

October 27, 2022

VIA ELECTRONIC FILING

Hon. Herb Hilliard, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

Electronically Filed In TPUC Docket
Room on October 27, 2022 at 2:04 p.m.

RE: *In Re: Joint Petition of Tennessee-American Water Company and Walker County Water and Sewerage Authority for Expedited Approval of a Special Contract, Docket No. 22-00049*

Dear Chairman Hilliard:

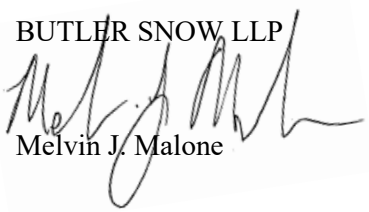
Consistent with the deliberations of the Tennessee Public Utility Commission ("TPUC" or "Commission") in the above-captioned matter on October 10, 2022, attached are the Amended Water Purchase Agreement between Tennessee-American Water Company ("TAWC") and Walker County Water and Sewerage Authority ("WCWSA"), along with TAWC's Supplemental Responses to Second Discovery Requests of the Consumer Advocate and TAWC's Post-Hearing Exhibit No. 1. I am authorized to represent that TAWC, WCWSA and the Consumer Advocate Division of the Tennessee Attorney General's Office agree that this filing is consistent with the Commission's deliberations of October 10, 2022. As agreed by the parties at the October 10, 2022, Commission Conference, this filing shall be made a part of the evidentiary record.

Due to conflicting travel schedules, the Amended Water Purchase Agreement has not yet been executed. We will submit the executed Amended Water Purchase Agreement to the Commission early next week.

As required, the original plus four (4) hard copies will be mailed to your office. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP


Melvin J. Malone

cc: Bob Lane, TAWC
Grady Stout, TAWC
Shannon Whitfield, WCWSA
Karen H. Stachowski, Consumer Advocate Division
Vance Broemel, Consumer Advocate Division

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AMENDED WATER PURCHASE AGREEMENT

THIS AMENDED WATER PURCHASE AGREEMENT ("Amended Agreement") is executed this ____ day of 2022 by and between **TENNESSEE-AMERICAN WATER COMPANY ("TAWC")** and the **WALKER COUNTY WATER AND SEWERAGE AUTHORITY ("WCWSA")** (collectively, the **"PARTIES"**).

WHEREAS, TAWC, a Tennessee corporation, is a public utility which owns and operates a water utility system in and around the City of Chattanooga, Tennessee including the contiguous cities of Red Bank, East Ridge, Ridgeside, and Lookout Mountain, plus the cities of Rossville and Lookout Mountain, Georgia, and areas in the Georgia counties of Dade, Walker and Catoosa; and

WHEREAS, WCWSA, a Georgia government entity, was created by a legislative act by the General Assembly of the State of Georgia and serves residents in Walker County, Georgia; and

WHEREAS, WCWSA and TAWC executed the attached Water Purchase Agreement on February 8, 2022; and

WHEREAS, WCWSA and TAWC are desirous of amending the February 8, 2022 Water Purchase Agreement; and

WHEREAS, the PARTIES have reached agreement on amending the Water Purchase Agreement to clarify the rates and charges; and

WHEREAS, the amended rate agreed upon by the PARTIES reflects an equitable and reasonable compromise; and

WHEREAS, the amended rate set forth herein is fair, just, reasonable and not unduly discriminatory; and

NOW, THEREFORE, in consideration of the following covenants, the PARTIES agree as follows:

I. AMENDMENT

Paragraph 2(b) of the Water Purchase Agreement, captioned "Purchase of Water," is hereby amended as follows:

2. PURCHASE OF WATER

b. WCWSA shall pay a base rate of \$1.307922 per 1000 gallons, plus TAWC's Capital Recovery Riders, as approved by the Commission (the "Purchased Water Rate"). As of the Effective Date of this Amended Agreement, the Purchased Water Rate is \$1.75 per 1000 gallons (Base Rate of \$1.307922 + CRR Surcharge 0.435015 + PCOP Surcharge 0.007063).¹ The Purchased Water Rate shall be adjusted, to the extent necessary, to reflect the then applicable and approved Capital Recovery Riders and PCOP or similar mechanisms approved by the Tennessee Public Utility Commission ("TPUC" or "Commission").

