, Joe; David Foster; Patsy Fulton
Cc: Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: RE: TWS Emergency Petition

Thanks, Joe. Both David and I have been out of pocket the last couple of days. We'll review and get back with you early next week regarding setting up the time for the call to discuss the petition. Have a great weekend, Joe

From: Conner, Joe [<mailto:jconner@bakerdonelson.com>]
Sent: Thursday, July 20, 2017 9:23 AM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: FW: TWS Emergency Petition

*** This is an EXTERNAL email. Please exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email - STS-Security. ***

Hi Joe, David and Patsy,

Attached for your review is the draft petition we discussed in our last meeting. We would like to schedule a call with you on Friday, July 28th to go over the numbers and discuss options. In the meantime, please give me or Ryan Freeman a call with any questions.

Thanks again and we look forward to working with you on this matter.

All the best,

Joe

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
1900 Republic Centre
633 Chestnut Street
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Direct: 423.752.4417
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E-mail: jconner@bakerdonelson.com
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Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
represents clients across the U.S. and abroad from offices
in Alabama, Georgia, Florida, Louisiana, Mississippi, Tennessee,
Texas and Washington, D.C.

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David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Wednesday, July 26, 2017 11:15 AM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: RE: TWS Emergency Petition

Hi Joe, we are available at 9am or 11am CST on Friday. Please let me know if either of those times work and I will send a conference dial-in number around.

Joe

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
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Texas and Washington, D.C.

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From: Joe Shirley [<mailto:Joe.Shirley@tn.gov>]
Sent: Wednesday, July 26, 2017 8:22 AM
To: Conner, Joe; David Foster; Patsy Fulton
Cc: Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: RE: TWS Emergency Petition

Joe: We're available to discuss the draft petition by phone on Friday morning before Noon. What works for you all? Thanks, Joe

From: Joe Shirley
Sent: Friday, July 21, 2017 7:39 AM
To: 'Conner, Joe'; David Foster; Patsy Fulton
Cc: Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: RE: TWS Emergency Petition

Thanks, Joe. Both David and I have been out of pocket the last couple of days. We'll review and get back with you early next week regarding setting up the time for the call to discuss the petition. Have a great weekend, Joe

From: Conner, Joe [<mailto:jconner@bakerdonelson.com>]
Sent: Thursday, July 20, 2017 9:23 AM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: FW: TWS Emergency Petition

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Hi Joe, David and Patsy,

Attached for your review is the draft petition we discussed in our last meeting. We would like to schedule a call with you on Friday, July 28th to go over the numbers and discuss options. In the meantime, please give me or Ryan Freeman a call with any questions.

Thanks again and we look forward to working with you on this matter.

All the best,

Joe

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
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633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
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David Foster

Subject: Discussion regarding TN Water Service Joint Petition
Location: 1-866-506-1416 code 423-752-4417
Start: Fri 7/28/2017 11:00 AM
End: Fri 7/28/2017 12:00 PM
Show Time As: Tentative
Recurrence: (none)
Organizer: Conner, Joe

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David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Friday, July 28, 2017 1:20 PM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: Richard Linneman; Matthew Klein (MKlein@uiwater.com); Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: FW: Excel schedules Emergency Petition
Attachments: CONFIDENTIAL - TWS surcharge workpaper 6.16.17.xlsx

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Hi Folks,

Richard's workbook of schedules is attached. The best approach is to start with the last tab (expense build) and work forward as that is how he built the workbook. Please feel free to call Richard with any questions.

Thank you!

Joe A. Conner, Esq.

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1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
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Wildlife Restoration Surcharge:

Capital Investment
Accumulated Depreciation
Rate Base for Return

Capital Structure:

Equity Thickness
Debt Ratio
Total Capital Structure

Cost of Capital:

Return on Equity
Cost of Debt

Tax Rates:

State
Federal
Total

Service Availability Fee:

Capital Investment
Accumulated Depreciation
Rate Base for Return

Capital Structure:

Equity Thickness
Debt Ratio
Total Capital Structure

Cost of Capital:

Return on Equity
Cost of Debt

Tax Rates:

State
Federal
Total

Revenue

O&M

TOTI

Depreciation

Net Income

Revenue Shortfall

| | Actual | | | | | | | |
|------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
| Active Customers | | | | | | | | |
| Base Charge | | | | | | | | |
| Usage | | | | | | | | |
| Usage Charge | | | | | | | | |
| Usage Revenue | | | | | | | | |
| Average Bill | | | | | | | | |
| Revenue | | | | | | | | |

| Projected | | | | |
|-----------|-----|-----|-----|------|
| Sept | Oct | Nov | Dec | 2017 |
| 151 | 161 | 171 | 181 | |

| | LTM 3/31/2016 | Q1 2016 | Q1 2017 | Q1 2017 Ratio % | YE 2017 Projection |
|----------------------|------------------|------------|------------|--------------------|-----------------------|
| Salaries & Wages | | | | | |
| Employee Benefits | | | | | |
| Purchased Water | | | | | |
| Electric | | | | | |
| Chemicals | | | | | |
| Materials | | | | | |
| Outside Services | | | | | |
| Rent | | | | | |
| Other Expenses | | | | | |
| Total O&M | | | | | |
| TOTI | | | | | |
| Depreciation | | | | | |

O&M Make Whole:

Projected Revenue Excluding Surcharge
Projected Restoration Surcharge Revenue
Projected Availability Surcharge Revenue
Total Projected Revenue

Projected O&M
Projected TOTI
Projected Depreciation
Total Projected Expenses

Projected Net Income
Make Whole Requirement
Availability Customers
Amount/customer 2017
Available months
Monthly O&M Surcharge

Projected Revenue 2017
O&M
TOTI
Depreciation
Net Income for Return

Rate Base
Equity Rate Base
Debt Rate Base

ROE

Debt Coverage:

Rate Base

Debt Ratio

Rate Base (Debt)

Cost of Debt

Revenue Requirement

Equity Return:

Rate Base

Equity Thickness

Rate Base (Equity)

Return on Equity

Required Return (pre Tax)

Tax Rate

Revenue Requirement (tax adj)

Total Revenue Requirement

Surcharge:

Debt Coverage:

Rate Base

Debt Ratio

Rate Base (Debt)

Cost of Debt

Revenue Requirement

Equity Return:

Rate Base

Equity Thickness

Rate Base (Equity)

Return on Equity

Required Return (pre Tax)

Tax Rate

Revenue Requirement (tax adj)

Total Revenue Requirement

thly, 565 customers, 5 months
mer, 424 inactive customers, 5 months

ected base revenue

Current Rate Base:

Utility Plant in Service
Accumulated Depreciation
Materials & Supplies
UIC
ADIT
CIAC

Rate Base

Additional Rate Base:

Capital Investment
Depreciation

Additional Rate Base

Active Customer:

| | |
|--|-----------|
| Base Charge | \$ |
| Usage Charge (per 1k gal over 1k gals) | \$ |
| Average Usage | |
| Usage Revenue | \$ |
| Base Bill | \$ |
| Restoration Surcharge | |
| Availability Surcharge | |
| O&M Surcharge | |
| Total Bill | \$ |

Availability Customer:

| | |
|--|-----------|
| Base Charge | |
| Usage Charge (per 1k gal over 1k gals) | \$ |
| Average Usage | |
| Usage Revenue | |
| Base Bill | |
| Restoration Surcharge | |
| Availability Surcharge | \$ |
| O&M Surcharge | \$ |
| Total Bill | \$ |

David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Friday, July 28, 2017 2:59 PM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: Richard Linneman; Matthew Klein (MKlein@uiwater.com); Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: RE: Excel schedules Emergency Petition

You are welcome... I left Vance a voice message this afternoon about scheduling a meeting on August 11th in Nashville. Will keep you posted.

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
1900 Republic Centre
633 Chestnut Street
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Direct: 423.752.4417
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From: Joe Shirley [<mailto:Joe.Shirley@tn.gov>]
Sent: Friday, July 28, 2017 3:32 PM
To: Conner, Joe; David Foster; Patsy Fulton
Cc: Richard Linneman; Matthew Klein (MKlein@uiwater.com); Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: RE: Excel schedules Emergency Petition

Thanks.

From: Conner, Joe [<mailto:jconner@bakerdonelson.com>]
Sent: Friday, July 28, 2017 1:20 PM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: Richard Linneman; Matthew Klein (MKlein@uiwater.com); Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: FW: Excel schedules Emergency Petition

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Hi Folks,

Richard's workbook of schedules is attached. The best approach is to start with the last tab (expense build) and work forward as that is how he built the workbook. Please feel free to call Richard with any questions.

Thank you!

Joe A. Conner, Esq.

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David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Friday, July 28, 2017 3:21 PM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: Richard Linneman; Matthew Klein (MKlein@uiwater.com); Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: RE: Excel schedules Emergency Petition

All,

I spoke with Vance Broemell and Karen Stachowski with the Consumer Advocate this afternoon. Karen will be the person working with us on this petition. Unfortunately, she is out of town on August 11th. She is in town the following week and can meet on August 14, 16 or 17. Please let me know if any of those dates work on your calendars.

Have a good weekend.

Joe

Joe A. Conner, Esq.

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From: Joe Shirley [<mailto:Joe.Shirley@tn.gov>]
Sent: Friday, July 28, 2017 3:32 PM
To: Conner, Joe; David Foster; Patsy Fulton
Cc: Richard Linneman; Matthew Klein (MKlein@uiwater.com); Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: RE: Excel schedules Emergency Petition

Thanks.

From: Conner, Joe [<mailto:jconner@bakerdonelson.com>]
Sent: Friday, July 28, 2017 1:20 PM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: Richard Linneman; Matthew Klein (MKlein@uiwater.com); Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)
Subject: FW: Excel schedules Emergency Petition

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Hi Folks,


Richard's workbook of schedules is attached. The best approach is to start with the last tab (expense build) and work forward as that is how he built the workbook. Please feel free to call Richard with any questions.

