

**24-00032**

**TENNESSEE PUBLIC UTILITY COMMISSION NO. 20**

**TENNESSEE-AMERICAN WATER COMPANY  
CHATTANOOGA, TENNESSEE**

**RATES, RULES, REGULATIONS AND CONDITIONS OF WATER SERVICE**

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Issued by: Grant A. Evitts, President

109 Wiehl Street

Chattanooga, Tennessee 37403

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**CLASSIFICATION OF SERVICE**

**RESIDENTIAL**

1. Schedule of Rate and Charges Available For:

- a. Rate Zone 1 is available for public water supply service in all territories serviced by the Company except the Jasper Highlands area. (C)  
(C)
- b. Rate Zone 2 is available for public water supply service to the Company's Jasper Highlands area. (C)  
(C)

(C) Change

**CLASSIFICATION OF SERVICE**

**NON-RESIDENTIAL**

1. Schedule of Rate and Charges Available for Commercial, Industrial, Other Public Authority, Sale (C)  
for Resale (non-special contract): (C)
  - a. Rate Zone 1 is available for public water supply service in all territories serviced by the (C)  
Company except the Jasper Highlands area. (C)
  - b. Rate Zone 2 is available for public water supply service to the Company's Jasper Highlands (C)  
area.

(C) Change

**CLASSIFICATION OF SERVICE****RESIDENTIAL & NON-RESIDENTIAL**

**Rate Zone 1** (C)  
**Meter Rate and Volumetric Rate**

**AVAILABILITY** – Residential and Non-Residential (Commercial, Industrial, Other Public Authority, and (C)  
Sale for Resale (Non-Special Contract)) in the following areas: Chattanooga, Lookout Mountain, (C)  
Lakeview, Suck Creek, Whitwell (inside), and Whitwell (outside). (C)

**SERVICE CHARGES:**

<b><u>Service Charge Per Month</u></b>			(C)
<b><u>Meter Size</u></b>	<b><u>Residential Monthly Billing</u></b>	<b><u>Non-Residential Monthly Billing</u></b>	
5/8"	21.50	27.50	(C)
3/4"	32.25	41.00	(C)
1"	53.75	68.50	(C)
1-1/2"	107.50	137.50	(C)
2"	172.00	219.50	(C)
3"	344.00	438.50	(C)
4"	537.50	686.50	(C)
6"	1,075.00	1,372.50	(C)
8"	1,720.00	2,196.50	(C)

**VOLUMETRIC CHARGES:****Cost per 100 Gallons**

**Residential:** All water used for residential service is charged at **\$1.28091 per 100 gallons** after the first (C)  
30hgal. (C)

**Non-Residential:**

<b><u>Monthly Use</u></b>	<b><u>Non-Residential</u></b>	(C)
First 30	0.05969	
Next 456	0.94791	
Next 3,254	0.59574	
Next 33,660	0.42075	
Next 74,600	0.32145	
Over 112,000	0.19122	

(C) Change

**CLASSIFICATION OF SERVICE****RESIDENTIAL & NON-RESIDENTIAL**

**Rate Zone 2** (C)  
**Meter and Volumetric Rate**

**AVAILABILITY** – Residential and Non-Residential (Commercial, and Other Public Authority), in the following rate territories; Jasper Highlands development in Kimball, TN. (C)

**SERVICE CHARGES:****Service Charge Per Month**

<u>Meter Size</u>	<u>Residential &amp; Non-Residential</u>	(C)
	<u>Monthly Billing</u>	
5/8"	52.15	
3/4"	52.15	
1"	52.15	
1-1/2"	52.15	
2"	52.15	
3"	52.15	
4"	52.15	
6"	52.15	
8"	52.15	

**VOLUMETRIC CHARGES:****Cost per 100 Gallons**

**Residential & Non-Residential:** All water used for residential, and non-residential service is charged at **\$1.11790 per 100 gallons** after the first 25hgal. (C)

(C) Change

**CLASSIFICATION OF SERVICE**

**SALE FOR RESALE SPECIAL CONTRACT**

Schedule of Rates and Charges Available For:

Other entities that provide retail water service to customers and have contracted to purchase potable water under special contract pricing.

**VOLUMETRIC RATES:**

	<b><u>Per 100 Gallons</u></b>	(C)
<b>Contract</b>	<b>Rate (All Monthly Use)</b>	
Ft Oglethorpe Tariff	\$.19830	
Catoosa Count Tariff	\$.22586	
Walker County Tariff	\$.19015	
Signal Mountain Utility District Tariff	\$.19456	

(C) Change

**CLASSIFICATION OF SERVICE**

**PUBLIC FIRE SERVICE**

Available For:

Public Fire Service in all areas served by the Company.

