

TENNESSEE WATER SERVICE, INC.

SCHEDULE OF RATES
FOR
WATER SERVICE

Applying to the following Territory:

Chalet Village North, City of Gatlinburg, Sevier County, Tennessee

Issued: 1 16 2018
Month Day Year

Effective: 1 16 2018
Month Day Year

Issued by: Matthew Klein
Name of Officer

President
Title

4944 Parkway Plaza Boulevard, Suite 375, Charlotte, North Carolina 28217
Address of Officer

Applies to: Chalet Village North

WATER SERVICEMETERED SERVICEBase Facility Charge per month
0 – 2,000 gallons usage per month

Effective January 1, 2020:	\$50.00
Effective January 1, 2021:	\$74.00
Effective January 1, 2022:	\$95.00

All usage over 2,000 Gallons per month

Effective January 1, 2020:	\$16.50 per 1,000 gallons
Effective January 1, 2021:	\$19.00 per 1,000 gallons
Effective January 1, 2022:	\$20.65 per 1,000 gallons

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).

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PRIVATE FIRE SERVICE**FIXED SERVICE CHARGE**

Standby Charge per month	<u>Multi-Use Connection</u>	<u>Fire-Only Connection</u>
Effective January 1, 2020:	\$11.33	\$22.67
Effective January 1, 2021:	\$24.00	\$48.00
Effective January 1, 2022:	\$35.80	\$71.60

All usage will be billed:

Effective January 1, 2020:	\$16.50 per 1,000 gallons
Effective January 1, 2021:	\$19.00 per 1,000 gallons
Effective January 1, 2022:	\$20.65 per 1,000 gallons

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.

RECONNECTION CHARGE:

If private fire service cut off by utility for good cause: \$35.00
 If private fire service discontinued at customer's request: \$35.00

FREQUENCY OF BILLING:

Bills will be rendered monthly in arrears. Fire service meters will be read concurrent and included in a single monthly bill with regular water service.

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).

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WATER AND FIRE SERVICE

CONTRIBUTIONS IN AID OF CONSTRUCTION

ADVANCES IN AID OF CONSTRUCTION

All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility, in an amount equal to 35.38% of the contribution or advance ($1 / (1 - (6.5\% + (21\% \times (1 - 6.5\%))))$), where 6.5% equals the state income tax rate and 21% equals the federal income tax rate. The contribution or advance will be equal to the "original cost" if in the form of property or face value if in the form of cash.

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RULES, REGULATIONS AND CONDITIONS OF SERVICE**Section I. DEFINITIONS**

Company – The word "Company", whenever the same appears herein, means Tennessee Water Service, Inc., a Tennessee corporation.

Owner – The word "Owner", whenever the same appears herein, means the person, firm, corporation or association having the sole interest in any premises or property which is, or is about to be, supplied with water service by the Company, and the word "Owners" means all so interested.

Tenant – The word "tenant", whenever the same appears herein, means anyone occupying a premises or property under lease, oral or written, from the Owner and obtaining water service from the mains of the Company with the consent of his landlord.

Customer – The word "Customer" as used herein shall mean the party contracting for water service.

Section II. WATER SERVICE CONNECTIONS

1. All applications for water service connections must be made in writing on forms furnished by the Company by the person or parties desiring the same, must state the correct lot(s), block and street number of the property to be supplied, and must be signed by the Owner of the premises or his duly authorized agent.

2. A service pipe shall not be used to supply more than a single property without the consent of the Company. The minimum earth cover of the Customer's service pipe installation shall be four (4) feet.

3. Service pipes will not be installed where any portion of the pipes must pass through lands, buildings or parts of buildings which are not the property of applicant unless applicant- in writing assumes the liability therefor.

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RULES, REGULATIONS AND CONDITIONS OF SERVICE

4. Applications for the service will be accepted subject to there being a Company main adjacent to the property to be served.

5. The Company will repair all leaks in the service pipe from the main up to and including the meter. Beyond the meter box, the Property Owner is responsible for all leaks, and the same must be repaired by him, and if such leaks are not repaired within a reasonable time, the water may be turned off.

Section III. APPLICATIONS FOR SERVICE

6. All applications for water service must be made on written forms provided by the Company. Upon acceptance thereof and payment to Company of any Commission-approved tap-on fee, such applications shall constitute a contract between the applicant as a Customer and the Company.