Thank you!

Joe A. Conner, Esq.

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David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Wednesday, August 02, 2017 9:23 AM
To: Karen H. Stachowski
Cc: Vance Broemel; Joe Shirley; David Foster; Patsy Fulton; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Bryce Mendenhall (BMendenhall@uiwater.com); Freeman, Ryan
Subject: Re: meeting to discuss TN Water Service -

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Hi Karen and Vance,

I have confirmed with my Client and Joe and David that they are available to meet on Monday August 14 at 9am CST. We can either meet at your office or at TPUC if that is more convenient. Just let me know the best location.

All the best,

Joe

Joe A. Conner, Esq.

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From: Karen H. Stachowski [<mailto:Karen.Stachowski@ag.tn.gov>]
Sent: Friday, July 28, 2017 4:10 PM
To: Conner, Joe
Cc: Vance Broemel
Subject: Contact Information

It was good "meeting" you. I look forward to talking to you again soon.

Also, my cell phone number is 

Karen H. Stachowski | Assistant Attorney General
State of Tennessee
Office of the Attorney General & Reporter
Consumer Protection and Advocate Division
Post Office Box 20207
Nashville, TN 37202-0207

Direct Line: (615) 741-2370
Consumer Facsimile: (615) 532-2910
Consumer General Line: (615) 741-1671
Karen.Stachowski@ag.tn.gov

MAKING THE CASE FOR TENNESSEE

TENNESSEE ATTORNEY GENERAL

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David Foster

Subject: Meeting to Discuss Emergency Petition for Tennessee Water Service
Location: Nashville - office to be determined.

Start: Mon 8/14/2017 9:00 AM
End: Mon 8/14/2017 10:00 AM
Show Time As: Tentative

Recurrence: (none)

Organizer: Conner, Joe

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David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Wednesday, August 02, 2017 10:11 AM
To: Karen H. Stachowski; David Foster
Cc: Vance Broemel; Joe Shirley; Patsy Fulton; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Bryce Mendenhall (BMendenhall@uiwater.com); Freeman, Ryan
Subject: RE: meeting to discuss TN Water Service -

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3 from the company

From: Karen H. Stachowski [mailto:Karen.Stachowski@ag.tn.gov]
Sent: Wednesday, August 02, 2017 10:54 AM
To: David Foster; Conner, Joe
Cc: Vance Broemel; Joe Shirley; Patsy Fulton; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Bryce Mendenhall (BMendenhall@uiwater.com); Freeman, Ryan
Subject: RE: meeting to discuss TN Water Service -

3-5 staff from Consumer Advocate.

Karen H. Stachowski | Assistant Attorney General

State of Tennessee

Office of the Attorney General & Reporter

Consumer Protection and Advocate Division

Post Office Box 20207

Nashville, TN 37202-0207

Direct Line: (615) 741-2370

Consumer Facsimile: (615) 532-2910

Consumer General Line: (615) 741-1671

Karen.Stachowski@ag.tn.gov

**MAKING THE CASE
FOR TENNESSEE**

TENNESSEE ATTORNEY GENERAL

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From: David Foster [mailto:David.Foster@tn.gov]
Sent: Wednesday, August 02, 2017 9:51 AM
To: Karen H. Stachowski <Karen.Stachowski@ag.tn.gov>; Conner, Joe <jconner@bakerdonelson.com>
Cc: Vance Broemel <Vance.Broemel@ag.tn.gov>; Joe Shirley <Joe.Shirley@tn.gov>; Patsy Fulton

<Patsy.Fulton@tn.gov>; Matthew Klein (MKlein@uiwater.com) <MKlein@uiwater.com>; Richard Linneman <RLinneman@uiwater.com>; Bryce Mendenhall (BMendenhall@uiwater.com) <BMendenhall@uiwater.com>; Freeman, Ryan <rffreeman@bakerdonelson.com>
Subject: RE: meeting to discuss TN Water Service -

I have reserved the TPUC's fourth floor conference room. I anticipate about 3-4 TPUC staff on hand; how many does each party anticipate to bring?

David

From: Karen H. Stachowski [<mailto:Karen.Stachowski@ag.tn.gov>]
Sent: Wednesday, August 02, 2017 9:30 AM
To: Conner, Joe
Cc: Vance Broemel; Joe Shirley; David Foster; Patsy Fulton; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Bryce Mendenhall (BMendenhall@uiwater.com); Freeman, Ryan
Subject: RE: meeting to discuss TN Water Service -

Joe,

Thanks for working out a date and time that I could attend. We are just a city block from TPUC so we are fine with meeting at TPUC. If TPUC doesn't have a conference room available, we can host the meeting at our offices here in the UBS building.

Respectfully,

Karen H. Stachowski | Assistant Attorney General
State of Tennessee
Office of the Attorney General & Reporter
Consumer Protection and Advocate Division
Post Office Box 20207
Nashville, TN 37202-0207
Direct Line: (615) 741-2370
Consumer Facsimile: (615) 532-2910
Consumer General Line: (615) 741-1671
Karen.Stachowski@ag.tn.gov



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From: Conner, Joe [<mailto:jconner@bakerdonelson.com>]
Sent: Wednesday, August 02, 2017 9:23 AM

To: Karen H. Stachowski <Karen.Stachowski@ag.tn.gov>
Cc: Vance Broemel <Vance.Broemel@ag.tn.gov>; Joe Shirley (joe.shirley@tn.gov) <joe.shirley@tn.gov>; david.foster@tn.gov; Patsy Fulton <Patsy.Fulton@tn.gov>; Matthew Klein (MKlein@uiwater.com) <MKlein@uiwater.com>; Richard Linneman <RLinneman@uiwater.com>; Bryce Mendenhall (BMendenhall@uiwater.com) <BMendenhall@uiwater.com>; Freeman, Ryan <rfreeman@bakerdonelson.com>
Subject: Re: meeting to discuss TN Water Service -

Hi Karen and Vance,

I have confirmed with my Client and Joe and David that they are available to meet on Monday August 14 at 9am CST. We can either meet at your office or at TPUC if that is more convenient. Just let me know the best location.

All the best,

Joe

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
Cell: 423.605.2780
E-mail: jconner@bakerdonelson.com
www.bakerdonelson.com

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represents clients across the U.S. and abroad from offices
in Alabama, Georgia, Florida, Louisiana, Mississippi, Tennessee,
Texas and Washington, D.C.

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From: Karen H. Stachowski [<mailto:Karen.Stachowski@ag.tn.gov>]
Sent: Friday, July 28, 2017 4:10 PM
To: Conner, Joe
Cc: Vance Broemel
Subject: Contact Information

It was good "meeting" you. I look forward to talking to you again soon.

Also, my cell phone number is 

Karen H. Stachowski | Assistant Attorney General
State of Tennessee
Office of the Attorney General & Reporter
Consumer Protection and Advocate Division
Post Office Box 20207
Nashville, TN 37202-0207
Direct Line: (615) 741-2370
Consumer Facsimile: (615) 532-2910
Consumer General Line: (615) 741-1671
Karen.Stachowski@ag.tn.gov

MAKING THE CASE FOR TENNESSEE

TENNESSEE ATTORNEY GENERAL

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Under requirements imposed by the IRS, we inform you that, if any advice concerning one or more U.S. federal tax issues is contained in this communication (including in any attachments and, if this communication is by email, then in any part of the same series of emails), such advice was not intended or written by the sender or by Baker, Donelson, Bearman, Caldwell & Berkowitz, PC to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing or recommending to another party any transaction or tax-related matter addressed herein.

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David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Friday, August 11, 2017 2:44 PM
To: Joe Shirley
Cc: Patsy Fulton; David Foster; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan
Subject: FW: TWS Emergency Petition Update and Call
Attachments: 4851-3362-2091 v.7 TWS - Petition for Emergency Relief.docx

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Hi Joe,
We have not heard back from you regarding any additional questions. We hope that is a good sign! I am going to send the attached draft on to Karen and Vance so they will have a chance to review it prior to our meeting on Monday. Matt and Richard will be present for the meeting on Monday, but I will need to call in..

Have a good weekend.

Joe

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
Cell: 423.605.2780
E-mail: jconner@bakerdonelson.com
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represents clients across the U.S. and abroad from offices
in Alabama, Georgia, Florida, Louisiana, Mississippi, Tennessee,
Texas and Washington, D.C.

 Please consider the environment before printing this e-mail.

From: Freeman, Ryan
Sent: Monday, August 07, 2017 12:54 PM
To: Joe Shirley
Cc: Patsy Fulton; David Foster; Matthew Klein (MKlein@uiwater.com); Conner, Joe; Richard Linneman (RLinneman@uiwater.com)
Subject: TWS Emergency Petition Update and Call

David, Joe, and Patsy,

Sorry we missed connecting with you all this morning on the call regarding your thoughts on Mr. Linneman's workpapers. I am attaching a copy of TWS' emergency petition which reflects changes made pursuant to our last call. The petition is no longer joint, customer counts have been updated, and we have moved to your suggested timeline of 18 months.

On our last call, you mentioned that you had some thoughts on language to use to give form for the non-discretionary operational cost pass-through mechanism. We would welcome any suggested verbiage you have so that we can

incorporate it into this petition. As well, let us know when we could reschedule a call this week to discuss your thoughts regarding Mr. Linneman's workpapers as they relate to the petition's suggested surcharge and availability fee so that we can make any necessary changes before our meeting with the Consumer Advocate.

