

SUPERIOR WASTEWATER SYSTEMS

Providing Superior Wastewater Service to Tennessee

November 21, 2024

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

**Re: PETITION OF SUPERIOR WASTEWATER SYSTEMS, LLC TO ADOPT AN
ALTERNATIVE REGULATORY MECHANISM PURSUANT TO TENN. CODE
ANN. § 65-5-103(d)(7).
DOCKET NO. 23-00069**

ARM TARIFF FILING

Dear Ms. Mairs:

On December 11, 2023, the voting panel in this Docket approved an Alternative Regulatory Mechanism (ARM) whereby Superior Wastewater Systems, LLC is allowed to adjust rates based on the changes in the Gross Domestic Product Implicit Price Deflator (GDP-IPD) from the 3rd quarter of the previous year to the 3rd quarter of the current year.

On October 30, 2024, the Bureau of Economic Analysis published the GDP-IPD for the 3rd quarter of 2024. As a result, all factors for Superior's ARM calculation are now known. We are therefore making this ARM tariff filing now to become effective on January 1, 2025.

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

SUPERIOR WASTEWATER SYSTEMS

2024 ARM Filing for Calendar Year 2025

ARM Calculation Schedules

SUPERIOR WASTEWATER SYSTEMS
2024 ARM Filing for Calendar Year 2025
ARM Adjustment Calculation

Schedule 1

Line No.	Item	Amount
1	GDP-IPD Index Factor at 3rd Quarter 2023	122.768 A/
2	GDP-IPD Index Factor at 3rd Quarter 2024	<u>125.501 A/</u>
3	GDP-IPD Percentage Increase Factor (Line 2 / Line 1)	102.23%
4	Existing Base Charge	<u>\$45.64 B/</u>
5	New Adjusted Base Charge (L3 * L4)	<u><u>\$46.66</u></u>

NOTE: The structure for the ARM Calculation was presented on Table 3 of the direct testimony of John Powell in Docket No. 23-00069.

A/ Schedule 2.

B/ Schedule 3.

Line No.	Item	Amount
1	Gross Domestic Product - Implicit Price Deflator at 3rd Quarter 2023	122.768
2	Gross Domestic Product - Implicit Price Deflator at 3rd Quarter 2024	125.501

National Data												
National Income and Product Accounts												
<div>Publication Category NIPA Tables Interactive Data</div>												
<div>Table 1.1.9. Implicit Price Deflators for Gross Domestic Product</div> <div>[Index numbers, 2017=100] Seasonally adjusted</div> <div>Last Revised on: October 30, 2024 - Next Release Date November 27, 2024</div>												
Line		2022				2023				2024		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Gross domestic product	115.119	117.731	119.057	120.157	121.251	121.804	122.768	123.241	124.163	124.943	125.501

SOURCE: Table 1.1.9 Implicit Price Deflator for Gross Domestic Product published by the Bureau of Economic Analysis of the United States Department of Commerce at www.bea.gov/iTable/.

SUPERIOR WASTEWATER SYSTEMS
2024 ARM Filing for Calendar Year 2025
Existing Base Rates

Schedule 3

Line No.	Item	Amount
1	Existing Base Charge	\$45.64

Superior Wastewater Systems →		→	Third Revised Sheet #2
TPUC #1 →		→	Replacing Second Revised Sheet #2
Wastewater Tariff →		→	Effective Date: January 1, 2024
¶			
¶			
¶			
Superior Wastewater Systems			
Ashby Communities Billing Rates			
¶			
¶			
		□	Monthly Charge
Base Rate Charge			\$45.64
□			□
Escrow Charge			10.13
□			□
Bonding Charge **			-4.24
□			□
Rate Case Surcharge in Docket No. 22-00087 ***			6.01
□			□
Total			\$57.54

SOURCE: SWS Tariff Book.

SUPERIOR WASTEWATER SYSTEMS
2024 ARM Filing for Calendar Year 2025
Total ARM Revenue Adjustment Calculation

Schedule 4

Line No.	Item	Amount
1	New Adjusted Base Charge	\$46.66 <i>A/</i>
2	Existing Base Charge	<u>45.64 <i>B/</i></u>
3	Base Charge Adjustment (L1 - L2)	\$1.02
4	Customers at December 31, 2023	428 <i>C/</i>
5	Typical Annual Bills per Customer	<u>12</u>
6	Total Revenue Adjustment (L3 * L4 * L5)	<u><u>\$5,239</u></u>

A/ Schedule 1.

B/ Schedule 3.

C/ Schedule 6.

SUPERIOR WASTEWATER SYSTEMS
2024 ARM Filing for Calendar Year 2025
Total Net Operating Income Comparison

Schedule 5

Line No.	Item	Amount
1	2023 Total Operating Expenses	\$229,140 A/
2	Fair Operating Margin	<u>10.00% B/</u>
3	Required Net Operating Income (L1 * L2)	<u>\$22,914</u>
4	Net Operating Income at Current Rates	\$802 A/
5	Revenue Adjustment	<u>5,239 C/</u>
6	Total Net Operating Income (L4 + L5)	<u>\$6,041</u>
7	Net Operating Income Difference (L3 - L6)	<u>\$16,873</u>

A/ Schedule 7.