7. A new application must be made upon any change in tenancy where the tenant has contracted for the water service or by the new Owner upon any change in ownership where the Owner has contracted for water service. Where more than one tenant is supplied through a meter, the application for the water service must be made by the Owner of the property.

8. When an application is made, the Company reserves the right to require a deposit in cash commensurate with the probable size of the applicant's bill for the purpose of establishing or maintaining any Customer's credit. Any such deposit so made shall be subject to such terms and conditions as may be required by order of regulation of the Tennessee Public Service Commission.

9. No contract for water service will be entered into by the Company with any applicant until all arrears and charges due by such applicant for water service to any premises then or theretofore owned or occupied by him shall have been paid.

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RULES, REGULATIONS AND CONDITIONS OF SERVICE**Section IV. BILLS AND PAYMENT FOR SERVICES**

10. Customers are liable for payment for all water used on the premises or property until notice has been received at the Company's office that the use of water is no longer desired. Customers are liable for all water shown to have passed through the meter whether by use, wastage or leakage.

11. A Customer's bill will not be considered past due unless it remains unpaid subsequent to the due date printed on the bill. The due date will be twenty-one (21) days after the bill is mailed.

12. Bills for metered service shall be rendered either bi-monthly or quarterly unless otherwise specified in the rate schedule then in effect, and shall show the readings of the meter at the beginning and end of the period for which the bill is rendered as well as consumption for the period.

13. Bills for water service will be mailed or delivered to the Customer's last address as shown by the records of the Company when due, but failure to receive a bill will not relieve the Customer from the obligation to pay the same. All bills and other accounts must be paid at the office of the Company.

14. In case the meter cannot be read for any cause, the Company will require a payment on account equal to the estimated bill for the period involved.

15. In cases where for any cause the meter cannot be read for a period of two (2) billing periods, the Company will turn off the water upon five (5) days 'written notice (8 days, if mailed) unless the Customer provides access to the meter immediately.

16. Where a meter has ceased to register or is registering improperly, the quantity of water for which the bill will be rendered will be determined by the average registration of the meter for the prior three (3) billing periods.

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Section V. RULES GOVERNING SERVICE

17. When the supply of water is to be temporarily shut off, advance notice will be given by the Company when practicable to all Customers affected by the shutting off, stating the probable duration of the interruption of service.

18. The Company will not permit its mains or services to be connected. on any premises with any service pipe or piping which is connected with any other source of supply. The Company will not permit its mains or services to be connected in any way to any piping, tank, vat or other apparatus which contains liquids, chemicals or any other matter which may flow back into the Company's service pipes or mains.

19. The Company undertakes to use reasonable care and diligence to provide a constant supply of water at a reasonable pressure but reserves the right at any time, without notice, to shut off the water in its mains for the purpose of making repairs or extensions or for other purposes.

20. The Company shall not be liable for a deficiency or failure, regardless of cause, in the supply of water or in the pressure nor for any damage caused thereby or by the bursting or breaking of any main or service pipe or any attachment to the Company's property. All applicants having boilers upon their premises depending upon the pressure in the Company's pipes to keep them supplied are cautioned again t danger of collapse, and all damage occasioned by any such collapse must be borne exclusively by the Customer.

21. The Company shall require all new Customers who require both regular water service and fire protection per applicable local, state, or federal building codes to submit a request to the Company for either a multi-use service (private fire and regular water) or a separate dedicated fire service line to be installed, solely at the Company's cost. The nature of the private fire service (dedicated fire or multi-use line) will be governed by applicable building codes for the premise type.

22. The Company shall have the sole right to determine the size of meters, number of meters, valves, service lines and connections necessary to give the service applied for.

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23. All use of water for any purpose or upon any premises not stated or described in the application must be prevented by the Customer.

24. Service may be discontinued for any of the following reasons:

- (a) For the use of water from Customer's facilities for any other property or purpose than that described in the application.
- (b) For waste of water due to leakage.
- (c) For tampering with or damaging any service pipe, meter, meter installation, stop cock valve, buffalo box, meter seal or other property of the Company.
- (d) For non-payment of bills for water service or any other charges of the Company.
- (e) For cross-connecting the Company's supply with any other source of supply, or with any apparatus which may endanger the quality or health standard of the Company's water supply.
- (f) For refusal of reasonable access to property for the purpose of inspecting, reading, repairing or removing meters.
- (g) For violation or refusal to comply with any of the rules and regulations of the Company filed with the Tennessee Public Service Commission.

