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August 30, 2019

TPUC Staff
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

VIA EMAIL

Re: TPUC Docket No. 19-00028 - *Petition of Tennessee Water Service, Inc. for Adjustment of Rates and Charges and Modification To Certain Terms and Conditions for the Provision of Water Service*

Dear TPUC Staff:

Attached to this letter are the customer notices that were disseminated by Tennessee Water Service, Inc. ("TWS") after the filing of its Amended Petition. The notices are attached as follows:

1. March 15, 2019 Customer Notice Letter
2. TWS Customer Service Representative Information
3. March 26, 2019 Newspaper Notice published in the Mountain Press

The Customer Notice Letter was posted in the clubhouse and management offices for the Chalet Village Subdivision, which the area served by TWS. The information from the Customer Notice Letter was also included as an insert in the March 2019 customer bills. The TWS Customer Service Representative Information was used to respond to any customer calls or questions regarding the rate case. And finally, the Newspaper Notice was published the Mountain Press, a newspaper that serves the local community in TWS's service area.

Please let us know if you have any further requests or questions concerning the customer notice information provided herein.

Sincerely,



Ryan Freeman
For the Firm

August 30, 2019

Page 2

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Enclosure

ATTACHMENT 1



March 15, 2019

Re: Notice of Petition for Rate Increase – Docket No. 19-00028

Dear Tennessee Water Service Customer:

On February 28, 2019, Tennessee Water Service, Inc. (“TWS” or “Company”), petitioned the Tennessee Public Utility Commission (“TPUC” or “Commission”) for a rate increase (“Petition” or “Rate Case”).

The purpose of the Petition is to allow TWS to recover the costs of providing drinking water service to its customers. Specifically, the Company has invested in replacements of major water system components, such as pump and booster stations, meters, service lines, hydrants, and valves, in order to restore the water system after the 2016 wildfires devastated much of Chalet Village. These investments of over \$650,000 were needed to provide for system reliability, efficiency, and integrity as customers continue to rebuild their homes and reconnect to the water system. In addition, the Company has sustained operating losses in its efforts to maintain the water system since the wildfires, and additionally was ordered by the Commission to file a rate case by July 2019.

The last TWS rate increase was approved on February 21, 2018, in TPUC Docket No. 17-00108. The last rate case was filed in 2009.

To manage the impact to customers of the proposed rate increase, TWS is proposing a three-year rate phase-in to smooth the rate change across a longer period. A comparison of the current customer monthly bills (using 3,479 gallons per month) compared to the proposed phase-in rates is shown below:

	Current		Phase-in Yr 1		Phase-in Yr 2		Phase-in Yr 3	
	Rate	Billed	Rate	Billed	Rate	Billed	Rate	Billed
Base Charge	\$ 25.70	\$ 25.70	\$ 50.00	\$ 50.00	\$ 74.00	\$ 74.00	\$ 95.00	\$ 95.00
Volume Charge - over 2 TG	13.30	19.67	16.50	24.40	19.00	28.10	20.65	30.54
State Tax	9.75%	4.42	9.75%	7.25	9.75%	9.95	9.75%	12.24
Total Bill		\$ 49.79		\$ 81.66		\$ 112.06		\$ 137.78

In addition, certain homes connected to the TWS water system will be required by State and Local building code to have private fire service fixtures installed. In order to recover the Company’s costs to install needed fire service devices and to supply water at the required flow rate, the Company is proposing monthly private fire service tariff rates as shown below. These charges, similar to the water rates above, reflect the TWS proposal of a three-year rate phase-in.

