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Electronically Filed in TPUC Docket Room
on April 30, 2024 at 10:45 a.m.

April 30, 2024

Chairman Herbert H. Hilliard
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deadrick Street, 4th Floor
Nashville, TN 37243
Tpuc.docketroom@tn.gov

Via Email

Re: Tennessee Water Service, Inc. Petition for Approval of Its 2024 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6) and Request for Rate Structure Modification, TPUC Docket No. 24-**00028**

Dear Chairman Hilliard,

Enclosed is Tennessee Water Service, Inc.'s Petition for approval of its 2024 Annual Rate Review filing pursuant to Tenn. Code Ann. § 65-5-103(d)(6) and request for rate structure modification.

Attached please find the following documents for filing:

1. Petition;
2. Direct Testimony of Tiffany Van Horn (attached as Appendix A to Petition);
3. Direct Testimony and Schedules/Exhibits of Philip J. Drennan (attached as Appendix B to Petition); and
4. Schedule H – Cost Allocation Manual (Confidential).

In addition to this electronic filing, we will deliver hard copies of the Petition, Testimonies and exhibits, and a filing fee in this matter.

A courtesy copy of this filing is being provided to the Consumer Advocate.

Sincerely,



Ryan A. Freeman
For the Firm

April 30, 2024
Page 2

CC:

Tiffany Van Horn, via email.

Enclosure

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

IN RE:)	
)	
TENNESSEE WATER SERVICE, INC.)	
PETITION FOR APPROVAL OF ITS)	DOCKET NO. 24- <u>00028</u>
2024 ANNUAL RATE REVIEW FILING)	
PURSUANT TO TENN. CODE ANN. § 65-)	
5-103(d)(6) AND REQUEST FOR RATE)	
STRUCTURE MODIFICATION)	
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**PETITION FOR APPROVAL OF 2024 RATE REVIEW FILING AND
RATE STRUCTURE MODIFICATION**

NOW COMES Tennessee Water Services, Inc. (“TWS” or the “Company”), by and through counsel and pursuant to the provisions of Tenn. Code Ann. § 65-5-103(d)(6), hereby files this Petition for Approval of its 2024 Annual Rate Review Filing (“Petition”) pursuant to its Annual Review Mechanism (“ARM”) approved in Docket No. 23-00046. In support of this Petition, TWS states as follows:

General Information

1. TWS is a public utility organized under the laws of Tennessee, operating in Tennessee, engaged in the provision of water utility service to the public for compensation. The Company’s business address is #2 N. Wolfscratch Drive, Jasper, GA 30143. The contact person for the Company in this matter is Tiffany Van Horn, President of TWS, at Tiffany.Vanhorn@uiwater.com.

2. All correspondence and communications with respect to this Petition should be sent to the following:

Ryan A. Freeman, Esq.
Baker, Donelson, Bearman
Caldwell & Berkowitz, PC
Suite 1900 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450

Philip J. Drennan
VP, Finance
Tennessee Water Service, Inc.
500 W. Monroe Street, Suite 3600
Chicago, IL 60661-3779

3. TWS is an investor-owned public utility pursuant to Tenn. Code Ann. § 65-4-101 and provides water service pursuant to a Certificate of Public Convenience and Necessity granted in January 1984 in Docket No. U-83-7240. The Company does business as a regulated water utility in Tennessee and is subject to the regulatory oversight of this Commission. The Company presently serves approximately 418 water customers in Tennessee and operates one water system in the Chalet Village Subdivision located in Sevier County, Tennessee.

ARM Request

4. In Docket No. 23-00046, the Company requested approval to establish an annual review of its rates based upon the methodology adopted in its last general rate case (Docket No. 19-00028) and pursuant to Tenn. Code Ann. § 65-5-103(d)(6). By order on November 16, 2023, the Tennessee Public Utility Commission (the “Commission”) approved a Stipulation and Settlement Agreement proffered by the Company and the Consumer Advocate Division of the Office of the Attorney General of Tennessee (the “Consumer Advocate”) (the “2023 ARM Order”).

5. TWS' ARM, as approved by the 2023 ARM Order and adopted as a part of TWS' Tariff, requires the Company to submit an annual filing on or before April 30 of each year. Pursuant to the 2023 ARM Order, the Company hereby requests the Commission conduct its annual rate review of the Company's 2023 Historic Test Period revenues and expenses, as adjusted consistent with the approved ARM methodologies, and Attrition Period, as adjusted consistent with the approved ARM methodologies, and approve new rates and the corresponding tariff sheets effective September 1, 2024.

6. Pursuant to the 2023 ARM Order, and the Stipulation and Settlement Agreement it adopted, the Company is not requesting a rate increase as a result of this ARM filing. Instead, the result of the application of the ARM methodologies and request for adjustment is reflected fully in the Pre-filed Direct Testimony of Philip J. Drennan and on the proposed revised tariff sheets, attached to Mr. Drennan's testimony as Exhibit 1, Schedule G, and it reflects an approximately 0.09% decrease in rates.

