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September 28, 2020

Dr. Kenneth Hill, Chairman
c/o Ectory Lawless
Tennessee Public Utilities Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: Docket No. 20-00108 - *Petition of Tennessee Wastewater Systems, Inc., For Approval to Use Its Escrow & Reserve Funds for Capital Improvements at Cross Plains Treatment Facility*

Dear Chairman Hill,

Tennessee Wastewater Systems, Inc. ("TWSI" or "Company"), pursuant to discussions between the Company and the Consumer Advocate Unit of the Financial Unit of the Attorney General's Office ("Consumer Advocate") regarding the petition filed in this docket, submits for filing its response to the following question from the Consumer Advocate:

Refer to the Company's statement on page 4 of the Petition that "[t]hese 23 lots will pay a capacity fee of \$4000 per lot and a utility fee of \$800 per lot (\$110,400 total) - the capacity fee will be recorded as [Contribution in aid of Construction] 'CIAC' and the utility fee as developer income per the terms of the Order in docket 20-00009." Is it the Company's intent to follow the recording and use guidelines of CIAC as outlined on page 4 in Mr. Shirley's Supplemental Testimony in 20-0009? Specifically, that the Company's recording of these funds as CIAC means that they will be used for necessary capital projects, subject to Commission approval, and governed by the same procedures surrounding the use of Escrow Funds?

The Company responds as follows:

Yes. The Company will record the capacity fees as CIAC and deposit the funds in its CIAC Reserve account. The CIAC account, per the Commission's Order in the Company's most recent rate case, is to be used for necessary capital projects, subject to Commission approval, and governed by the same procedures surrounding the use of the Company's Escrow Funds.

The Company appreciates the Consumer Advocate's willingness to cooperatively discuss and address its concerns with this Petition. It is TWSI's understanding that except for any new information that may be filed in this docket which may require further inquiry by Consumer Advocate this response addresses all of Consumer Advocate's concerns.

Kind regards,



Jeff Riden
General Counsel

cc: Karen Stachowski – karen.stachowski@ag.tn.gov