B/ Rate adopted by TPUC in Docket 22-00087, Party Staff Exhibit, Schedule 1.

C/ Schedule 4.

Schedule 6

Line No.	Item	Amount
1	2023 Customers	428

S-3

Name of Respondent	This Report is:	Date of Report	Year of Report
Superior Wastewater Systems, LLC	(1) <u>X</u> An Original (2) <u> </u> A Resubmission	(Mo, Da, Yr) 3-31-24	2023
SEWER OPERATION & MAINTENANCE EXPENSE			
Acct No.	Description (a)	Amount (b)	
701	Salaries & Wages - Employees	\$0	
703	Salaries & Wages - Officers, Directors & Stockholders	0	
704	Employee Pensions & Benefits	32,244	
710	Purchased Sewage Treatment	0	
711	Sludge Removal Expense	0	
715	Purchased Power	13,415	
716	Fuel for Power Production	0	
718	Chemicals	0	
720	Materials & Supplies	4,299	
730	Contractual Services	98,530	
740	Rents	0	
750	Transportation Expense	1,074	
755	Insurance Expense	7,390	
765	Regulatory Commission Expense	0	
770	Bad Debt Expense	0	
775	Miscellaneous Expenses	62,835	
Total Sewer Operation & Maintenance Expense		\$219,786	

SEWER CUSTOMERS				
Description (a)	Customers First of Year (b)	Additions (c)	Disconnections (d)	Customers End of Year (e)
Metered Customers:				
5/8 Inch	352	76	0	428
3/4 Inch	0	0	0	0
1.0 Inch	0	0	0	0
1.5 Inch	0	0	0	0
2.0 Inch	0	0	0	0
2.5 Inch	0	0	0	0
3.0 Inch	0	0	0	0
4.0 Inch	0	0	0	0
6.0 Inch	0	0	0	0
8.0 Inch	0	0	0	0
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
Unmetered Customers	0	0	0	0
Total Customers	352	76	0	428

SOURCE: SWS 2023 TPUC Annual Report.

SUPERIOR WASTEWATER SYSTEMS
2024 ARM Filing for Calendar Year 2025
Net Operating Income for 2023

Schedule 7

Line No.	Item	Amount
1	Total Operating Expenses	\$229,140
2	Net Operating Income	\$802

Name of Respondent		This Report is:		Date of Report	Year of Report
Superior Wastewater Systems, LLC		(1) <u>X</u> An Original (2) <u> </u> A Resubmission		(Mo, Da, Yr) 3-31-24	2023
INCOME STATEMENT					
Account Name (a)	Ref Page (b)	Water (c)	Sewer (d)	Other (e)	Total (f)
Gross Revenue:					
Residential			\$229,942		\$229,942
Commercial			0		0
Industrial			0		0
Multi-Family			0		0
Other (Please Specify)			0		0
Other (Please Specify)			0		0
Other (Please Specify)			0		0
Other (Please Specify)			0		0
Total Gross Revenue			\$229,942		\$229,942
Operation & Maint. Expense					
Depreciation Expense	W3/S3		\$219,786		\$219,786
Amortization Expense	F-5		0		0
Other Expense (Please Specify)			0		0
Other Expense (Please Specify)			0		0
Taxes Other Than Income	F-7		9,354		9,354
Income Taxes	F-7		0		0
Total Operating Expenses			\$229,140		\$229,140
Net Operating Income					
			\$802		\$802
Other Income:					
Nonutility Income			\$0		\$0
Other (Please Specify)			0		0
Other (Please Specify)			0		0
Other (Please Specify)			0		0
Other (Please Specify)			0		0
Total Other Income			\$0		\$0
Other Deductions:					
Misc. Nonutility Expenses			\$0		\$0
Other - Interest Expense			0		0
Other (Please Specify)			0		0
Other (Please Specify)			0		0
Other (Please Specify)			0		0
Total Other Deductions			\$0		\$0
Net Income					
			\$802		\$802

SOURCE: SWS 2023 TPUC Annual Report.

