

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

<b>IN RE:</b>	)	
	)	
<b>JOINT PETITION OF TENNESSEE</b>	)	
<b>WASTEWATER SYSTEMS, INC AND</b>	)	<b>DOCKET NO. 20-00009</b>
<b>TPUC STAFF (AS A PARTY) TO</b>	)	
<b>INCREASE RATES AND CHARGES</b>	)	

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**JOINT PETITION**

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Tennessee Wastewater Systems, Inc. ("TWSI" or "Company") and TPUC Staff (As a Party) ("Party Staff") (collectively, the "Parties"), pursuant to T.C.A. § 65-5-103, jointly petition the Tennessee Public Utility Commission ("Commission") for an increase to TWSI's rates and charges for the purpose of recovering the Company's costs of providing wastewater services to its customers and for authority to place such rates and charges into effect through a revised tariff.

In support of the Joint Petition, the Parties submit the following:

1. TWSI is a public utility as defined in T.C.A. § 65-4-101 and is engaged in providing wastewater services to approximately 2,760 residential customers and 804 commercial customers located in TWSI's service territories throughout Tennessee. The name and business address of the Company are:

Tennessee Wastewater Systems, Inc.  
Jeff Ridsen, Chief Executive Officer  
849 Aviation Parkway  
Smyrna, TN 37167

2. The names and business address of the Party Staff are:

Kevin McClenathan, Utility Rate Specialist  
Darlene Standley, Utilities Consultant  
Michelle Mairs, Deputy Director of Utilities  
Joe Shirley, Director of Utility Audit & Compliance  
Ryan McGehee, Senior Counsel

Tennessee Public Utility Commission  
502 Deaderick Street, Fourth Floor  
Nashville, TN 37243

3. The currently tariffed service rates and charges of TWSI were approved by the Commission over ten years ago on July 8, 2009, in Docket No. 08-00202. Under the current rates and charges, the Company's revenues and revenue projections are not sufficient to allow the Company a fair opportunity to recover its reasonable operating costs and to provide a fair and reasonable net operating income. In order for TWSI to maintain its utility systems and provide safe and reliable services to its customers in accordance with Commission requirements, an increase to its rates and charges should be granted.

4. As shown by the Exhibits and Pre-filed Direct Testimonies of Party Staff witnesses Kevin McClenathan and Joe Shirley filed in support of this Joint Petition, the Company is projected to experience a net operating loss of \$105,550 for the Twelve-Month Attrition Period Ending December 31, 2020. Using the operating margin method to establish a fair margin of 10.0% of operating expenses, TWSI is projected to incur a revenue deficiency of \$449,198 during the Attrition Period absent any rate relief. The Parties propose to eliminate this revenue deficiency by increasing the monthly base rates for providing wastewater services and decreasing the monthly escrow charges reserved for capital expenditures.

5. With regard to Residential Customers, Commercial Customers Without Food Service, and Commercial Customers With Food Services, the Parties propose the following changes to base rates and escrow charges:

a. Residential Customers:

<u>Base Rate:</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
Rate Class 1 through 4	\$34.02	\$41.25	21.3%
Rate Class 5 through 8	\$30.71	\$37.35	21.6%
Rate Class 9 (Southridge) *	\$17.59	\$20.94	19.0%

\* Rate excludes wastewater treatment pass-through surcharge applicable to Rate Class 9.

<u>Escrow Charge:</u>	<u>Current</u>	<u>Proposed</u>	<u>Decrease</u>
Rate Class 1 through 4	\$10.13	\$6.50	-35.8%
Rate Class 5 through 8	\$8.43	\$5.00	-40.7%
Rate Class 9 (Southridge) *	\$6.35	\$3.00	-52.8%

\* Rate excludes wastewater treatment pass-through surcharge applicable to Rate Class 9.