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- (a) has made a deposit to ensure future payment of bills (in cases only where no deposit was originally made or where such deposit has been applied to payment of the Customer's delinquent account);
- (b) has paid all unpaid bills and other charges;
- (c) has paid a reconnection fee of fifteen dollars (\$15.00)
- (d) and has corrected any condition found objectionable under the rules and regulations of the Company.

27. A supply of water for construction or other special purposes must be applied for in writing and the Company reserves the right to require a suitable deposit from the applicant. Water so supplied shall be discharged through a hose or pipe directly upon the material to be wet or into a barrel or other container and not upon the ground or into or through a ditch or trench, and all use of water by other than the applicant or for any purposes or upon any premises not described or stated in the application must be prevented by the applicant.

28. Meters, except detector devices, shall be installed, maintained and renewed by and at the expense of the Company and shall be conveniently located at a place approved by the Company, and such proper place and protection for the meter shall be provided by the applicant. A stop and waste or gate valve shall be placed on the service line on the street side of and near the meter, and a stop and waste or gate valve on the house side of such meter.

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29. All meters placed in building shall be located in the basement or on the first floor, as near as possible to the point of entrance of the service, in clean, dry, safe place not subject to great variation in temperature and so located as to be easily accessible for installation or disconnection purposes and for reading.

30. Meters will be maintained by the Company as far as ordinary wear and tear are concerned, but damage due to freezing, hot water or external causes shall be paid for by the Customers (except for outside meter settings).

31. Rules and regulations regarding meter accuracy, meter testing and frequency of meter tests shall be as contained in the Tennessee Public Service Commission's Rules and Regulations Governing Public Utilities as from time to time revised.

Section VII. FIRE HYDRANTS

32. No person other than a Company agent or employee shall take water from any fire hydrant except for fire-fighting purposes, and no fire hydrant shall be used for sprinkling streets, flushing sewers or gutters or for any other purpose except with the advance approval of the Company in writing.

Section VIII. GENERAL CONDITIONS OF SERVICE

33. Where water is to be used for steam boilers or other uses where a stoppage of water supply might cause damage, Customers are cautioned that it is impossible for the Company to guarantee a continuous supply of water and that the Customer should, therefore, arrange for adequate storage capacity.

34. The Company will not be obliged to furnish service where service pipes are inferior, the plumbing defective or the fixtures, water closets or other fixtures leaky. When such conditions are discovered, the Company reserves the right to shut off the supply of water unless immediate repairs are made.

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35. Title to the main, service connections from the main up to and including the meter, stop cocks or valves, buffalo boxes, meters and meter installations is vested in the Company, and these shall at all times remain the sole property of the Company and shall not be trespassed upon or interfered with in any way.

36. Curb stops shall not be used by the Customer for turning on or shutting off the water supply. Control of the water supply by the Customer shall be by means of a valve located inside the building where the Customer is provided with water service.

37. Where two or more Customers are supplied through a single service pipe, any violation of the rules and regulations of the Company by either or any of such Customers shall be considered as a violation by all, and the Company may take such action as may be taken for a single Customer committing the violation.

38. All employees of the Company whose duty compels them to enter the Customer's premises shall, upon request, show their credentials or other evidence of authority.

39. If the Company finds that a meter seal or cover has been broken or any bypass inserted or there is evidence that the meter or meter seal or cover has been tampered with, the water will be shut off and not turned on again until the Customer has paid for the estimated quantity of water which has been used for the preceding four (4) month period and not registered plus the cost to restore the meter to proper working order and other expense incurred by the Company, plus the reconnection fee hereinabove specified.

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Section IX. USE OF WATER FOR SUMMER COMFORT AIR CONDITIONING OR REFRIGERATION

40. In all apparatus or equipment installed for the purpose of changing the dry bulb temperature or humidity content of the air, whether used in conjunction with summer comfort air conditioning or other refrigeration, the following regulations shall apply, unless other arrangements have been approved in advance by the Company.