SUPERIOR WASTEWATER SYSTEMS

DOCKET 23-00069

**ALTERNATIVE REGULATORY
MECHANISM**

**UNREDACTED (CLEAN) TARIFF
SHEETS**

Superior Wastewater Systems
Wastewater Service Billing Summary
Residential Service

System	Monthly Charge
Ashby Communities – Sheet 2	\$52.55
Hill and Roberts Parcels – Sheet 3	56.79
Fox Parcel – Sheet 4	56.79
Taliaferro Road Parcel – Sheet 5	56.79
Triune–Residential – Sheet 6	70.00

Commercial Service

System	Volumetric Charge Per 1000 Gals
Triune-Low Strength Effluent Disposal – Sheet 11	\$8.11
Triune-Medium Strength Effluent Disposal – Sheet 12	10.38
Triune-High Strength Effluent Disposal – Sheet 13	15.66
Triune-Hotels – Sheet 14	10.38

Superior Wastewater Systems
Ashby Communities Billing Rates

	Monthly Charge
Base Rate Charge	\$46.66
Escrow Charge	10.13
Bonding Charge **	-4.24
Total	\$52.55

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Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00

** Bonding Cost incurred is passed through to the customer with no markup by the Company.

Total Bonding Cost		
Amount of Bond	\$147,500	
Interest Rate	7.95%	(1% Letter of Credit + 6.95% Debt Funding)
Bond Pass-Thru Cost	\$11,726	
Less Prior Recovered Cost	24,744	
Total Surcharge/(Refund)	\$-13,018	
Projected Bills	3,067	(256 Customers * 12 Months)
Total	\$-4.24	

Superior Wastewater Systems
Hill and Roberts Parcel Billing Rates

	Monthly Charge
Base Rate Charge	\$46.66
Escrow Charge	10.13
Bonding Charge **	0.00
Total	\$56.79

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Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00

** Bonding Cost incurred is passed through to the customer with no markup by the Company.

Superior Wastewater Systems
Fox Parcel Billing Rates

	Monthly Charge
Base Rate Charge	\$46.66
Escrow Charge	10.13
Bonding Charge **	0.00
Total	\$56.79

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Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00

** Bonding Cost incurred is passed through to the customer with no markup by the Company.

Superior Wastewater Systems
Taliaferro Road Parcel Billing Rates

	Monthly Charge
Base Rate Charge	\$46.66
Escrow Charge	10.13
Bonding Charge **	0.00
Total	\$56.79

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Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00

** Bonding Cost incurred is passed through to the customer with no markup by the Company.

SUPERIOR WASTEWATER SYSTEMS

DOCKET 23-00069

**ALTERNATIVE REGULATORY
MECHANISM**

REDLINE TARIFF SHEETS

**Superior Wastewater Systems
Wastewater Service Billing Summary
Residential Service**

System	Monthly Charge
Ashby Communities – Sheet 2	\$51.53 <u>52.55</u>
Hill and Roberts Parcels – Sheet 3	55.77 <u>56.79</u>
Fox Parcel – Sheet 4	55.77 <u>56.79</u>
Taliaferro Road Parcel – Sheet 5	55.77 <u>56.79</u>
Triune-Residential – Sheet 6	70.00

Commercial Service

System	Volumetric Charge Per 1000 Gals
Triune-Low Strength Effluent Disposal – Sheet 11	\$8.11
Triune-Medium Strength Effluent Disposal – Sheet 12	10.38
Triune-High Strength Effluent Disposal – Sheet 13	15.66
Triune-Hotels – Sheet 14	10.38

**Superior Wastewater Systems
Ashby Communities Billing Rates**

	Monthly Charge
Base Rate Charge	\$45.64 <u>46.66</u>
Escrow Charge	10.13
Bonding Charge **	-4.24
Total	\$51.53 <u>52.55</u>

Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00

**** Bonding Cost incurred is passed through to the customer with no markup by the Company.**

Total Bonding Cost		
Amount of Bond	\$147,500	
Interest Rate	<u>7.95%</u>	(1% Letter of Credit + 6.95% Debt Funding)
Bond Pass-Thru Cost	\$11,726	
Less Prior Recovered Cost	<u>24,744</u>	
Total Surcharge/(Refund)	\$-13,018	
Projected Bills	<u>3,067</u>	(256 Customers * 12 Months)
Total	\$-4.24	

Issued By:
John Powell, President & General Manager

**Superior Wastewater Systems
Hill and Roberts Parcel Billing Rates**

	Monthly Charge
Base Rate Charge	\$45.64 <u>46.66</u>
Escrow Charge	10.13
Bonding Charge **	0.00
Total	\$55.77 <u>56.79</u>

Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00

**** Bonding Cost incurred is passed through to the customer with no markup by the Company.**

**Superior Wastewater Systems
Fox Parcel Billing Rates**

	Monthly Charge
Base Rate Charge	\$45.64 <u>46.66</u>
Escrow Charge	10.13
Bonding Charge **	0.00
Total	\$55.77 <u>56.79</u>

Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00

**** Bonding Cost incurred is passed through to the customer with no markup by the Company.**

**Superior Wastewater Systems
Taliaferro Road Parcel Billing Rates**

	Monthly Charge
Base Rate Charge	\$45.64 <u>46.66</u>
Escrow Charge	10.13
Bonding Charge **	0.00
Total	\$55.77 <u>56.79</u>

Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00

**** Bonding Cost incurred is passed through to the customer with no markup by the Company.**