SERVICE TYPE	Phase-in Yr 1	Phase-in Yr 2	Phase-in Yr 3
	Rate	Rate	Rate
Multi-Use Line	\$ 11.33	\$ 24.00	\$ 35.80
Fire Only Line	22.67	48.00	71.60

As is the case with all requests for rate increases, the Petition will be thoroughly reviewed and analyzed by TPUC and any other parties to the proceeding before a final decision is rendered by the Commission. To assist customers interested in this proceeding, TWS has posted a copy of the Petition, proposed tariff, and this letter to its website (see below). Copies of all public records related to this rate filing can be viewed at the Company's business office:

4944 Parkway Plaza Boulevard, Suite 375
Charlotte, NC 28217

<https://www.myutility.us/tennesseewaterservice/contact-us/customer-contact>

Please use the TPUC website and search "Docket No. 19-00028" for future updates, including scheduled dates and locations of any public hearings in which customers can enter comments on the record. Also, please see below the TPUC website, e-mail address, and phone number to provide comments to the Commission directly regarding this proceeding (please use "Docket No. 19-00028" in any correspondence).

Tennessee Public Utilities Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
1-800-342-8359
contact.tpuc@tn.gov

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

Sincerely,

Tennessee Water Service, Inc.

ATTACHMENT 2



**Tennessee
Water Service™**

Tennessee Water Service – Rate Filing Talking Points

About TWS

On February 28, 2019, Tennessee Water Service (TWS) filed a rate case with the Tennessee Public Utilities Commission (TPUC) Docket number is 19-00028.

The Company presently serves approximately 218 water customers in the Chalet Village community in Gatlinburg, Sevier County.

TWS is headquartered in Charlotte, North Carolina.

About TWS's Rate Filing

The last TWS rate increase was approved on February 21, 2018, in TPUC Docket No. 17-00108. The last rate case was completed in 2009.

When the Chalet Village community was devastated by the Gatlinburg Wildfires in November 2016, TWS's service was significantly impacted. The number of active connections to residences was reduced from 564 to 25. Customers have been steadily rebuilding, and the current number of connections is approximately 218.

This rate request is being filed to allow TWS to recover the costs of providing drinking water service to its customers. Specifically, the Company has invested in replacements of major water system components, such as pump and booster stations, meters, service lines, hydrants, and valves, in order to restore the water system in the wake of the 2016 wildfires. These investments of over \$650,000 were needed to provide for system reliability, efficiency, and integrity as customers continue to rebuild their homes and reconnect to the water system. In addition, the Company has sustained operating losses in its efforts to maintain the water system since the wildfires, and additionally was ordered by the Commission to file a rate case by July 2019.

In summary, due to the loss of customer accounts and significant investments in the water system to restore its operational integrity, TWS cannot cover its reasonable operating costs for the water system. TWS is requesting to increase its revenues by \$300,444.

Customers can view the filing's petition and supporting documents on the TPUC website:

<http://share.tn.gov/tra/dockets/1900028.htm>

How will my water rates change with this proposal?

TWS understands that no one likes rate increases and makes every effort to keep operating expenses to a reasonable minimum while maintaining a system that produces safe and reliable service. However, a rate increase is needed to finance ongoing operations, capital investments, and allow the Company the opportunity to earn a reasonable return on its investment.

To manage the impact of the proposed rate request for customers, the company is proposing a three-year phase-in plan to smooth the rate effects on customer bills over a longer period. See below a comparison of current and proposed monthly bills for the phase-in proposal.

	Current		Phase-in Yr 1		Phase-in Yr 2		Phase-in Yr 3	
	Rate	Billed	Rate	Billed	Rate	Billed	Rate	Billed
Base Charge	\$ 25.70	\$ 25.70	\$ 50.00	\$ 50.00	\$ 74.00	\$ 74.00	\$ 95.00	\$ 95.00
Volume Charge - over 2 TG	13.30	19.67	16.50	24.40	19.00	28.10	20.65	30.54
State Tax	9.75%	4.42	9.75%	7.25	9.75%	9.95	9.75%	12.24
Total Bill	\$ 49.79		\$ 81.66		\$ 112.06		\$ 137.78	

Is the company proposing any other rate changes?

In addition, certain homes connected to the TWS water system will be required by State and Local building code to have private fire service fixtures installed. In order to recover the Company's costs to install needed fire service devices and to supply water at the required flow rate, the Company is proposing monthly private fire service tariff rates as shown below. These charges, similar to the water rates above, reflect the TWS proposal of a three-year rate phase-in.