¹ $\$1.307922 + \$1.307922 (\text{CRR}\% (33.26\%)) + \$1.307922 (\text{PCOP}\% (0.54\%)) = \$1.75 \text{ per } 1000 \text{ gallons.}$

II. MISCELLANEOUS

- a. The Parties acknowledge that this Amended Water Purchase Agreement, upon execution by the Parties, shall be filed with the TPUC. WCWSA pledges its assistance in complying with applicable TPUC rules and regulations. The Effective Date of this Amended Agreement shall be October 11, 2022, the date the Water Purchase Agreement was conditionally approved by TPUC.
- b. This A m e n d e d W a t e r P u r c h a s e Agreement shall be governed by and constructed under the laws of the State of Tennessee.

TAWC

TENNESSEE-AMERICAN WATER COMPANY

President

Date

WCWSA

WALKER COUNTY WATER AND SEWERAGE AUTHORITY

Chairman

Date

**TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 22-00049
SECOND SET OF DISCOVERY REQUESTS OF THE CONSUMER ADVOCATE**

Responsible Witness: Grady Stout

Question:

2-1. Contract Terms. Refer to the Joint Petition, Exhibit A, Paragraph 2b, which reads as follows:

WCWSA shall pay a rate of \$1.75 per 1000 gallons, inclusive of Tax Cuts and Jobs Act ("TCJA") and Capital Riders (the "Purchased Water Rate"). The Purchased Water Rate shall be adjusted, to the extent necessary, to reflect the then applicable Capital Riders approved by the Tennessee Public Utility Commission ("TPUC").

Please provide the following information related to this paragraph.

- a. Is it the Company's intention to apply the Commission approved Capital and Tax Rider surcharge rates on top of the proposed \$1.75 usage rate to Walker County?
- b. Is it the Company's intention to apply the Commission approved PCOP Rider surcharge rate on top of the proposed \$1.75 usage rate to Walker County?
- c. Provide an example of the proposed "Purchased Water Rate" calculation to Walker County using the rider surcharge rates currently approved by TPUC.

Response:

- A. Yes, the company's intention is to apply the capital recovery riders so that initial base rate and riders will total \$1.75 at time of approval.
- B. Yes, like the company intends to do for its capital recovery riders, the PCOP rider will be included in the \$1.75 total.
- C.

Customer	Base Rate	Capital Rider Surcharge (33.26%)	PCOP Rider Surcharge (0.54%)	Tax Sur-credit (-11.16%)	Total
WCWSA	\$1.426940	\$0.474600	\$0.007705	-\$0.159247	\$1.75

Supplemental Response:

- A. No. The Company's intention is to apply the Capital Recovery Riders' surcharges on top of the proposed base rate of \$1.307922.
- B. No. The Company's intention is to apply the PCOP Rider surcharge on top of the proposed base rate of \$1.307922.
- C.

Customer	Base Rate	Capital Rider Surcharge (33.26%)	PCOP Rider Surcharge (0.54%)	Total
WCWSA	\$1.307922	\$0.435015	\$0.007063	\$1.75

Tennessee-American Water Company
Docket No. 22-00049
Special Contract with Walker County
Income Calculation