Thank you,

Ryan A. Freeman

Associate

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC

1900 Republic Centre

633 Chestnut Street

Chattanooga, TN 37450

Phone: 423.209.4181

Email: rfreeman@bakerdonelson.com

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**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:

**PETITION OF TENNESSEE WATER
SERVICE FOR APPROVAL OF AN
INTERIM EMERGENCY WILDFIRE
RESTORATION SURCHARGE,
INTERIM EMERGENCY WATER
SERVICE AVAILABILITY FEE, AND AN
INTERIM EMERGENCY
OPERATIONAL COST PASS-THROUGH
MECHANISM**

DOCKET NO. _____

PETITION FOR EMERGENCY INTERIM RELIEF

Tennessee Water Service, Inc. (“TWS” or “Company”), a Tennessee corporation authorized to conduct a public utility business in the State of Tennessee, pursuant to Tenn. Code Ann. § 65-5-103, petition the Tennessee Public Utility Commission (“TPUC” or “Commission”) for emergency interim relief for TWS in the form of a Wildfire Restoration Surcharge, Water Service Availability Surcharge, and Operational Cost Pass-Through Mechanism for the purpose of recovering TWS’ costs of providing water service to its customers during the period of recovery from the devastating, wind-driven wildfires of 2016 (“2016 Wildfires”) that destroyed and/or severely damaged the majority of the homes connected to TWS’ drinking water system and for authority to place such rates and charges into effect through a revised tariff.

In support of this Petition, TWS submits the following:

1. TWS is a public utility as defined by Tenn. Code Ann. § 65-4-101 and its public utility operations are subject to the jurisdiction of TPUC.

2. In January 1984, TWS was granted its original Certificate of Convenience and Necessity in Docket No. U-83-7240 to provide water service to customers located in the Chalet Village Subdivision in Sevier County, Tennessee.

3. TWS is engaged in providing water services to approximately 580 customers, although after the 2016 Wildfires only 57 connections remained.

4. The name of the President of TWS and principal address are:

Matthew Klein, President
Tennessee Water Service, Inc.
4944 Parkway Plaza Boulevard, Suite 375
Charlotte, North Carolina 28217

5. The currently-tariffed rates and charges of TWS were approved by TPUC on September 15, 2009, in Docket No. 09-00017. A copy of the Order is attached hereto as Exhibit A. Under the tariff, there is a fixed minimum monthly charge of \$18.70 for 0 - 1000 gallons of usage. Customers are then subject to a volumetric charge of \$13.30 per 1000 additional gallons of usage.

6. The average customer uses approximately 4,000 gallons of water per month and has an average bill of \$58.60.

7. As demonstrated by the newspaper articles attached hereto as Exhibit B, on November 28, 2016, the 2016 Wildfires spread rapidly through the City of Gatlinburg, Tennessee ("Gatlinburg"), and surrounding area tragically destroying and severely damaging many homes and businesses. Approximately 90% of TWS' customers lost their homes, in whole or in part, from the fires.

8. Attached as Exhibit C is a map of the Chalet Village Subdivision that illustrates the extent of the loss from the 2016 Wildfires.

9. Finally, attached hereto as Exhibit D is a series of photographs taken by representatives of TWS illustrating some of the destruction. Of the approximately 580 connections prior to the 2016 Wildfires, only 57 connections remained active after the destruction from the 2016 Wildfires.

10. After the 2016 Wildfires, approximately 70 additional customers (whose homes were only partially damaged) have reconnected, bringing the total number of active connections to 127.

11. Additionally, the 2016 Wildfires damaged TWS' drinking water system serving Chalet Village (See, Exhibit E, Letter to David Foster from Matthew Klein).

12. To alleviate the pressure felt by customers affected by the 2016 Wildfires, TWS put a hold on all bills for affected homes (See, Exhibit F, Status Update Letter to TWS Customers from Matthew Klein). TWS extended the due date on all outstanding balances until March 31, 2017, for services rendered prior to the 2016 Wildfires, and it informed customers that after March 31, 2017, normal billing would resume for those customers for whom water service had been restored.

13. As shown by the Exhibits to the Pre-filed Direct Testimony of Richard Linneman filed in support of this Petition, the effect of the 2016 Wildfires has been extremely detrimental to TWS' revenue, with the company projecting a net operating loss of \$211,876 for the 2017 fiscal year. Through April 2017, TWS has only received customer revenue of \$8,678, which is over \$100,000 less than its budgeted target for the same period. The TWS Water Revenue Chart attached as an exhibit to the Pre-filed Direct Testimony of Richard Linneman illustrates this actual and projected revenue deficiency. Additionally, operations and maintenance expenses have remained near prior-year levels with \$70,492 in O&M expenses having already been

incurred from January through April 2017. In short, while revenue has decreased by 90%, expenses have remained fairly consistent.

14. As shown in the Pre-filed Direct Testimony of Bryce Mendenhall filed in support of this petition, TWS was in the process of implementing a number of capital improvements in the system when the 2016 Wildfires occurred. Additional capital improvements are now needed to address the damage to the system caused by the 2016 Wildfires and to provide for system reliability, efficiency, and integrity. Mr. Mendenhall's Pre-Filed direct testimony identifies and explains the capital projects and demonstrates the projects are reasonable, necessary, and in the public interest for TWS to provide safe and reliable service to customers.

15. Because of the damage from the wildfires and corresponding loss of customer connections in 2016, TWS' system revenue and revenue projections are not sufficient to allow TWS a fair opportunity to recover its reasonable operating costs and to provide a fair and reasonable return on equity. Furthermore, for TWS to maintain and improve its utility system and provide safe and reliable service to its customers in accordance with TPUC's requirements during this time of rebuilding, the proposed emergency relief is necessary.

16. For TWS to adequately maintain its water utility system and provide safe and reliable service to its customers while they engage in rebuilding their homes, the Company proposes the following emergency interim relief measures:

- a. Interim Emergency Wildfire Restoration Surcharge - Under Tenn. Code Ann. § 65-5-103(d)(2)(A)(iii), a public utility may request and the Commission may authorize a mechanism to recover the operational expenses, capital costs, or both, if such expenses or costs are found to be in the public interest and are related to weather-related natural disasters. TWS proposes that the

Commission approve an Interim Emergency Wildfire Restoration Surcharge (the "Restoration Surcharge") to be applied to customer bills for capital costs incurred prior to and after the 2016 Wildfires as these costs are directly in line with the public interest in rebuilding the Chalet Village drinking water system. The Exhibit attached to the Pre-Filed testimony of Mr. Linneman shows the projected capital costs to make necessary repairs for damages caused by the 2016 Wildfires as determined by an engineering report prepared for TWS. The Restoration Surcharge would allow TWS to cover the debt and return on equity portion of approximately \$300,000 of capital improvements. The Restoration Surcharge would be an additional \$4.88 each month for all customers. This would raise the average active customer from \$58.60 to \$63.48. In the alternative, TWS proposes that the Commission approve such a surcharge under its general authority to implement an alternative regulatory method for public utility rate review and cost recovery in lieu of a general rate case under Tenn. Code. Ann. § 65-5-103(d)(1)(A).

- b. Interim Emergency Water Service Availability Surcharge - Under its current tariff, TWS customers are billed a fixed minimum charge of \$18.70 per month for 0 - 1000 gallons of usage. Customers are then subject to a volumetric charge of \$13.30 per 1000 gallons of additional usage. Currently, TWS is not charging those customers who have not reconnected to the drinking water system since the 2016 Wildfires and are thus inactive customers. TWS proposes that the Commission approve an Interim Emergency Water Service Availability Surcharge ("Water Service Surcharge") to these inactive

customers. The Water Service Surcharge would provide for TWS to earn a return on capital assets that are already in place to serve TWS' inactive customers and cover operation and maintenance expenses that remain even though revenues have decreased. The Exhibits attached to Mr. Linneman's Pre-Filed Testimony reflect both the capital assets in place and the projected revenue shortfall for TWS on expenses. The Water Service Surcharge would only apply to inactive customers and would total \$31.33. This means an average monthly bill, including the Restoration Surcharge, would be \$36.21 for inactive customers. However, once a customer became active again by reconnecting to the TWS drinking water system and uses a minimum of 2,000 gallons of water per month, the Water Service Surcharge would be eliminated and normal billing would resume. A comparison of active and inactive customer monthly bills under the proposed surcharges is shown below:

| Changes to Monthly Bills from Surcharges | | |
|---|--|---|
| Customer Status | Average Monthly Bill Prior to Proposed Surcharges | Average Monthly Bill After Proposed Surcharges |
| Active | \$58.60 | \$63.48 |
| Inactive | \$0.00 | \$36.21 |

- c. Interim Emergency Operational Costs Pass-Through Mechanism - Under its current tariffs, no provision relates to an operational costs pass-through mechanism. Tenn. Code Ann. § 65-5-103(d)(5)(B) provides that a public utility may request and the Commission may authorize a mechanism to allow

for and permit a timely adjustment of rates resulting from changes in electrical and purchased water costs, which are essential, non-discretionary expenses, upon a finding that such programs are in the public interest. TWS purchases water from Gatlinburg which has also experienced a similar loss of customer connections and demand resulting from the 2016 Wildfires. Although Gatlinburg has not yet announced a water rate increase, a pre-approved mechanism to pass-through an increase of non-discretionary water supply costs is reasonable under the circumstances. TWS proposes that in the event of an increase or decrease to TWS' non-discretionary operational costs to obtain and distribute water to its customers, which includes at least water purchase costs from Gatlinburg and electricity, the Company may adjust its charges to pass the increase or decrease through to active customers without the need for prior approval from TPUC. [insert assessment mechanism language as suggested by TPUC Staff]. As will be demonstrated by the supporting testimony accompanying this Petition, approval of this cost pass-through mechanism will be vital to the ability of TWS to continue to provide safe and reliable drinking water to its customers. TWS will provide Commission and Staff notice of any increase prior to implementing the pass through.