Rate Structure Modification Request

7. The Company's current rate structure reflects the rate structure approved in its last general rate case (Docket No. 19-00028) (the "2019 General Rate Case"). In the 2019 General Rate Case, the Commission increased the Base Charge, dropped the monthly usage allowance, and maintained a single volumetric rate block. As reflected in the Pre-filed Direct Testimony of Tiffany Van Horn, TWS has communicated and met with numerous customers and members of the Chalet Village Homeowners Association Board since the 2019 rate case, and feedback from customers has revealed a desire to modify the current rate structure, which customers have communicated to the Company creates an uneven burden across the customer base due to the unique blend of year-round, seasonally active, and rental customers.

8. Pursuant to this feedback, the Company has analyzed the 2023 usage across the Chalet Village system to determine the billable usage at various consumption thresholds to identify potential reasonable cutoffs for instituting addition usage blocks. As fully explained in the Pre-filed Direct Testimonies of Mr. Drennan and Ms. Van Horn, the Company is proposing the following changes in its current rate structure, which takes into account the requested rate decrease:

Current Rates			Proposed Rates		
Base Charge	\$ 50.00	Includes 1,000 Gallons	Base Charge	\$ 49.96	Includes 2,000 Gallons
Usage Charge	\$ 14.95	Above 1,000 Gallons	Tier 1	\$ 16.93	2,001 - 6,000 Gallons
			Tier 2	\$ 19.98	6,001 - 12,000 Gallons
			Tier 3	\$ 22.88	Above 12,000 Gallons

9. The changes pictured above are further detailed in Exhibit 1, Schedule B-1 to the Pre-Filed Direct Testimony of Mr. Drennan, which reflects the Company's comparison data in transitions from present tariff and present rate revenues to the proposed tariff (at the same revenues), and then transitioning to the proposed rate structure at the Attrition Period Revenues. Further, Exhibit 1, Schedule B-2 reflects the bill comparisons of these three layers and their calculated variances, showing that the resulting proposed rate design at Attrition Period revenues would generate lower bills for customers consuming up to approximately 7,000 gallons/month.

10. The proposed changes to the Company's rate structure are reflected in the proposed tariff, attached as Exhibit 1, Schedule G to the Pre-filed Direct Testimony of Mr. Drennan. TWS requests that the Commission approve these changes to its rate structure as in the public interest because such changes, on their own, have a revenue neutral effect and reflect the customer

feedback the Company has received since the changes made to its rate structure in the 2019 General Rate Case.

11. In accordance with Commission Rule 1220-04-01-.05, TWS will notify its customers of the proposed changes to its rate structure by publication in newspaper and by insert in billing statements sent by direct mail to customers' billing addresses on file with TWS. A copy of the mailed notice will be filed in this docket following the filing of this Petition and the determination of the docket number for this proceeding. A copy of the notice will also be posted at the Company's principal business office and at the clubhouse in Chalet Village and will remain displayed until the hearing on this matter has been conducted.

12. In further support of this Petition, TWS has filed simultaneously with this Petition the following:

- a) Pre-filed Direct Testimony of Tiffany Van Horn, President of TWS, regarding water service, an update on Chalet Village rebuilding, and feedback from customers regarding rate structure.
- b) Pre-filed Direct Testimony, Exhibits, and Workpapers of Philip J. Drennan, Regional Vice President of Finance for TWS, regarding the Company's ARM filing and revised rate structure request.

WHEREFORE, TWS respectfully requests:

1. That the Commission find the Company has provided the necessary schedules and other documentation to establish compliance with the minimum filing requirements and other terms of the 2023 ARM Order and TWS' ARM, as reflected in its Tariff;

2. That the Commission approve TWS' prescribed ARM adjustment of a 0.09% decrease its revenue requirement to be applied to tariff rates as reflected in the proposed tariff submitted with this Petition;

3. That the Commission approve TWS' proposed rate design and structure as reflected in the proposed tariff submitted with this Petition; and

4. That TWS be granted such other and/or further relief as may be warranted.

Respectfully Submitted,

RYAN FREEMAN, Esq. (TN BPR No. 033299)
Baker Donelson
633 Chestnut Street
Suite 1900
Chattanooga, Tennessee 37450
Phone: 423-209-4181
Fax: 423-752-9531
Email: rfreeman@bakerdonelson.com

VERIFICATION

STATE OF Georgia)

COUNTY OF Paulding)

I, Tiffany Van Horn, being duly sworn, state that I am the President of Tennessee Water Service, Inc., the Petitioner, in the subject proceeding; that I am authorized to make this verification on behalf of Tennessee Water Service, Inc.; that I have read the foregoing Petition and exhibits and know the content thereof; that the same are true and correct to the best of my knowledge, information, and belief.

Tiffany Van Horn

Tiffany Van Horn

Sworn and subscribed before me this 29 day of April, 2024.

K Campbell

Notary Public

My Commission Expires: 11/07/27