- (a) The use of water is prohibited when used directly from the mains as a cooling medium in air washers or any type of equipment whereby the air to be conditioned comes into direct contact with sprays or wet surfaces, or where the water is used as the direct or indirect cooling medium in coils.
- (b) The use of water is permitted in all compressor type refrigeration units having standard rated capacities of one and one-half (1-1/2) tons or less.
- (c) All compressor type refrigeration units having standard rated capacities* of over one and one-half (1-1/2) tons shall be equipped with evaporative coolers and condensers, water cooling towers, spray ponds or other water cooling equipment so that all water from the mains is used for make-up purposes only.
- (d) If other than compressor types of refrigeration units are used, the consumption of water from the mains shall be limited in amount to not more per ton of refrigeration produced than would be used by the compressor type described under (c) above when such type is operated under normal conditions.

41. Failure to comply with the above Rule 40 shall be sufficient cause to discontinue service.

* Note in (b) and (c) capacities shall be in accordance with conditions given in Standard A.S.E.E. Testing and Rating Codes.

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Section X. WATER FOR PRIVATE FIRE PROTECTION AND SPECIAL USES

42. It is specifically understood that the Company does not hold itself out to render private fire protection service for purposes of extinguishment.

Section XI. PUBLIC FIRE PROTECTION SERVICE

43. The Company does not hold itself out to furnish public fire protection service.

Section XII. DAMAGE TO COMPANY PROPERTY

44. In case of damage to the Company's property on the Customer's premises and/or damage to the buffalo box installation on the service connection to the customer, including obstruction, burying and filling thereof, the cost of repair shall be billed to and paid by the customer in accordance with the applicable schedules of rates and of rules, regulations and conditions of service pertaining to the payment of water bills.

Section XIII. CHANGES IN RULES AND REGULATIONS

45. The Company reserves the right at any time to alter, amend, change or add to these rules, regulations and conditions of service or to substitute other rules and regulations, subject to the approval of the Tennessee Public Service Commission or other regulatory body having jurisdiction thereof.

46. No representative, employee or agent of the Company has the right to alter or waive any of these rules, regulations or conditions of service without the consent or approval of the Tennessee Public Service Commission or other regulatory body having jurisdiction thereof.

Section XIV. MAIN EXTENSION POLICY

47. Any person requesting water service from Company to an area not then served by water mains will be required to pay the entire cost of a water main extension to such area. The Company will require person applying to hire contractors and pay contractors directly for main installation. Company must approve the design, main size and route of main to be installed, and Company's representatives will inspect all work for construction standards and compliance with proper procedures related to water main installation.

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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 member 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.

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Operational Costs Pass-Through Mechanism

Section XIX. APPLICABILITY

The Operational Costs Pass-Through Mechanism ("OCPTM") will apply to active customers of the Company.

The OCPTM will be calculated on a semi-annual basis with the resulting surcharge being filed with the Tennessee Public Utility Commission ("TPUC") within Docket No. 19-_____ fifteen days prior to applying the pass-through costs to active customer bills.

Section XX. DEFINITIONS

1. **"Active Customer"** - a customer that has access to the water distribution system with an active account and is currently being billed for water consumption at the time of the assessment of any increase/decrease of the Company's pass-through costs.

2. **"Adjusted Review Period OCPTM Costs"** - means the Review Period OCPTM Costs net of the Over-Under Collection Adjustment.

3. **"Base Period"** - means the relevant six-month period within the attrition year of the most recent base rate case that aligns with the calendar months of the Review Period.

4. **"Base Period OCPTM Costs"** - means the amount of expenses of the Company for purchased power expense and purchased water expense authorized in its last base rate case for the Base Period.

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

6. **"OCPTM Surcharge Rate"** - means the total amount per Active Customer bills to be recovered through the OCPTM.

7. **"Over-Under Collection Adjustment"** - means the adjustment to the OCPTM Surcharge Rate applicable to the coming Review Period for the net amount of over or under collections for the prior Review Period.

8. **"Review Period OCPTM Costs"** - means the amount of actual annual expenses of the Company for purchased power expenses and purchased water expenses during the applicable Review Period.

9. **"Review Period"** - means the six month period on which the Review Period OCPTM Costs are calculated.

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Operational Costs Pass-Through Mechanism

The costs recorded in these accounts, and eligible for recovery in the OCPTM surcharge, shall be limited to third-party invoiced costs for purchased water and purchased power costs.

