

The Company's business address is #2 N. Wolfscratch Drive, Jasper, GA 30143. The Company's public utility operations, including its rates, terms, and conditions of service, are subject to the jurisdiction of this Commission.

3. In Docket No. 23-00046, the Commission approved by order on November 16, 2023 TWS's request 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).

4. In the current Docket, TWS has filed its first petition for approval of its newly established annual rate filing. TWS also requested the modification of its current rate structure to adjust the volume of water included in the base charge and create a tiered volumetric charge above the base charge.

5. On May 16, 2024, the Consumer Advocate filed its Petition to Intervene, which was granted by TPUC in an order dated June 11, 2024. The Consumer Advocate is the only intervenor of record in the Docket.

6. On July 1, 2024, the Consumer Advocate submitted direct expert testimony and supporting exhibits from its expert witness, Mr. David N. Dittemore, which recommended the TPUC reject the portion of Accumulated Deferred Income Tax ("ADIT") Liability related to the Net Operating Loss ("NOL") federal and state tax assets and remove the balances from Rate Base. He further recommended TPUC approve TWS's proposed amortization periods for 2019 Operating Losses and its initial ARM filing costs as well as the proposed rate design modification. Finally, Mr. Dittemore recommended TPUC require new tariff language that meter reads for TWS customers occur within 33 days of the prior reading.

7. TWS responded to both formal and informal discovery requests from the Consumer Advocate, with the Parties' witnesses and other representatives meeting multiple times by video conference and telephone call to discuss the issues and documentation presented in the docket.

8. The Parties have engaged in settlement discussions in this matter and have resolved all issues raised by the Parties in this docket.

9. For the purpose of avoiding further litigation, resolving this proceeding upon acceptable terms, and in furtherance of this Settlement Agreement and the new tariff sheet attached as Exhibit A, the Parties have agreed to the settlement terms set forth below, subject to TPUC approval, which the Parties jointly request.

SETTLEMENT TERMS

TWS's Annual Rate Filing, as set forth in its Petition, should be approved by the Commission as filed but with the following clarifications and modification incorporated therein as hereby agreed to by the Parties. Specific changes agreed to by the Parties are as follows:

10. ADIT/NOL Rate Base Adjustment. The Parties agree that the portion of ADIT related to the Federal NOL tax asset be removed from rate base while the State NOL tax asset be included in rate base. This agreement would modify Mr. Dittemore's calculated revenue excess from \$10,145 in the historical period to \$8,732. The Parties agree that the rate adjustment for this revenue excess be reflected as a decrease to the proposed base charge and fire charges of \$1.42 per month, from the proposed base charge of \$49.96 per month to \$48.54, and Standby Charges for Multi-Use and Fire Only connections from \$35.77 and \$71.53 per month, respectively, to \$34.35 and \$70.11, respectively.

11. The parties agree that TWS will provide supporting calculations for any state NOL that it seeks to include in Rate Base. This will include a reconciliation between the state tax return and the state NOL calculation.
12. The parties agree that if TWS seeks to include a federal NOL in its Rate Base, it will identify the consolidated company NOL along with supporting information identifying the period(s) in which such tax loss occurred and the underlying tax loss calculations.
13. The parties agree that if TWS seeks to include a federal NOL in its rate base, it will provide the calculations and annual buildup of tax loss calculations that reconcile to the book balance
14. Meter Read Frequency. TWS will incorporate a new provision in its tariff (reflected on Exhibit A) that requires proration of the volumetric block usage if a customer's meter is read outside certain date ranges.

GENERAL TERMS

15. The Settlement Agreement does not address any other issues or adjustments raised by the Consumer Advocate's testimony except those expressly agreed upon within this Settlement Agreement. Any issues or adjustments not expressly addressed in this Settlement Agreement are reserved by both Parties to be raised in future ARM proceedings unless otherwise specified in the preceding terms.
16. All schedules, pre-filed testimony and exhibits, discovery responses, and other documents filed with the Commission in this docket are requested to be admitted into evidence without objection, and the Parties waive their right to cross-examine all witnesses with respect to all such pre-filed testimony, exhibits, and schedules. If the

Commission requires the presence of witnesses for the final hearing and if the Commissioners desire to question any witness regarding their testimony or this settlement, any Party may present testimony and exhibits to respond to such questions and may cross-examine any witnesses with respect to such testimony and exhibits. The Parties hereby request approval from TPUC for any out-of-town witnesses to participate by telephone or video conference to reduce the costs associated with appearing physically for the hearing.