17. The three proposed changes to TWS' charges and rates are specifically and narrowly tailored to the needs that have arisen because of the 2016 Wildfires. These proposals are intended to have a limited timeframe of effect. TWS proposes that the interim period for

which they are applicable be no more than eighteen (18) months from the date of the Commission's approval of this Petition.

18. With respect to O&M expenses and capital expenditures that are incurred prior to a ruling on this Petition and are not paid from system revenues, TWS requests that the Commission permit TWS to accrue said expenses in a deferral account with recovery thereof to be addressed in the Company's next rate case.

19. TWS further requests that should the collection percentage from inactive customers exceed the collection percentage experienced by TWS prior to the 2016 Wildfires, TWS be permitted to include uncollected revenue from inactive customers in a deferral account with recovery thereof to be addressed in the Company's next rate case.

20. Furthermore, the TWS proposes that it will provide TPUC with semi-annual expense reports to illustrate the effects of each of these proposed forms of relief, and that it will commit to file a petition for a general rate case no more than eighteen (18) months of the approval by TPUC of this Petition.

21. In accordance with TPUC Rule 1220-4-1-.05, TWS will notify its customers of the proposed changes in its rates and charges by direct mail to the customers' billing addresses on file with TWS as of _____.

22. Considering TWS' present financial condition, the Company requests this Petition be heard and approved at the regularly-scheduled Commission Conference on October 9, 2017, thereby providing the immediate relief needed for TWS to continue providing safe and reliable services.

23. In further support of this Petition, TWS will file seasonably herewith the following:

- a. Pre-filed Direct Testimony and Exhibits of Matthew Klein, President of TWS, regarding a general overview of the condition of TWS' customers and system in the Chalet Village area.
- b. Pre-filed Direct Testimony, Exhibits, and Workpapers of Richard Linneman, Finance, Planning & Analysis Manager of TWS, regarding the ratemaking principles, methodologies, and calculations used to project TWS' revenue deficiency and to support the proposed rates and charges changes/additions.
- c. Pre-filed Direct Testimony and Exhibits of Bryce Mendenhall, Vice-President of Operations of TWS, regarding TWS capital projects that were in process prior to and during the 2016 Wildfires.

WHEREFORE, the TWS requests the Commission to:

1. Schedule the Petition for hearing on October 9, 2017, upon proper notice;
2. Find that the interim relief mechanisms proposed by TWS are just, reasonable, necessary, and in the public interest;
3. Approve TWS' filing of a revised tariff implementing the proposed rates and charges effective October 9, 2017;
4. Approve TWS' request to defer any net O&M and capital expenses that are incurred prior to approval of the Petition to be addressed in the Company's next rate case.
5. Approve TWS' request to include uncollected revenue from inactive customers in a deferral account with recovery thereof to be addressed in the Company's next rate case.
6. Grant such other and further relief as circumstances may warrant.

Respectfully submitted,

For Tennessee Water Service, Inc.:

Matthew Klein, President
4944 Parkway Plaza Boulevard, Suite 375
Charlotte, North Carolina 28217

VERIFICATION

[insert notary public signature with following language: "I, Matthew Klein, hereby declare under penalty of perjury, that I am the President of Tennessee Water Service, Inc. and authorized to make this verification that I have read the foregoing Petition, and that the facts stated therein are true and correct to the best of my knowledge, information, and belief."

CERTIFICATE OF SERVICE

I hereby certify that on August ____, 2017, a true and correct copy of the foregoing Petition was served by electronic mail upon the following:

[insert AG and Consumer Advocate names]

David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Friday, August 11, 2017 2:46 PM
To: Karen H. Stachowski
Cc: Vance Broemel; Joe Shirley; Patsy Fulton; David Foster; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Bryce Mendenhall (BMendenhall@uiwater.com); Freeman, Ryan
Subject: RE: meeting to discuss TN Water Service -
Attachments: 4851-3362-2091 v.7 TWS - Petition for Emergency Relief.docx

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Hi Karen,

Attached is a draft of the Emergency petition that we will be discussing on Monday. Safe travels home! We will see you on Monday.

Joe

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
Cell: 423.605.2780
E-mail: jconner@bakerdonelson.com
www.bakerdonelson.com

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Texas and Washington, D.C.

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From: Karen H. Stachowski [mailto:Karen.Stachowski@ag.tn.gov]
Sent: Wednesday, August 02, 2017 10:54 AM
To: David Foster; Conner, Joe
Cc: Vance Broemel; Joe Shirley; Patsy Fulton; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Bryce Mendenhall (BMendenhall@uiwater.com); Freeman, Ryan
Subject: RE: meeting to discuss TN Water Service -

3-5 staff from Consumer Advocate.

Karen H. Stachowski | Assistant Attorney General

State of Tennessee
Office of the Attorney General & Reporter
Consumer Protection and Advocate Division
Post Office Box 20207
Nashville, TN 37202-0207
Direct Line: (615) 741-2370
Consumer Facsimile: (615) 532-2910
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From: David Foster [mailto:David.Foster@tn.gov]
Sent: Wednesday, August 02, 2017 9:51 AM
To: Karen H. Stachowski <Karen.Stachowski@ag.tn.gov>; Conner, Joe <jconner@bakerdonelson.com>
Cc: Vance Broemel <Vance.Broemel@ag.tn.gov>; Joe Shirley <Joe.Shirley@tn.gov>; Patsy Fulton <Patsy.Fulton@tn.gov>; Matthew Klein (MKlein@uiwater.com) <MKlein@uiwater.com>; Richard Linneman <RLinneman@uiwater.com>; Bryce Mendenhall (BMendenhall@uiwater.com) <BMendenhall@uiwater.com>; Freeman, Ryan <rfreeman@bakerdonelson.com>
Subject: RE: meeting to discuss TN Water Service -

I have reserved the TPUC's fourth floor conference room. I anticipate about 3-4 TPUC staff on hand; how many does each party anticipate to bring?

David

From: Karen H. Stachowski [mailto:Karen.Stachowski@ag.tn.gov]
Sent: Wednesday, August 02, 2017 9:30 AM
To: Conner, Joe
Cc: Vance Broemel; Joe Shirley; David Foster; Patsy Fulton; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Bryce Mendenhall (BMendenhall@uiwater.com); Freeman, Ryan
Subject: RE: meeting to discuss TN Water Service -

Joe,

Thanks for working out a date and time that I could attend. We are just a city block from TPUC so we are fine with meeting at TPUC. If TPUC doesn't have a conference room available, we can host the meeting at our offices here in the UBS building.

Respectfully,

Karen H. Stachowski | Assistant Attorney General
State of Tennessee
Office of the Attorney General & Reporter
Consumer Protection and Advocate Division
Post Office Box 20207
Nashville, TN 37202-0207
Direct Line: (615) 741-2370

David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Tuesday, August 22, 2017 4:24 PM
To: Karen H. Stachowski (Karen.Stachowski@ag.tn.gov); David Foster; Joe Shirley; Patsy Fulton
Cc: Vance Broemel; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan
Subject: FW: TPUC Request
Attachments: TWS Data Request 8.21.17.xlsx; TWS surcharge workpaper 8.21.17.xlsx

Importance: High

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Good Afternoon Everyone,

Attached is a portion of the information that has been requested. We are working on the remainder and will send it as soon as it is completed.

I hope you enjoyed the eclipse in Nashville yesterday!

Joe.....

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
Cell: 423.605.2780
E-mail: jconner@bakerdonelson.com
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in Alabama, Georgia, Florida, Louisiana, Mississippi, Tennessee,
Texas and Washington, D.C.

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From: Richard Linneman [<mailto:RLinneman@uiwater.com>]
Sent: Monday, August 21, 2017 3:05 PM
To: Conner, Joe
Cc: Matthew Klein
Subject: RE: TPUC Request
Importance: High

Please see attached for two files

1. File that shows the financial statements as well as the general ledger detail for the time period of Jan 2015 – Jul 2017 as requested by TPUC in the meeting last week
2. The revised surcharge model updated for the following
 - a. Capital structure is at last approved capital structure
 - b. ROE is at last approved ROE

David Foster

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Friday, September 01, 2017 4:28 PM
To: Karen H. Stachowski
Cc: David Foster; Joe Shirley; Patsy Fulton; Vance Broemel; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Cynthia Kinser
Subject: Re: Consumer Advocate Request

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Thanks Karen. We are working on it. Enjoy the weekend!

Sent from my iPhone

On Sep 1, 2017, at 3:48 PM, Karen H. Stachowski <Karen.Stachowski@ag.tn.gov> wrote:

Joe,

Attached is a document containing the Consumer Advocate's previous request and a follow-up request. I've added the previous request in the attached document for the purpose of tracking responses.

Have a great holiday weekend.

Thanks,

Karen H. Stachowski | Assistant Attorney General
State of Tennessee
Office of the Attorney General & Reporter
Consumer Protection and Advocate Division
Post Office Box 20207
Nashville, TN 37202-0207
Direct Line: (615) 741-2370
Consumer Facsimile: (615) 532-2910
Consumer General Line: (615) 741-1671
Karen.Stachowski@ag.tn.gov

<image001.png>

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From: Conner, Joe [<mailto:jconner@bakerdonelson.com>]
Sent: Tuesday, August 22, 2017 4:24 PM

To: Karen H. Stachowski <Karen.Stachowski@ag.tn.gov>; david.foster@tn.gov; Joe Shirley (joe.shirley@tn.gov) <joe.shirley@tn.gov>; Patsy Fulton <Patsy.Fulton@tn.gov>
Cc: Vance Broemel <Vance.Broemel@ag.tn.gov>; Matthew Klein (MKlein@uiwater.com) <MKlein@uiwater.com>; Richard Linneman <RLinneman@uiwater.com>; Freeman, Ryan <rffreeman@bakerdonelson.com>
Subject: FW: TPUC Request
Importance: High

Good Afternoon Everyone,

Attached is a portion of the information that has been requested. We are working on the remainder and will send it as soon as it is completed.