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Operational Costs Pass-Through Mechanism

Section XXII. DETERMINATION OF PASS-THROUGH COST PERCENTAGE

- (A) The OCPTM Surcharge Rate shall be expressed as a dollar figure to be applied to the Company's Active Customers bills, as a distinct line item on the bill, for a period of six months following an OCPTM Surcharge Rate calculation.
- (B) The OCPTM Surcharge Rate shall be calculated on a semi-annual historical basis as follows:
- $$\begin{aligned} &\text{Base Period OCPTM Costs} \\ &\text{Divided by Base Period Sales Volume in 1000 Gallons} \\ &= \text{Base Period OCPTM Costs per 1000 Gallons} \end{aligned}$$
- $$\begin{aligned} &\text{Review Period OCPTM Costs Subject to TPUC's Water Loss Limits} \\ &\text{Plus Over-Under Collection Adjustment} \\ &= \text{Review Period OCPTM Costs Adjusted for Over-Under Collections} \\ &\text{Divided by Review Period Sales Volume In 1000 Gallons} \\ &= \text{Adjusted Review Period OCPTM Costs per 1000 Gallons} \end{aligned}$$
- $$\begin{aligned} &\text{Change in OCPTM Costs per 1000 Gallons} \\ &\text{Multiplied by Review Period Sales Volume per 1000 Gallons} \\ &= \text{Net Deferred OCPTM Costs} \\ &\text{Divided by Total Gallons Sold (1000 Gallons) During Review Period} \\ &= \text{OCPTM Surcharge Rate per 1000 Gallons} \end{aligned}$$
- (C) The OCPTM Surcharge Rate shall apply to Active Customer bills for the six months following the submission of the above calculation to TPUC Staff and the Consumer Advocate.

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Operational Costs Pass-Through Mechanism

Section XXIII. COMPUTATION OF THE OVER-UNDER COLLECTION ADJUSTMENT

The Company will identify and record the total amount of the OCPTM Surcharge Rate collected from Active Customer during the six month period following the calculation as defined in Section XXII. The difference between total OCPTM Surcharge Rate collected and the total Net Deferred OCPTM Costs authorized for the Review Period, as adjusted for Interest, shall constitute the Over-Under Collection Adjustment.

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

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

(B) Computation of Interest Adjustment.

Interest shall be computed as follows:

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

Section XXIV. NEW BASE RATES

The OCPTM Surcharge Rate will be reset at zero upon the establishment of new base rates to customer billings that provide for the prospective recovery of the semi-annual costs that had theretofore been recovered under the OCPTM Surcharge Rate or after a period of six months from the submission of the calculation in Section XXII to TPUC and the Consumer Advocate.

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Operational Costs Pass-Through Mechanism

Section XXV. SEMI-ANNUAL FILING

The Company will file its OCPTM Calculation following the first six month period after new base rates are effective (the "First Review Period"). The filing shall be verified by an officer of the Company. The OCPTM Surcharge Rate will become effective 30 days after the semi-annual filing is submitted to TPUC and shall be applied as an adjustment to Active Customers' bills for the six month period following the effective date of the OCPTM Surcharge Rate. The Company shall file one adjustment each subsequent six months to include both the new OCPTM Surcharge Rate based on the semi-annual production expense and the reconciliation of the Over-Under Collections Adjustment.

The Company will include in its semi-annual filing the following information at a minimum: (a) a schedule of all Review Period OCPTM Costs, including any related general ledger support; (b) actual billing determinants by month as used in the computation of the OCPTM Surcharge Rate Collected from Customers; (c) a computation of the OCPTM Surcharge 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 that may affect whether the OCPTM Surcharge Rate is still in the public interest, including the identification of such factors if they exist; (f) the cumulative amount of OCPTM Surcharge Rate Costs collected from Customers under this mechanism; (g) the actual invoices received from the Company's wholesale water and power suppliers, respectively; and (h) such other information as TPUC may direct.

THE COMPANY WILL SIMULTANEOUSLY COPY THE CONSUMER ADVOCATE ON THIS SEMI-ANNUAL FILING.

Section XXVI. NOTICE REQUIREMENTS

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

Section XXVII. 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 cost pass-through mechanism, as permitted by law and the rules and regulations of TPUC, for a reconsideration of whether it remains in the public interest.

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