Date	Usage (Gallons)	Revenue			Expense						Income	
		Rate	Revenue	Cumulative Revenue	Production	Pumping	Depreciation	Property	Total	Cumulative	Income	Cumulative Income
		Per 1,000 Gal			\$0.0003400	\$0.0002273	\$268.45	Taxes		Expense		
10/1/2022	7,500,000	\$1.75	\$13,125	\$13,125	\$2,550	\$1,705	\$268	\$148	\$4,671	\$4,671	\$8,454	\$8,454
11/1/2022	7,500,000	1.75	13,125	26,250	2,550	1,705	268	148	4,671	9,341	8,454	16,909
12/1/2022	7,500,000	1.75	13,125	39,375	2,550	1,705	268	148	4,671	14,012	8,454	25,363
1/1/2023	7,500,000	1.75	13,125	52,500	2,550	1,705	268	148	4,671	18,683	8,454	33,817
2/1/2023	7,500,000	1.75	13,125	65,625	2,550	1,705	268	148	4,671	23,354	8,454	42,272
3/1/2023	7,500,000	1.75	13,125	78,750	2,550	1,705	268	148	4,671	28,024	8,454	50,726
4/1/2023	7,500,000	1.75	13,125	91,875	2,550	1,705	268	148	4,671	32,695	8,454	59,180
5/1/2023	7,500,000	1.75	13,125	105,000	2,550	1,705	268	148	4,671	37,366	8,454	67,634
6/1/2023	7,500,000	1.75	13,125	118,125	2,550	1,705	268	148	4,671	42,036	8,454	76,089
7/1/2023	7,500,000	1.75	13,125	131,250	2,550	1,705	268	148	4,671	46,707	8,454	84,543
8/1/2023	7,500,000	1.75	13,125	144,375	2,550	1,705	268	148	4,671	51,378	8,454	92,997
9/1/2023	7,500,000	1.75	13,125	157,500	2,550	1,705	268	148	4,671	56,048	8,454	101,452
10/1/2023	1,666,667	1.75	2,917	160,417	567	379	268	144	1,358	57,406	1,559	103,011
11/1/2023	1,666,667	1.75	2,917	163,333	567	379	268	144	1,358	58,764	1,559	104,569
12/1/2023	1,666,667	1.75	2,917	166,250	567	379	268	144	1,358	60,122	1,559	106,128
1/1/2024	1,666,667	1.75	2,917	169,167	567	379	268	144	1,358	61,479	1,559	107,687
2/1/2024	1,666,667	1.75	2,917	172,083	567	379	268	144	1,358	62,837	1,559	109,246
3/1/2024	1,666,667	1.75	2,917	175,000	567	379	268	144	1,358	64,195	1,559	110,805
4/1/2024	1,666,667	1.75	2,917	177,917	567	379	268	144	1,358	65,553	1,559	112,364
5/1/2024	1,666,667	1.75	2,917	180,833	567	379	268	144	1,358	66,910	1,559	113,923
6/1/2024	1,666,667	1.75	2,917	183,750	567	379	268	144	1,358	68,268	1,559	115,482
7/1/2024	1,666,667	1.75	2,917	186,667	567	379	268	144	1,358	69,626	1,559	117,041
8/1/2024	1,666,667	1.75	2,917	189,583	567	379	268	144	1,358	70,984	1,559	118,600
9/1/2024	1,666,667	1.75	2,917	192,500	567	379	268	144	1,358	72,341	1,559	120,159
10/1/2024	1,666,667	1.75	2,917	195,417	567	379	268	140	1,354	73,695	1,563	121,721
11/1/2024	1,666,667	1.75	2,917	198,333	567	379	268	140	1,354	75,050	1,563	123,284
12/1/2024	1,666,667	1.75	2,917	201,250	567	379	268	140	1,354	76,404	1,563	124,847
1/1/2025	1,666,667	1.75	2,917	204,167	567	379	268	140	1,354	77,758	1,563	126,409
2/1/2025	1,666,667	1.75	2,917	207,083	567	379	268	140	1,354	79,112	1,563	127,972
3/1/2025	1,666,667	1.75	2,917	210,000	567	379	268	140	1,354	80,466	1,563	129,534
4/1/2025	1,666,667	1.75	2,917	212,917	567	379	268	140	1,354	81,820	1,563	131,097
5/1/2025	1,666,667	1.75	2,917	215,833	567	379	268	140	1,354	83,174	1,563	132,660
6/1/2025	1,666,667	1.75	2,917	218,750	567	379	268	140	1,354	84,528	1,563	134,222
7/1/2025	1,666,667	1.75	2,917	221,667	567	379	268	140	1,354	85,882	1,563	135,785
8/1/2025	1,666,667	1.75	2,917	224,583	567	379	268	140	1,354	87,236	1,563	137,347
9/1/2025	1,666,667	1.75	2,917	227,500	567	379	268	140	1,354	88,590	1,563	138,910

STATE OF Tennessee)

COUNTY OF Hamilton)

BEFORE ME, the undersigned, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Grady Stout, being by me first duly sworn deposed and said that:

He is appearing as a witness on behalf of Tennessee-American Water Company before the Tennessee Public Utility Commission, and duly sworn, verifies that the data requests and discovery responses are accurate to the best of his knowledge.



Grady Stout

Sworn to and subscribed before me
this 18 day of October, 2022.



Notary Public

My Commission expires: 10/20/2024



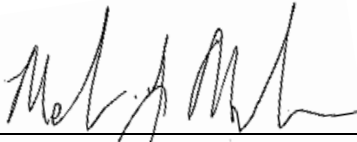
CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 27th day of October 2022.



Melvin J. Malone