I hope you enjoyed the eclipse in Nashville yesterday!

Joe.....

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
Cell: 423.605.2780
E-mail: jconner@bakerdonelson.com
www.bakerdonelson.com

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in Alabama, Georgia, Florida, Louisiana, Mississippi, Tennessee,
Texas and Washington, D.C.

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From: Richard Linneman [<mailto:RLinneman@uiwater.com>]
Sent: Monday, August 21, 2017 3:05 PM
To: Conner, Joe
Cc: Matthew Klein
Subject: RE: TPUC Request
Importance: High

Please see attached for two files

1. File that shows the financial statements as well as the general ledger detail for the time period of Jan 2015 – Jul 2017 as requested by TPUC in the meeting last week
2. The revised surcharge model updated for the following
 - a. Capital structure is at last approved capital structure
 - b. ROE is at last approved ROE
 - c. Actual revenues and customer count updated through Jul 2017
 - d. Actual expenses updated through Jun 2017
 - e. Adjustment that has the restoration surcharge as well as the availability fee being charged to both active and inactive customers
 - f. O&M make whole adjustment is still only applied to inactive customers

3. These files will also take care of the following items that Karen at the AG's office requested
 - a. A. information already provided to TPUC staff
 - b. 4a. - 4c.
 - c. 6a. - 6c.
 - d. 7a. - 7c.

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<CPAD Data Request 9-1-17.docx>

David Foster

From: Freeman, Ryan <rffreeman@bakerdonelson.com>
Sent: Monday, August 07, 2017 11:54 AM
To: Joe Shirley
Cc: Patsy Fulton; David Foster; Matthew Klein (MKlein@uiwater.com); Conner, Joe; Richard Linneman (RLinneman@uiwater.com)
Subject: TWS Emergency Petition Update and Call
Attachments: 4851-3362-2091 v.7 TWS - Petition for Emergency Relief.docx

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David, Joe, and Patsy,

Sorry we missed connecting with you all this morning on the call regarding your thoughts on Mr. Linneman's workpapers. I am attaching a copy of TWS' emergency petition which reflects changes made pursuant to our last call. The petition is no longer joint, customer counts have been updated, and we have moved to your suggested timeline of 18 months.

On our last call, you mentioned that you had some thoughts on language to use to give form for the non-discretionary operational cost pass-through mechanism. We would welcome any suggested verbiage you have so that we can incorporate it into this petition. As well, let us know when we could reschedule a call this week to discuss your thoughts regarding Mr. Linneman's workpapers as they relate to the petition's suggested surcharge and availability fee so that we can make any necessary changes before our meeting with the Consumer Advocate.

Thank you,

Ryan A. Freeman

Associate
Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450
Phone: 423.209.4181
Email: rffreeman@bakerdonelson.com
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IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF TENNESSEE WATER
SERVICE FOR APPROVAL OF AN
INTERIM EMERGENCY WILDFIRE
RESTORATION SURCHARGE,
INTERIM EMERGENCY WATER
SERVICE AVAILABILITY FEE, AND AN
INTERIM EMERGENCY
OPERATIONAL COST PASS-THROUGH
MECHANISM

DOCKET NO. _____

PETITION FOR EMERGENCY INTERIM RELIEF

Tennessee Water Service, Inc. ("TWS" or "Company"), a Tennessee corporation authorized to conduct a public utility business in the State of Tennessee, pursuant to Tenn. Code Ann. § 65-5-103, petition the Tennessee Public Utility Commission ("TPUC" or "Commission") for emergency interim relief for TWS in the form of a Wildfire Restoration Surcharge, Water Service Availability Surcharge, and Operational Cost Pass-Through Mechanism for the purpose of recovering TWS' costs of providing water service to its customers during the period of recovery from the devastating, wind-driven wildfires of 2016 ("2016 Wildfires") that destroyed and/or severely damaged the majority of the homes connected to TWS' drinking water system and for authority to place such rates and charges into effect through a revised tariff.

In support of this Petition, TWS submits the following:

1. TWS is a public utility as defined by Tenn. Code Ann. § 65-4-101 and its public utility operations are subject to the jurisdiction of TPUC.

2. In January 1984, TWS was granted its original Certificate of Convenience and Necessity in Docket No. U-83-7240 to provide water service to customers located in the Chalet Village Subdivision in Sevier County, Tennessee.

3. TWS is engaged in providing water services to approximately 580 customers, although after the 2016 Wildfires only 57 connections remained.

4. The name of the President of TWS and principal address are:

Matthew Klein, President
Tennessee Water Service, Inc.
4944 Parkway Plaza Boulevard, Suite 375
Charlotte, North Carolina 28217

5. The currently-tariffed rates and charges of TWS were approved by TPUC on September 15, 2009, in Docket No. 09-00017. A copy of the Order is attached hereto as Exhibit A. Under the tariff, there is a fixed minimum monthly charge of \$18.70 for 0 - 1000 gallons of usage. Customers are then subject to a volumetric charge of \$13.30 per 1000 additional gallons of usage.

6. The average customer uses approximately 4,000 gallons of water per month and has an average bill of \$58.60.

7. As demonstrated by the newspaper articles attached hereto as Exhibit B, on November 28, 2016, the 2016 Wildfires spread rapidly through the City of Gatlinburg, Tennessee ("Gatlinburg"), and surrounding area tragically destroying and severely damaging many homes and businesses. Approximately 90% of TWS' customers lost their homes, in whole or in part, from the fires.

8. Attached as Exhibit C is a map of the Chalet Village Subdivision that illustrates the extent of the loss from the 2016 Wildfires.

9. Finally, attached hereto as Exhibit D is a series of photographs taken by representatives of TWS illustrating some of the destruction. Of the approximately 580 connections prior to the 2016 Wildfires, only 57 connections remained active after the destruction from the 2016 Wildfires.

10. After the 2016 Wildfires, approximately 70 additional customers (whose homes were only partially damaged) have reconnected, bringing the total number of active connections to 127.

11. Additionally, the 2016 Wildfires damaged TWS' drinking water system serving Chalet Village (See, Exhibit E, Letter to David Foster from Matthew Klein).

12. To alleviate the pressure felt by customers affected by the 2016 Wildfires, TWS put a hold on all bills for affected homes (See, Exhibit F, Status Update Letter to TWS Customers from Matthew Klein). TWS extended the due date on all outstanding balances until March 31, 2017, for services rendered prior to the 2016 Wildfires, and it informed customers that after March 31, 2017, normal billing would resume for those customers for whom water service had been restored.

13. As shown by the Exhibits to the Pre-filed Direct Testimony of Richard Linneman filed in support of this Petition, the effect of the 2016 Wildfires has been extremely detrimental to TWS' revenue, with the company projecting a net operating loss of \$211,876 for the 2017 fiscal year. Through April 2017, TWS has only received customer revenue of \$8,678, which is over \$100,000 less than its budgeted target for the same period. The TWS Water Revenue Chart attached as an exhibit to the Pre-filed Direct Testimony of Richard Linneman illustrates this actual and projected revenue deficiency. Additionally, operations and maintenance expenses have remained near prior-year levels with \$70,492 in O&M expenses having already been

incurred from January through April 2017. In short, while revenue has decreased by 90%, expenses have remained fairly consistent.

14. As shown in the Pre-filed Direct Testimony of Bryce Mendenhall filed in support of this petition, TWS was in the process of implementing a number of capital improvements in the system when the 2016 Wildfires occurred. Additional capital improvements are now needed to address the damage to the system caused by the 2016 Wildfires and to provide for system reliability, efficiency, and integrity. Mr. Mendenhall's Pre-Filed direct testimony identifies and explains the capital projects and demonstrates the projects are reasonable, necessary, and in the public interest for TWS to provide safe and reliable service to customers.

15. Because of the damage from the wildfires and corresponding loss of customer connections in 2016, TWS' system revenue and revenue projections are not sufficient to allow TWS a fair opportunity to recover its reasonable operating costs and to provide a fair and reasonable return on equity. Furthermore, for TWS to maintain and improve its utility system and provide safe and reliable service to its customers in accordance with TPUC's requirements during this time of rebuilding, the proposed emergency relief is necessary.

16. For TWS to adequately maintain its water utility system and provide safe and reliable service to its customers while they engage in rebuilding their homes, the Company proposes the following emergency interim relief measures:

- a. Interim Emergency Wildfire Restoration Surcharge - Under Tenn. Code Ann. § 65-5-103(d)(2)(A)(iii), a public utility may request and the Commission may authorize a mechanism to recover the operational expenses, capital costs, or both, if such expenses or costs are found to be in the public interest and are related to weather-related natural disasters. TWS proposes that the

Commission approve an Interim Emergency Wildfire Restoration Surcharge (the "Restoration Surcharge") to be applied to customer bills for capital costs incurred prior to and after the 2016 Wildfires as these costs are directly in line with the public interest in rebuilding the Chalet Village drinking water system. The Exhibit attached to the Pre-Filed testimony of Mr. Linneman shows the projected capital costs to make necessary repairs for damages caused by the 2016 Wildfires as determined by an engineering report prepared for TWS. The Restoration Surcharge would allow TWS to cover the debt and return on equity portion of approximately \$300,000 of capital improvements. The Restoration Surcharge would be an additional \$4.88 each month for all customers. This would raise the average active customer from \$58.60 to \$63.48. In the alternative, TWS proposes that the Commission approve such a surcharge under its general authority to implement an alternative regulatory method for public utility rate review and cost recovery in lieu of a general rate case under Tenn. Code. Ann. § 65-5-103(d)(1)(A).