<b><u>Rates</u></b>	<b><u>Rates Per Annum – Billed Monthly</u></b>
Each Public Fire Hydrant	\$0.00



**CLASSIFICATION OF SERVICE****PRIVATE FIRE****Rate Zone 1 and Rate Zone 2**

**AVAILABILITY** – Private Fire Service in all territories served by the Company. Private Fire Service is rendered Only after approval by the Engineering Department of the Company of an “Application for Special Connection” and Only in accordance with the terms and conditions as approved therein. (C)

**SERVICE CHARGES:****Service Charge Per Month**

<b><u>Meter Size</u></b>	<b><u>Monthly</u></b>	<b><u>Quarterly</u></b>	
1”	4.70	14.10	(I)
1-1/2”	10.70	32.10	(I)
2”	19.00	57.00	(I)
2-1/2”	28.90	86.70	(I)
3”	42.60	127.80	(I)
4”	85.50	256.50	(I)
6”	170.75	512.25	(I)
8”	341.65	1,024.95	(I)
10”	512.40	1,537.20	(I)
12	683.30	2,049.90	(I)
Public Hydrants	162.86	488.58	(N)

(C) Change

(I) Increase

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**GENERAL PROVISIONS APPLICABLE TO ALL WATER SERVICE**

All bills for service are due upon presentation. A late payment charge will be assessed to bills that remain unpaid 27 days after they are first rendered. The effective date of the late payment charge will be stated (C) on the bill. The net amounts shown on the bill shall apply if payment is made on or before the late payment date. Payments made after that date shall be for the gross amount which shall be greater by percent (5%) than the net billing.

The Water Company will furnish, install and maintain all meters except those required by it to be set on "Fire Service Connections" in accordance with the terms and of "Application for Special Connections" attached thereto.

The Water Company Reserves the right, subject to the approval of the Tennessee Public Utility Commission to make special contracts for water service. (C)

(C) Change

**CLASSIFICATION OF SERVICE**

**MISCELLANEOUS AND OTHER FEES**

Applicable for:

All areas served by the Company. (C)

**Activation Fee**

When the Company is requested to turn on and/or set a meter at a location where there is pre-existing Company Service, a fee of \$25.00 may be charged to cover the expense involved.

(C)

This fee shall not be applied to a landlord when the landlord requests continuation of service in their name for

Their rental property during an interim period between permanent tenants.

(C)

(C) Change

**CLASSIFICATION OF SERVICE****SEWER BILLING DATA AND SERVICE DISCONNECTION****Available for:**

Any private or public entity that provides sewer collection and billing services based on water usage in all territories served by the Company.

**Availability of Service**

Available for sewer providers that have contracted with the Company to receive water usage data for such entity's own billing purposes. This rate will include only the provision of water usage data.

Disconnection of Water service requested by the entity for non-payment of sewer billing may be billed to the entity at Tennessee-American Water Company ("TAWC") approved disconnection/reconnect rate for each disconnection performed. Disconnections may occur even if the customer is current on all water service payments to the Company. Prior to such disconnection request, the sewer entity shall satisfy all notice requirements to the sewer customer.

**Rates**

Rates Per Meter Read	\$0.020
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**Billing**

The billing shall be monthly. This rate will be applied at the billing date to the total number of meters read during the month for which usage data is to be provided. Any discontinued water connections during the month will be included in the billed number of meters. The rate will be applied for each meter even if there are multiple meters for single customers, bill or account.

The number of disconnections during the month at the request of the entity to be billed to the entity will be included in the monthly billing at the approved disconnect/reconnect rate even if the customer has not yet been reconnected at the billing date.

**CLASSIFICATION OF SERVICE****DISCONNECTION – RECONNECTION CHARGE**

When it becomes necessary to discontinue water service to any premises because of a violation of the Company's Rules and Regulations on account of non-payment of any bill for water service, a charge of thirty (\$30.00) dollars may be incurred to cover the expense involved with disconnecting and reconnecting the service. (C)

If a customer's water service is discontinued for non-payment of sewer service and such customer is a sewer customer of an entity that has contracted with the Company for disconnection within five (5) days of notification by the sewer entity, a charge of forty-eight dollars (\$48.00) may be made to cover the expense involved.

In the event a customer's water service has been discontinued by the Company and said customer re-establishes services illegally, the Company will take steps to de-activate the service line to the customer. In order to re-activate the service in such circumstances, a meter tapering penalty fee and a disconnection-reconnection fee may be incurred to cover the expense of re-activating the service.