17. The Parties agree to support this Settlement Agreement before the Commission and in any testimony, hearing, proposed order, or brief conducted or filed in this proceeding. The provisions of this Settlement Agreement reflect compromises and acceptance of actions, positions, or policies done solely for the purposes of settlement of this matter. The provisions in this Settlement Agreement do not necessarily reflect the positions asserted by any Party. None of the Parties to this Settlement Agreement shall be deemed to have acquiesced in or agreed to any ratemaking or accounting methodology or procedural principle, including without limitation, any cost-of-service determination or cost-allocation or revenue-related methodology, except to the limited extent necessary to implement the provisions hereof.
18. This Settlement Agreement shall not have any precedential effect in any future proceeding or be binding on any of the Parties in this or any other jurisdiction except to the limited extent necessary to implement the provisions hereof. The Parties are free to take different positions in future proceedings as each Party deems appropriate for that proceeding.

19. The terms of this Settlement Agreement have resulted from extensive negotiations between the signatories, and the terms hereof are interdependent. The Parties jointly recommend that the Commission issue an order adopting this Settlement Agreement in its entirety without modification.
20. If the Commission does not accept the settlement in whole, the Parties are not bound by any position or term set forth in this Settlement Agreement. In the event that the Commission does not approve this Settlement Agreement in its entirety, each of the signatories to this Settlement Agreement will retain the right to terminate this Settlement Agreement by giving notice of the exercise of such right within ten (10) business days of the date of such non-approval; provided, however, that the signatories to this Settlement Agreement could, by unanimous consent, elect to modify this Settlement Agreement to address any modification required by, or issues raised by, the Commission within the same time frame. Should this Settlement Agreement terminate, it would be considered void and have no binding precedential effect, and the signatories to this Settlement Agreement would reserve their rights to resume and advocate for their prior positions and to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Settlement Agreement.
21. By agreeing to this Settlement Agreement, no Party waives any right to continue litigating this matter should this Settlement Agreement be rejected by the Commission in whole or in part.
22. No provision of this Settlement Agreement shall be deemed an admission of any

Party, and no provision of this Settlement Agreement shall be deemed a waiver of any position asserted by a Party in this Docket, except to the limited extent necessary to implement the provisions thereof.

23. The Parties agree that this Settlement Agreement constitutes the complete understanding between the Parties concerning the resolution of issues and matters under this TPUC Docket No. 24-00028, and any oral statements, representations or agreements concerning such issues and matters made prior to the execution of this Settlement Agreement have been merged into this Settlement Agreement.
24. All exhibits and schedules attached to or referenced in this Settlement Agreement are hereby incorporated by reference into this Settlement Agreement.
25. The Consumer Advocate's agreement to this Settlement Agreement is expressly premised upon the truthfulness, accuracy, and completeness of the information provided by TWS to the Consumer Advocate throughout the course of this docket, which information was relied upon by the Consumer Advocate in negotiating and agreeing to the terms and conditions of this Settlement Agreement.
26. The acceptance of this Settlement Agreement by the Attorney General shall not be deemed as an approval by the Attorney General of any of TWS' acts or practices.
27. Each signatory to this Settlement Agreement represents and warrants that it/he/she has informed, advised, and otherwise consulted with the Party for whom it/he/she signs regarding the contents and significance of this Settlement Agreement and has obtained authority to sign on behalf of such Party, and based upon those communications, each signatory represents and warrants that it/he/she is authorized

to execute this Settlement Agreement on behalf of its/his/her respecting Party.

28. This Settlement Agreement shall be governed by and construed under the laws of the State of Tennessee, Tennessee choice of law rules notwithstanding.
29. Nothing herein limits or alters the sovereign immunity of the State of Tennessee or any of its entities or subdivisions.
30. The Parties agree that approval of the Settlement Agreement will become effective upon the verbal decision of the Commission at a noticed, public Commission conference meeting.

The foregoing is agreed and stipulated to this 25th day of July, 2024.

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Stipulation and Settlement Agreement
Tennessee Public Utility Commission Docket No. 24-00028
Signature Page

TENNESSEE WATER SERVICES, INC.

HAVE SEEN AND AGREED.

By:

Tiffany Van Horn
Signer ID: FFYRZO0V13...

Counsel for Company:

Ryan Freeman

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

[additional signature page follows – remainder of page intentionally left blank]

Stipulation and Settlement Agreement
Tennessee Public Utility Commission Docket No. 24-00028
Signature Page

CONSUMER ADVOCATE DIVISION

HAVE SEEN AND AGREED.

By:

A handwritten signature in blue ink that reads "Jonathan Skrmetti" with "at permission" written below it.

JONATHAN SKRMETTI (BPR No. 031551)
Attorney General and Reporter
State of Tennessee

A handwritten signature in blue ink that reads "Shilina B. Brown".

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