- b. Interim Emergency Water Service Availability Surcharge - Under its current tariff, TWS customers are billed a fixed minimum charge of \$18.70 per month for 0 - 1000 gallons of usage. Customers are then subject to a volumetric charge of \$13.30 per 1000 gallons of additional usage. Currently, TWS is not charging those customers who have not reconnected to the drinking water system since the 2016 Wildfires and are thus inactive customers. TWS proposes that the Commission approve an Interim Emergency Water Service Availability Surcharge ("Water Service Surcharge") to these inactive

customers. The Water Service Surcharge would provide for TWS to earn a return on capital assets that are already in place to serve TWS' inactive customers and cover operation and maintenance expenses that remain even though revenues have decreased. The Exhibits attached to Mr. Linneman's Pre-Filed Testimony reflect both the capital assets in place and the projected revenue shortfall for TWS on expenses. The Water Service Surcharge would only apply to inactive customers and would total \$31.33. This means an average monthly bill, including the Restoration Surcharge, would be \$36.21 for inactive customers. However, once a customer became active again by reconnecting to the TWS drinking water system and uses a minimum of 2,000 gallons of water per month, the Water Service Surcharge would be eliminated and normal billing would resume. A comparison of active and inactive customer monthly bills under the proposed surcharges is shown below:

| Changes to Monthly Bills from Surcharges | | |
|---|--|---|
| Customer Status | Average Monthly Bill Prior to Proposed Surcharges | Average Monthly Bill After Proposed Surcharges |
| Active | \$58.60 | \$63.48 |
| Inactive | \$0.00 | \$36.21 |

- c. Interim Emergency Operational Costs Pass-Through Mechanism - Under its current tariffs, no provision relates to an operational costs pass-through mechanism. Tenn. Code Ann. § 65-5-103(d)(5)(B) provides that a public utility may request and the Commission may authorize a mechanism to allow

for and permit a timely adjustment of rates resulting from changes in electrical and purchased water costs, which are essential, non-discretionary expenses, upon a finding that such programs are in the public interest. TWS purchases water from Gatlinburg which has also experienced a similar loss of customer connections and demand resulting from the 2016 Wildfires. Although Gatlinburg has not yet announced a water rate increase, a pre-approved mechanism to pass-through an increase of non-discretionary water supply costs is reasonable under the circumstances. TWS proposes that in the event of an increase or decrease to TWS' non-discretionary operational costs to obtain and distribute water to its customers, which includes at least water purchase costs from Gatlinburg and electricity, the Company may adjust its charges to pass the increase or decrease through to active customers without the need for prior approval from TPUC. [insert assessment mechanism language as suggested by TPUC Staff]. As will be demonstrated by the supporting testimony accompanying this Petition, approval of this cost pass-through mechanism will be vital to the ability of TWS to continue to provide safe and reliable drinking water to its customers. TWS will provide Commission and Staff notice of any increase prior to implementing the pass through.

17. The three proposed changes to TWS' charges and rates are specifically and narrowly tailored to the needs that have arisen because of the 2016 Wildfires. These proposals are intended to have a limited timeframe of effect. TWS proposes that the interim period for

which they are applicable be no more than eighteen (18) months from the date of the Commission's approval of this Petition.

18. With respect to O&M expenses and capital expenditures that are incurred prior to a ruling on this Petition and are not paid from system revenues, TWS requests that the Commission permit TWS to accrue said expenses in a deferral account with recovery thereof to be addressed in the Company's next rate case.

19. TWS further requests that should the collection percentage from inactive customers exceed the collection percentage experienced by TWS prior to the 2016 Wildfires, TWS be permitted to include uncollected revenue from inactive customers in a deferral account with recovery thereof to be addressed in the Company's next rate case.

20. Furthermore, the TWS proposes that it will provide TPUC with semi-annual expense reports to illustrate the effects of each of these proposed forms of relief, and that it will commit to file a petition for a general rate case no more than eighteen (18) months of the approval by TPUC of this Petition.

21. In accordance with TPUC Rule 1220-4-1-.05, TWS will notify its customers of the proposed changes in its rates and charges by direct mail to the customers' billing addresses on file with TWS as of _____.

22. Considering TWS' present financial condition, the Company requests this Petition be heard and approved at the regularly-scheduled Commission Conference on October 9, 2017, thereby providing the immediate relief needed for TWS to continue providing safe and reliable services.

23. In further support of this Petition, TWS will file seasonably herewith the following:

- a. Pre-filed Direct Testimony and Exhibits of Matthew Klein, President of TWS, regarding a general overview of the condition of TWS' customers and system in the Chalet Village area.
- b. Pre-filed Direct Testimony, Exhibits, and Workpapers of Richard Linneman, Finance, Planning & Analysis Manager of TWS, regarding the ratemaking principles, methodologies, and calculations used to project TWS' revenue deficiency and to support the proposed rates and charges changes/additions.
- c. Pre-filed Direct Testimony and Exhibits of Bryce Mendenhall, Vice-President of Operations of TWS, regarding TWS capital projects that were in process prior to and during the 2016 Wildfires.

WHEREFORE, the TWS requests the Commission to:

- 1. Schedule the Petition for hearing on October 9, 2017, upon proper notice;
- 2. Find that the interim relief mechanisms proposed by TWS are just, reasonable, necessary, and in the public interest;
- 3. Approve TWS' filing of a revised tariff implementing the proposed rates and charges effective October 9, 2017;
- 4. Approve TWS' request to defer any net O&M and capital expenses that are incurred prior to approval of the Petition to be addressed in the Company's next rate case.
- 5. Approve TWS' request to include uncollected revenue from inactive customers in a deferral account with recovery thereof to be addressed in the Company's next rate case.
- 6. Grant such other and further relief as circumstances may warrant.

Respectfully submitted,

For Tennessee Water Service, Inc.:

Matthew Klein, President
4944 Parkway Plaza Boulevard, Suite 375
Charlotte, North Carolina 28217

VERIFICATION

[insert notary public signature with following language: "I, Matthew Klein, hereby declare under penalty of perjury, that I am the President of Tennessee Water Service, Inc. and authorized to make this verification that I have read the foregoing Petition, and that the facts stated therein are true and correct to the best of my knowledge, information, and belief."

David Foster

From: Matthew Klein <MKlein@uiwater.com>
Sent: Friday, July 28, 2017 3:23 PM
To: Conner, Joe; Joe Shirley; David Foster; Patsy Fulton
Cc: Richard Linneman; Freeman, Ryan; Bryce Mendenhall
Subject: RE: Excel schedules Emergency Petition

Joe, thank you. Monday, August 14 is the only date that works for me. I will hold it open.

Matt

Matthew Klein
(704) 302-4900 (cell)
mklein@uiwater.com

From: Conner, Joe [<mailto:jconner@bakerdonelson.com>]
Sent: Friday, July 28, 2017 4:21 PM
To: Joe Shirley <Joe.Shirley@tn.gov>; David Foster <David.Foster@tn.gov>; Patsy Fulton <Patsy.Fulton@tn.gov>
Cc: Richard Linneman <RLinneman@uiwater.com>; Matthew Klein <MKlein@uiwater.com>; Freeman, Ryan <rffreeman@bakerdonelson.com>; Bryce Mendenhall <BMendenhall@uiwater.com>
Subject: RE: Excel schedules Emergency Petition

All,

I spoke with Vance Broemell and Karen Stachowski with the Consumer Advocate this afternoon. Karen will be the person working with us on this petition. Unfortunately, she is out of town on August 11th. She is in town the following week and can meet on August 14, 16 or 17. Please let me know if any of those dates work on your calendars.

Have a good weekend.

Joe

Joe A. Conner, Esq.

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633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
Cell: 423.605.2780
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Texas and Washington, D.C.

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From: Joe Shirley [<mailto:Joe.Shirley@tn.gov>]
Sent: Friday, July 28, 2017 3:32 PM
To: Conner, Joe; David Foster; Patsy Fulton

Cc: Richard Linneman; Matthew Klein (MKlein@uiwater.com); Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)

Subject: RE: Excel schedules Emergency Petition

Thanks.

From: Conner, Joe [<mailto:jconner@bakerdonelson.com>]

Sent: Friday, July 28, 2017 1:20 PM

To: Joe Shirley; David Foster; Patsy Fulton

Cc: Richard Linneman; Matthew Klein (MKlein@uiwater.com); Freeman, Ryan; Bryce Mendenhall (BMendenhall@uiwater.com)

Subject: FW: Excel schedules Emergency Petition

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Hi Folks,

Richard's workbook of schedules is attached. The best approach is to start with the last tab (expense build) and work forward as that is how he built the workbook. Please feel free to call Richard with any questions.

Thank you!

Joe A. Conner, Esq.

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Direct: 423.752.4417
Cell: 423.605.2780
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Patsy Fulton

From: Matthew Klein <MKlein@uiwater.com>
Sent: Saturday, February 11, 2017 9:09 AM
To: Joe Shirley; David Foster; Patsy Fulton
Cc: jconner@bakerdonelson.com; Tony Konsul; Richard Linneman
Subject: RE: TWS - Chalet Village Update
Attachments: TWS - Status Update Letter.pdf

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David, Joe, and Patsy, as a follow-up to my earlier e-mail, attached is a letter being issued to all customers within Chalet Village.

Please let me know if you have any questions.

Also, as noted below, we would like to further discuss an appropriate date and time to tour Chalet Village with you. Please let us know what works for you.

Thank you.