<u>Combined Base Rate and Escrow Charge:</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
Rate Class 1 through 4	\$44.15	\$47.75	8.2%
Rate Class 5 through 8	\$39.14	\$42.35	8.2%
Rate Class 9 (Southridge) *	\$23.94	\$23.94	0.0%

\* Rate excludes wastewater treatment pass-through surcharge applicable to Rate Class 9.

b. Commercial Customers Without Food Service:

<u>Base Rate:</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
From 0 to 300 Gallons Per Day	\$80.40	\$97.75	21.6%
Up To Each Additional 100 Gallons Per Day			
Up To 1,000 Gallons Per Day Maximum	\$16.03	\$19.50	21.6%
From 1,001 to 2,000 Gallons Per Day	\$316.43	\$388.40	22.7%
Up To Each Additional 1,000 Gallons Per Day	\$123.85	\$155.00	25.2%

<u>Escrow Charge:</u>	<u>Current</u>	<u>Proposed</u>	<u>Decrease</u>
From 0 to 300 Gallons Per Day	\$21.75	\$13.05	-40.0%
Up To Each Additional 100 Gallons Per Day			
Up To 1,000 Gallons Per Day Maximum	\$4.42	\$2.75	-37.8%
From 1,001 to 2,000 Gallons Per Day	\$86.82	\$49.15	-43.4%
Up To Each Additional 1,000 Gallons Per Day	\$34.10	\$16.85	-50.6%

<u>Combined Base Rate and Escrow Charge:</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
From 0 to 300 Gallons Per Day	\$102.15	\$110.80	8.5%
Up To Each Additional 100 Gallons Per Day			
Up To 1,000 Gallons Per Day Maximum	\$20.45	\$22.25	8.8%
From 1,001 to 2,000 Gallons Per Day	\$403.25	\$437.55	8.5%
Up To Each Additional 1,000 Gallons Per Day	\$157.95	\$171.85	8.8%

c. Commercial Customers With Food Service:

<u>Base Rate:</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
From 0 to 300 Gallons Per Day	\$107.15	\$130.30	21.6%
Up To Each Additional 100 Gallons Per Day			
Up To 1,000 Gallons Per Day Maximum	\$19.28	\$23.75	23.2%
From 1,001 to 2,000 Gallons Per Day	\$393.82	\$484.75	23.1%
Up To Each Additional 1,000 Gallons Per Day	\$151.78	\$189.15	24.6%
<u>Escrow Charge:</u>	<u>Current</u>	<u>Proposed</u>	<u>Decrease</u>
From 0 to 300 Gallons Per Day	\$29.00	\$17.40	-40.0%
Up To Each Additional 100 Gallons Per Day			
Up To 1,000 Gallons Per Day Maximum	\$5.22	\$2.90	-44.4%
From 1,001 to 2,000 Gallons Per Day	\$107.18	\$58.95	-45.0%
Up To Each Additional 1,000 Gallons Per Day	\$41.64	\$21.25	-49.0%
<u>Combined Base Rate and Escrow Charge:</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
From 0 to 300 Gallons Per Day	\$136.15	\$147.70	8.5%
Up To Each Additional 100 Gallons Per Day			
Up To 1,000 Gallons Per Day Maximum	\$24.50	\$26.65	8.8%
From 1,001 to 2,000 Gallons Per Day	\$501.00	\$543.70	8.5%
Up To Each Additional 1,000 Gallons Per Day	\$193.35	\$210.40	8.8%

6. With regard to Commercial Cabin Customers, the Parties propose to design rates based upon the customer's cabin square footage as recorded in the county's Register of Deeds office. Currently, Commercial Cabin Customers pay a monthly base rate of \$53.20 and a monthly escrow charge of \$15.95 for up to 300 Gallons Per Day of wastewater treatment, plus an additional base rate of \$11.46 and an additional escrow charge of \$3.54 for each additional 100 Gallons Per Day. The Parties propose the following rates, charges and rate design for Commercial Cabin Customers:

<u>Cabin Square Feet per Register of Deeds:</u>	<u>Proposed Base</u>	<u>Proposed Escrow</u>	<u>Proposed Total</u>
From 0 to 2,000 Square Feet	\$62.00	\$12.00	\$74.00
From 2,001 to 4,000 Square Feet	\$71.00	\$15.00	\$86.00
From 4,001 to 6,000 Square Feet	\$84.00	\$18.00	\$102.00

Over 6,000 Square Feet

\$104.00

\$21.00

\$125.00

7. In Docket No. 16-00015, the Commission ordered TWSI to record capacity development fees received from developers pursuant to contract as Contributions in Aid of Construction (“CIAC”) (USOA Account No. 271) and to record per-lot, plat-signing fees received from developers pursuant to contract as Guaranteed Revenues (USOA Account No. 530). In this docket, the Parties propose to record all payments received from all developers from all sources and for all purposes as CIAC. The Parties further propose all such amounts recorded as CIAC shall be held in reserve and earmarked for capital projects unless otherwise permitted by the Commission. The Parties further propose that use of such CIAC reserves shall be governed by the same procedures for use of escrow funds as set forth in TPUC Rule 1220-04-13-.07(7) unless otherwise ordered by the Commission.

