

SUPERIOR WASTEWATER SYSTEMS

Providing Superior Wastewater Service to Tennessee

December 11, 2023

Ms. Michelle Mairs, Deputy Director
Utilities Division
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

**Re: PETITION OF SUPERIOR WASTEWATER SYSTEMMS, LLC TO ADOPT AN
ALTERNATIVE REGULATORY MECHANISM PURSUANT TO TENN. CODE
ANN. § 65-5-103(d)(7).**

**DOCKET NO. 23-00069
ARM TARIFF**

Dear Ms. Mairs:

On December 11, 2023, in Docket 23-00069, the voting panel in this Docket approved the establishment of an Alternative Regulatory Mechanism (ARM) tariff for Superior Wastewater Systems, LLC (SWS) to become effective on January 1, 2024.

Attached is a copy of SWS's ARM tariff with an effective date of January 1, 2024. A separate tariff filing implementing new rates from this ARM tariff was provided to you on November 6, 2023, and is still awaiting your approval.

Thank you for your timely consideration of this filing. Should you have any questions, or need anything further, please do not hesitate to contact me.

Sincerely,



John Powell
President & General Manager

Cc: William H. Novak

Superior Wastewater Systems Alternative Regulatory Mechanism (ARM)

Applicable

To service provided to customers in Ashby Communities, Hill & Roberts Parcel, Fox Parcel and Taliaferro Road Parcel.

Purpose

This Alternative Regulatory Mechanism (“ARM”) is implemented under the provisions of Tennessee Code Annotated Section 65-5-103(d)(7), which authorizes the Company to elect operation under an annual adjustment of the Company’s rates. Pursuant to this ARM and the annual filings described herein, the Company’s rates shall be annually reset to reflect the impact of changes in the Gross Domestic Product Implicit Price Deflator (“GDP-IPD”) Index from the 3rd quarter of the current year to the 3rd quarter of the preceding year.

Implementation

By November 30th of each year beginning in 2023, SWS shall make a filing with the Tennessee Public Utility Commission calculating the increase in the GDP-IPD Index from the 3rd quarter of the current year to the 3rd quarter of the preceding year. The GDP-IPD Index factors shall be gathered from Table 1.1.9 Implicit Price Deflators for Gross Domestic Product published by the Bureau of Economic Analysis of the United States Department of Commerce at www.bea.gov/iTable/. The increase in the GDP-IPD Index Factor for the preceding year shall be based on the GDP-IPD Index value for 3rd quarter of the current year divided by the GDP-IPD Index factor for the 3rd quarter of the previous year.

The percentage change in the GDP-IPD will be applied to the current base rate of SWS to produce the new base rate. The ARM will only be applied to the base rates of SWS and will NOT be applied to escrow rates, bond rates or temporary surcharges or refunds. The new base rate will be implemented for wastewater service on and after January 1 of the following year. In addition, the Company will also provide a pro forma revenue adjustment calculation as well as a Pro Forma Net Operating Income calculation in its annual filing.