Matt

Matthew Klein
(704) 302-4900 (cell)
mklein@uiwater.com

From: Matthew Klein
Sent: Monday, February 06, 2017 10:30 PM
To: 'Joe Shirley' <Joe.Shirley@tn.gov>; David Foster <David.Foster@tn.gov>; Patsy Fulton <Patsy.Fulton@tn.gov>
Cc: jconner@bakerdonelson.com; Tony Konsul <tjkonsul@uiwater.com>; Richard Linneman <RLinneman@uiwater.com>
Subject: TWS - Chalet Village Update

David, Joe, and Patsy, I hope you are well.

I want to provide a brief update on our assessment of and response to the damage at Chalet Village. Here are a few notes:

- Hired an engineering firm to (potentially) assess the entire distribution system's integrity.
- Had both ground storage tanks assessed to be sure there was no fire damage. The outcome is positive, but we will be recoating both the inside and outside of the tanks in the next few months.
- Installed new temporary telemetry controls at wells and storage tanks which allows for communication between the wells and tank.
- Repaired some leaking hydrants in the distribution system.
- Rebuilt the interconnection device with Gatlinburg and replaced the cover structure.
- Sampled the potable water supply to insure it's safe for consumption.

We would like to further discuss an appropriate date and time to tour Chalet Village with you. Please let us know what works for you.

If you have any questions, please let us know. We will offer additional information soon. Thank you.

Matt

Matthew Klein
President of North Carolina & Tennessee
Utilities, Inc.
5701 Westpark Drive, Suite 101
Charlotte, North Carolina 28217
(704) 319-0514 (direct)
(704) 302-4900 (cell)
mklein@uiwater.com



A Message from Matthew Klein, President, Tennessee Water Service, Inc.

To all of our customers,

I hope you are well and are recovering from the wildfire tragedy that struck your neighborhood and many others. As promised, we want to provide a brief update on our assessment of, and repairs to, the Chalet Village service area.

First, we retained an engineering firm to evaluate the need for further assessment of the integrity of the water system. Also, we have repaired some leaking hydrants and rebuilt the interconnection device with Gatlinburg. Most importantly, we sampled the water supply to make sure it remains safe for consumption.

Second, as stated in my previous letter to you, we have continued to put a hold on all bills for homes affected by this tragedy. All outstanding balances have been extended an additional sixty (60) days, until March 31, 2017, to allow you an appropriate amount of time to make your payment for services rendered prior to the wildfire. If you need additional time (beyond March 31) to pay your bill, please feel free to contact Customer Service at (800) 531-2321 to request a payment arrangement to further extend the balance owed.

Third, please be assured that no penalties or late charges will be assessed on those bills.

Fourth, we are pleased that we have been able to restore water service for some customers. For those customers with restored water service, beginning with the March 31, 2017, bill, your due date for payment will return to the normal 23 days as approved by the Commission in our rules of operation.

Our goal continues to be straightforward—to eliminate at least one small concern from your minds in order to let you focus on your families, neighbors, and the community. We stand ready to provide whatever assistance we can as the process of rebuilding lives and homes begins. Our prayers and thoughts are with all members of this wonderful community who have been effected by this tragedy.

If you have any questions, please feel free to contact Customer Service at (800) 531-2321 or customerservice@uiwater.com.

Sincerely,

Matthew Klein

CHALET VILLAGE NORTH
PWSID 0000849
SEVIER COUNTY, TN
12-12-16

1151 Wiley Oakley Dr
2145 Wiley Oakley Dr
3 Wiley Oakley Dr
Alley Oakley Dr
Wiley Oakley Dr
Wiley Oakley Dr
Wiley Oakley Dr

Patsy Fulton

From: Patsy Fulton
Sent: Friday, September 22, 2017 4:34 PM
To: Freeman, Ryan; Joe Shirley
Subject: Re: TN Water Service - Question about TPUC October Conference

Mr. Freeman,

Our Conference will be at 1:00 P.M. on October 23. Sorry if this is a repeat. I am not in the office today and couldn't tell for certain if the previous email was delivered. Have a great weekend!

Patsy

From: Freeman, Ryan <rffreeman@bakerdonelson.com>
Sent: Friday, September 22, 2017 3:07 PM
To: Joe Shirley; Patsy Fulton
Subject: TN Water Service - Question about TPUC October Conference

Joe or Patsy,

Could you tell me what time the TPUC conference will be on October 23? Our client, Tennessee Water Service, will be filing their petition today, and they would like to know so they can make travel plans. Thank you so much.

Sincerely,

Ryan A. Freeman

Associate

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC

1900 Republic Centre

633 Chestnut Street

Chattanooga, TN 37450

Phone: 423.209.4181

Email: rffreeman@bakerdonelson.com

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Patsy Fulton

From: Patsy Fulton
Sent: Friday, September 22, 2017 3:16 PM
To: Freeman, Ryan; Joe Shirley
Subject: Re: TN Water Service - Question about TPUC October Conference

1:00 P.M.

Thanks, Patsy

From: Freeman, Ryan <rffreeman@bakerdonelson.com>
Sent: Friday, September 22, 2017 3:07:35 PM
To: Joe Shirley; Patsy Fulton
Subject: TN Water Service - Question about TPUC October Conference

Joe or Patsy,

Could you tell me what time the TPUC conference will be on October 23? Our client, Tennessee Water Service, will be filing their petition today, and they would like to know so they can make travel plans. Thank you so much.

Sincerely,

Ryan A. Freeman

Associate

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC

1900 Republic Centre

633 Chestnut Street

Chattanooga, TN 37450

Phone: 423.209.4181

Email: rffreeman@bakerdonelson.com

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Patsy Fulton

From: Patsy Fulton
Sent: Monday, August 21, 2017 12:11 PM
To: Matthew Klein (MKlein@uiwater.com); Richard Linneman
Subject: PCOP Rider TAWC
Attachments: PCOP Rider TAWC.pdf

Good Afternoon,

Joe requested that I forward to you the PCOP Rider as described in the Tennessee American Water Company tariff. If you have any questions, please do not hesitate to call me at 615-770-6887.

Thanks, Patsy

Patsy Fulton
Utility Rate Specialist
615-770-6887
patsy.fulton@tn.gov

CLASSIFICATION OF SERVICE**PRODUCTION COSTS AND OTHER PASS-THROUGHS ("PCOP") RIDER****1. Applicability**

In addition to the other charges provided for in this Tariff under Service Classifications Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, and Private Fire, a Production Cost and Other Pass-Through ("PCOP") Rider will apply to customers in all service areas.

The above rider will be recomputed annually and will be adjusted to incorporate the Over-Under Collection Adjustment.

2. Definitions

For the purposes of this Rider:

"Adjusted Review Period PCOP Costs" means the Review Period PCOP Costs net of the Over- Under Collection Adjustment.

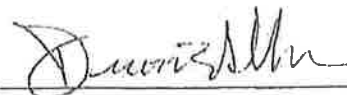
"Authority" means the Tennessee Regulatory Authority.

"Base Period PCOP Costs" means the amount of annual expenses of the Company for purchased power expenses, purchased chemical expenses, purchased water expenses, wheeling charges, waste disposal expenses and TRA inspection fees reflected in the Relevant Rate Order.

"Consumer Advocate" means the Consumer Advocate and Protection Division of the Office of the Tennessee Attorney General.

"Over-Under Collection Adjustment" means the adjustment to the PCOP Percentage Rate applicable to the coming Review Period for the net amount of over or under collections for the prior Review Period, as adjusted for Interest.

"Relevant Rate Order" means the final order of the Authority in the most recent rate case of the Company fixing the rates of the Company or the most recent final order of the Authority specifically prescribing or fixing the factors and procedures to be used in the application of this Rider.

ISSUED: August 19, 2015**EFFECTIVE:** August 17, 2015**BY:**
Deron E. Allen
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

"Review Period" means the twelve month period on which the Review Period PCOP Costs are calculated.

"Review Period PCOP Costs" means the amount of actual annual expenses of the Company for purchased power expenses, purchased chemical expenses, purchased water expenses, wheeling charges, waste disposal expenses, and TRA inspection fees, as adjusted for the Authority's water loss policies.

3. General Description

PCOP allows the Company to recover outside of a rate case its incremental cost for purchased power expenses, purchased chemical expenses, purchased water expenses, wheeling charges, waste disposal expenses and TRA inspection fees, as adjusted for the Authority's water loss policies.

Review Period PCOP Costs are to be separately identifiable on the Company's books and segregated into the following general accounts:

Accounts 510000000 - 510999999 – Purchased Water Expense;
Accounts 51510000 - 51599999 – Purchased Power Expense;
Accounts 51800000 - 51899999 – Purchased Chemical Expense;
Accounts 51110000 - 51115000 – Waste Disposal Expense; and
Account 68545000 – TRA Inspection Fee.

4. Determination of the Annual Production Cost and Other Pass-Throughs Percentage

(A) The PCOP Percentage Rate shall be expressed as a percentage carried to two (2) decimal places. The PCOP Percentage Rate shall be applied to the total amount billed to each Customer based on the Company's otherwise applicable rates and charges.

(B) The PCOP Percentage Rate shall be calculated on an annual historical basis as follows:

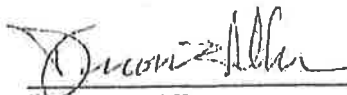
Base Period PCOP Costs from the Relevant Rate Order
Divided by Relevant Rate Order Sales Volume in 100 Gallons
Base Period PCOP Costs per 100 Gallons

Review Period PCOP Costs Subject to Authority's Water Loss Policies
Plus Over-Under Collection Adjustment
Review Period PCOP Costs Adjusted for Over-Under Collections
Divided by Relevant Rate Order Sales Volume in 100 Gallons

ISSUED: August 19, 2015

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BY:


Deron E. Allen
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

Adjusted Review Period PCOP Costs per 100 Gallons

Incremental Change in PCOP Costs per 100 Gallons

Multiplied by Relevant Rate Order Sales Volumes in 100 Gallons

PCOP Net Deferred Cost

Less Forfeited Discount Rate

Plus Uncollectible Expense Rate

Plus Gross Receipts Tax Rate

Total Deferred PCOP Costs

Divided by Relevant Rate Order Water Sales Revenue

PCOP Percentage Rate

Where:

Forfeited Discount Rate = PCOP Revenue Requirement before gross receipts taxes, uncollectible expense and forfeited discounts multiplied by composite forfeited discount factor approved in the Relevant Rate Order.