SERVICE TYPE	Phase-in Yr 1	Phase-in Yr 2	Phase-in Yr 3
	Rate	Rate	Rate
Multi-Use Line	\$ 11.33	\$ 24.00	\$ 35.80
Fire Only Line	22.67	48.00	71.60

When will the rates change?

As is the case with all requests for rate increases, the Petition will be thoroughly reviewed and analyzed by TPUC and any other parties to the proceeding before a final decision is rendered by the Commission. The Commission has the ability to modify the rate request based on evidence presented over the course of the filing. A ruling from the Commission is expected later this year.

How can I provide my comments on this rate request?

First, you can monitor the progress of the rate filing using the TPUC website link above for Docket No. 19-00028. Customers can reach out to TPUC directly using the below contact information.

Tennessee Public Utilities Commission
 502 Deaderick Street, 4th Floor
 Nashville, TN 37243
 1-800-342-8359
contact.tpuc@tn.gov

ATTACHMENT 3

Tennessee Water Service

Notice of Filing for Rate Increase

Tennessee Water Service ("TWS"), a subsidiary of Utilities, Inc. filed for a rate increase on February 28, 2019 with the Tennessee Public Utilities Commission, under Docket No. 19-00028. TWS currently provides service to approximately 218 active customers in Chalet Village, Sevier County.

While TWS was approved to increase its base charge in February 2018, it has not filed a full rate case proceeding since 2009. The purpose of the request is to allow TWS to recover the costs of providing drinking water service to its customers. Specifically, TWS has invested in replacements of major water system components, such as pump and booster stations, meters, service lines, hydrants, and valves, in order to restore the water system after the 2016 wildfires devastated much of Chalet Village. These investments of over \$650,000 were needed to provide for system reliability, efficiency, and integrity as customers continue to rebuild their homes and reconnect to the water system. In addition, TWS has sustained operating losses in its efforts to maintain the water system since the wildfires, and was also ordered by the Commission to file a rate case by July 2019.

Currently, the utility charges a monthly base charge of \$25.70 accompanied by a volume charge of \$13.30 per 1,000 gallons of water consumed above 2,000 per month. The proposal would phase-in rate increases across three years, with the following impacts for the average customer using 3,479 gallons per month: the monthly Base Facility Charge to \$50.00 effective January 1, 2020, then increase to \$74.00 effective January 1, 2021, and finally increase to \$95.00 effective January 1, 2022. As well, the monthly volumetric charge for usage above 2,000 gallons to \$16.50 per 1,000 gallons effective January 1, 2020, then increase to \$19.00 per 1,000 gallons effective January 1, 2021, and finally to \$20.65 per 1,000 gallons effective January 1, 2022. These changes result in an average monthly customer bill of \$49.79 at current rates, \$81.66 at January 1, 2020, \$112.06 at January 1, 2021, and \$137.78 at January 1, 2022. In addition, certain homes are subject to construction code provisions requiring installation of private fire service fixtures. TWS's proposed rates for such services over the three-year rate phase-in are: a standby charge per month of \$11.33 effective January 1, 2020, \$24.00 effective January 1, 2021, and \$35.80 effective January 1, 2022 for multi-use lines, and a standby charge per month of \$22.67 effective January 1, 2020, \$48.00 effective January 1, 2021, and \$71.60 effective January 1, 2022 for fire-only lines.

As is the case with all requests for rate increases, the Petition will be thoroughly reviewed and analyzed by TPUC and any other parties to the proceeding before a final decision is rendered by the Commission. Customers will receive a letter with their March bill detailing the reasons for the rate request, bill comparisons, and other important contact information. A complete copy of the proposed tariff changes and the reasons associated with are on file with the Tennessee Public Utilities Commission as well as at the TWS business office and are open to public inspection. The date and location of a hearing soliciting public comments will be determined at a later date.