8. The Company notified its customers of the proposed increase to rates and charges by direct mail to the customers’ billing addresses on file with the Company. A copy of the notice is attached to the Affidavit of Suzanne Christman filed in support of this Joint Petition. A copy of the notice was also posted at the Company’s business offices and on the Company’s website at [www.tennessee wastewater.com](http://www.tennessee wastewater.com). The notice will remain displayed until the rate hearing in this matter has been conducted or, if necessary, a re-notice issued.

9. In light of the Company’s present negative financial position, the Parties request the Joint Petition be heard and approved at the regularly scheduled Commission Conference on March 9, 2020, with new rates and charges to become effective upon approval.

10. In further support of this Joint Petition, the Parties have filed herewith the following:

a. Pre-filed Direct Testimony and Exhibits of Suzanne Christman, TWSI Controller, regarding a general overview of the Company's operations and a summary of the rate relief and tariff changes requested;

b. Pre-filed Direct Testimony and Exhibits of Party Staff witnesses Kevin McClenathan and Joe Shirley regarding the ratemaking principles, methodologies and calculations used to project the revenue deficiency for the Attrition Period and to recommend the rate design to eliminate the projected revenue deficiency; and

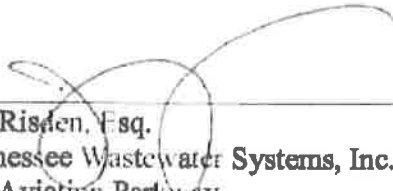
c. Revised tariff providing the adjustments to rates and charges calculated by the Parties' cost of service study, as well as related terms of service.

WHEREFORE, the Parties jointly request the Commission to:

1. Schedule the Joint Petition for hearing on March 9, 2020, upon proper notice;
2. Find that the rates, charges and terms of service proposed by the Parties are just and reasonable and in the public interest;
3. Approve the Company's revised tariff implementing the proposed rates, charges and terms of service effective immediately upon approval; and
4. Grant such other and further relief as circumstances may warrant.

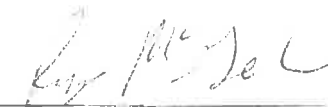
RESPECTFULLY SUBMITTED,

**For Tennessee Wastewater Systems, Inc.:**



Jeff Risdan, Esq.  
Tennessee Wastewater Systems, Inc.  
851 Aviation Parkway  
Smyrna, TN 37167  
(615) 220-7171  
Jeff.Risdan@adenus.com

**For TPUC Staff (As a Party):**



Ryan McGehee, Esq.  
Tennessee Public Utility Commission  
502 Deaderick Street, Fourth Floor  
Nashville, TN 37243  
(615) 770-1078  
Ryan.McGehee@tn.gov

VERIFICATION

STATE OF TENNESSEE )

COUNTY OF Rutherford )

I, Suzanne Christman, hereby declare under penalty of perjury, that I am the Controller of Tennessee Wastewater Systems, Inc.; that I am authorized to make this verification on behalf of Tennessee Wastewater Systems, Inc.; that I have read the foregoing Joint Petition; and that the facts stated therein are true and correct to the best of my knowledge, information and belief.

Suzanne Christman  
Suzanne Christman

Sworn to and subscribed before me the 31 day of January 2020.

Susan R. Chaffin  
Notary Public

My commission expires: 02/21/2022



CERTIFICATE OF SERVICE

I hereby certify that on the 31<sup>st</sup> day of January 2020, a true and correct copy of the foregoing Joint Petition was served by electronic mail upon the following:

Vance Broemel, Esq. (Vance.Broemel@ag.tn.gov)  
Karen Stachowski, Esq. (Karen.Stachowski@ag.tn.gov)  
Daniel Whitaker, Esq. (Daniel.Whitaker@ag.tn.gov)  
Office of the Attorney General  
Consumer Advocate Unit  
P.O. Box 20207  
Nashville, TN 37202



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Ryan McGehee