Gross Receipts Tax Rate = PCOP Revenue Requirement before gross receipts taxes, uncollectible expense and forfeited discounts multiplied by composite gross receipts tax rate approved in the Relevant Rate Order.

Uncollectible Expense = PCOP Revenue Requirement before gross receipts taxes, uncollectible expense and forfeited discounts multiplied by composite uncollectible factor approved in the Relevant Rate Order.

(C) The total amount to be recovered through the PCOP is the PCOP Percentage Rate.

5. Computation of the Over-Under Collection Adjustment

The Company will identify and record the total amount of the PCOP Collected from Customers under this Rider for the Review Period. The difference between the Total PCOP Collected from Customers for the Review Period and the Total Deferred PCOP Costs authorized for the Review Period as determined in Section 4, as adjusted for Interest, shall constitute the Over-Under Collection Adjustment.

ISSUED: August 19, 2015

EFFECTIVE: August 17, 2015

BY:



DERON E. ALLEN
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

(A) The Over-Under Collection Adjustment shall be computed as follows:

Total PCOP Costs Collected from Customers for the Review Period
Less Total Deferred PCOP Costs Authorized for the Review Period
Subtotal of Over-Under Collection Adjustment
Plus Interest Adjustment
Total Over-Under Collection Adjustment

(B) Computation of Interest Adjustment.

Interest will be computed as follows:

Subtotal of Over-Under Collection Adjustment
Multiplied by (Interest Rate Multiplied by 50%) Interest Adjustment

Where "Interest Rate" equals the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the most recent preceding month.

6. New Base Rates

The PCOP rider will be reset at zero upon the establishment of new base rates to customer billings that provide for the prospective recovery of the annual costs that had theretofore been recovered under the PCOP rider. Thereafter, only the costs of new PCOP incremental costs that have not previously been reflected in the Company's base rates would be reflected in new annual prospective PCOP filings.

7. Annual Filing with the Authority

Within 30 days of the end of the most recently authorized Attrition Year set forth in the Relevant Rate Order, and every twelve months subsequent to the end of that Attrition Year, the Company shall submit to the Authority an annual filing calculating the PCOP Percentage Rate. The annual filing shall be verified by an officer of the Company. The PCOP Percentage Rate shall become effective 30 days after the annual filing is submitted to the Authority and shall be applied as an adjustment to Customers' bills for the twelve month period following the effective date of

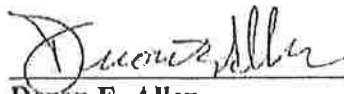
(T) the PCOP Percentage Rate. The Company shall file one single adjustment each year to include
(T) both the new percentage rate based on the annual production expenses and the reconciliation of the
(T) Over-Under Collections Adjustment.

(T) Denotes New Text

ISSUED: August 19, 2015

EFFECTIVE: August 17, 2015

BY:


Deron E. Allen
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

The Company will include in its annual filing the following information at a minimum: (a) a schedule of all Review Period PCOP Costs, including any related general ledger support, (b) actual billing determinants by month as used in the computation of the PCOP Collected from Customers, (c) computation of the PCOP Percentage Rate, including the detailed calculation of each component, (d) a schedule of any proposed prior period adjustments, (e) an affirmative statement of whether the Company is aware of any changes in market conditions or other factors that may affect whether the Rider is still in the public interest, including the identification of such factors if they exist, (f) the cumulative amount of PCOP Costs collected from customers under this Rider, and (g) such other information as the Authority may direct.

The Company will simultaneously copy the Consumer Advocate on this annual filing.

8. Notice Requirements

The Company will file revised tariffs for Authority approval upon 30 days' notice to implement a decrement or an increment to the PCOP Percentage Rate. Along with the tariff filing, the Company will include a copy of the computation of the new PCOP Percentage Rate. The Company will simultaneously copy the Consumer Advocate on this tariff filing.

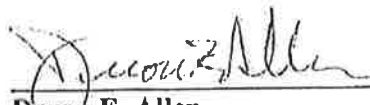
9. Public Interest Review

Nothing herein shall be construed to eliminate or otherwise restrict the opportunity of the Consumer Advocate or any other interested party from seeking a review of this Rider, as permitted by law and the rules and regulations of the Authority, for a reconsideration of whether it remains in the public interest.

ISSUED: August 19, 2015

EFFECTIVE: August 17, 2015

BY:


Deron E. Allen
PRESIDENT

109 Wiehl Street
Chattanooga, Tennessee 37403

Patsy Fulton

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Tuesday, August 22, 2017 4:24 PM
To: Karen H. Stachowski (Karen.Stachowski@ag.tn.gov); David Foster; Joe Shirley; Patsy Fulton
Cc: Vance Broemel; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan
Subject: FW: TPUC Request
Attachments: TWS Data Request 8.21.17.xlsx; TWS surcharge workpaper 8.21.17.xlsx

Importance: High

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Good Afternoon Everyone,

Attached is a portion of the information that has been requested. We are working on the remainder and will send it as soon as it is completed.

I hope you enjoyed the eclipse in Nashville yesterday!

Joe.....

Joe A. Conner, Esq.

Baker, Donelson, Bearman, Caldwell & Berkowitz
1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
Direct: 423.752.4417
Cell: 423.605.2780
E-mail: jconner@bakerdonelson.com
www.bakerdonelson.com

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in Alabama, Georgia, Florida, Louisiana, Mississippi, Tennessee,
Texas and Washington, D.C.

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From: Richard Linneman [<mailto:RLinneman@uiwater.com>]
Sent: Monday, August 21, 2017 3:05 PM
To: Conner, Joe
Cc: Matthew Klein
Subject: RE: TPUC Request
Importance: High

Please see attached for two files

1. File that shows the financial statements as well as the general ledger detail for the time period of Jan 2015 – Jul 2017 as requested by TPUC in the meeting last week
2. The revised surcharge model updated for the following
 - a. Capital structure is at last approved capital structure
 - b. ROE is at last approved ROE

- c. Actual revenues and customer count updated through Jul 2017
 - d. Actual expenses updated through Jun 2017
 - e. Adjustment that has the restoration surcharge as well as the availability fee being charged to both active and inactive customers
 - f. O&M make whole adjustment is still only applied to inactive customers
3. These files will also take care of the following items that Karen at the AG's office requested
- a. A. information already provided to TPUC staff
 - b. 4a. - 4c.
 - c. 6a. - 6c.
 - d. 7a. - 7c.

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Active Customer:

| | |
|--|-----------------------|
| Base Charge | \$18.70 |
| Usage Charge (per 1k gal over 1k gals) | \$13.30 |
| Average Usage | 4,000 |
| Usage Revenue | \$39.90 |
| Base Bill | \$58.60 |
| Restoration Surcharge | \$3.78 |
| Availability Surcharge | \$6.77 |
| O&M Surcharge | \$0.00 |
| Total Bill | <u>\$69.15</u> |

Availability Customer:

| | |
|--|-----------------------|
| Base Charge | \$0.00 |
| Usage Charge (per 1k gal over 1k gals) | \$13.30 |
| Average Usage | 0 |
| Usage Revenue | \$0.00 |
| Base Bill | \$0.00 |
| Restoration Surcharge | \$3.78 |
| Availability Surcharge | \$6.77 |
| O&M Surcharge | \$14.26 |
| Total Bill | <u>\$24.81</u> |

Patsy Fulton

From: Conner, Joe <jconner@bakerdonelson.com>
Sent: Friday, September 01, 2017 4:28 PM
To: Karen H. Stachowski
Cc: David Foster; Joe Shirley; Patsy Fulton; Vance Broemel; Matthew Klein (MKlein@uiwater.com); Richard Linneman; Freeman, Ryan; Cynthia Kinser
Subject: Re: Consumer Advocate Request

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Thanks Karen. We are working on it. Enjoy the weekend!

Sent from my iPhone

On Sep 1, 2017, at 3:48 PM, Karen H. Stachowski <Karen.Stachowski@ag.tn.gov> wrote:

Joe,

Attached is a document containing the Consumer Advocate's previous request and a follow-up request. I've added the previous request in the attached document for the purpose of tracking responses.

Have a great holiday weekend.

Thanks,

Karen H. Stachowski | Assistant Attorney General

State of Tennessee

Office of the Attorney General & Reporter

Consumer Protection and Advocate Division

Post Office Box 20207

Nashville, TN 37202-0207

Direct Line: (615) 741-2370

Consumer Facsimile: (615) 532-2910

Consumer General Line: (615) 741-1671

Karen.Stachowski@ag.tn.gov

<image001.png>

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Sent: Tuesday, August 22, 2017 4:24 PM

To: Karen H. Stachowski <Karen.Stachowski@ag.tn.gov>; david.foster@tn.gov; Joe Shirley (joe.shirley@tn.gov) <joe.shirley@tn.gov>; Patsy Fulton <Patsy.Fulton@tn.gov>
Cc: Vance Broemel <Vance.Broemel@ag.tn.gov>; Matthew Klein (MKlein@uiwater.com) <MKlein@uiwater.com>; Richard Linneman <RLinneman@uiwater.com>; Freeman, Ryan <rfreeman@bakerdonelson.com>
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<CPAD Data Request 9-1-17.docx>