If a customer requests reconnection after hours, there will be an additional \$40.00 charge applied in addition to the standard reconnection fee. (N)

**METER TAMPERING PENALTY FEE**

Any customer who removes or relocates, or cause or permit the removal or relocation of a meter by their agent once it has been installed by the Company, may be subject to a meter tampering penalty fee of two hundred and fifty dollars (\$250.00) (N)

**RETURNED CHECK CHARGE**

When a payment is returned for non-sufficient funds, a charge of \$20.00 will be made to cover the expense involved.

(C) Change  
(N) New Charge  
(C) Change in Text

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**CLASSIFICATION OF SERVICE****SUMMARY OF RIDERS****1. Applicability**

In addition to the other charges provided for in this Tariff under Service Classifications Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, and Private Fire, Incremental Capital Recovery Rider (“ICR”), and Production Costs and Other Pass-Throughs Rider (“PCOP”) will apply to customers in all approved service areas. (C)

**2. The Percentage of Riders, Reconciliation and Offsets**

For the Riders defined in the tariffs:

Incremental Capital Recovery Rider	0.00%	(D)
Rate Reconciliation Rate (expires December 31, 2023)	0.00%	(D)
PCOP	0.00%	(D)

(C) Change

(D) Decrease

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**CLASSIFICATION OF SERVICE****INCREMENTAL CAPITAL RIDERS****1. Applicability**

In addition to the other charges provided for in this Tariff under Service Classifications Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, and Private Fire, and Incremental Capital Rider (“ICR”) will apply to customers in all Approved Service Areas.

The above rider will be completed and reconciled annually within a single filing.

**2. Definitions**

For the purposes of this Rider:

“**Annual Filing Date**” shall be the date the Company will make its annual calculation of the ICR Percentage Rate for the following twelve-month period. The Annual Filing Date shall be no later than March 1 of each year.

“**Approved Service Areas**” means service areas authorized by the Commission to have the Incremental Capital Rider charges applied.

“**Commission**” means the Tennessee Public Utility Commission.

“**Consumer Advocate**” means the Consumer Advocate Unit in the Financial Division of the Office of the Attorney General.

“**Return on Equity (ROE) Test**” means the return on equity test that shall be used to determine any limitation that shall apply to the recovery of the ICR.

“**Eligible Rate Base**” means the amount of the Incremental Capital Rider eligible rate base not otherwise included in current base rates.

“**New matter**” refers to any issue, adjustment, and/or ambiguity in or for any account, method of accounting or estimation, or ratemaking topic that would directly or indirectly affect the Annual Incremental Capital Rider filing for which there is no explicit prior determination by the Commission regarding the Company.

“**Relevant Rate Order**” is defined as the methodologies approved and adopted by the Commission in Docket Nos. 12-00049, 13-00130, 19-00103, any subsequent general rate case, the most recent final order of the Commission specifically prescribing or fixing the factors and procedures to be used in the application of this Rider, or as modified following a determination of a New Matter (defined in part 2).

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### 3. General Description

(A) The ICR allows the Company to recover outside of a base rate case its qualifying incremental non-revenue producing plant infrastructure investment costs, with such recovery limited to the lower of the ICRRR necessary to allow the Company to earn its authorized return on equity, or its actual incremental ICRRR.

(C)

(B) Investments eligible for recovery under the ICR are subject to the same requirements initially adopted in TRA Docket No. 13-00130 for the Qualified Infrastructure Improvement Program (“QIIP”), Economic Development Investment (“EDI”), and Safety and Environmental Compliance (“SEC”) Riders.

(C) General Description QIIP: QIIP allows the Company to recover outside of a rate case its qualifying incremental non-revenue producing plant infrastructure investment. For purposes of this Rider, qualifying QUP investment includes the following:

- *Distribution Infrastructure* -Replacement distribution and transmission mains and valves installed as replacements for existing facilities, reinforcement of existing facilities or otherwise, insuring reliability of existing facilities; Hydrant, Services, Meters and Meter Installations - installed as in-kind replacements, reinforcements or insuring reliability of existing facilities; Unreimbursed funds related to capital projects to relocate facilities required by governmental highway projects; Capitalized tank repairs and maintenance that serve to replace, reinforce, or otherwise insure reliability of existing facilities.
- *Production and Pumping Infrastructure* -Replacement of water treatment facilities and equipment installed as replacements for existing facilities, reinforcement of existing facilities or otherwise insuring reliability of existing facilities; Raw Water and Finished Water pumping equipment and structures installed as replacements, reinforcements or otherwise insuring reliability of existing facilities.
- Other Infrastructure – Infrastructure designed to utilize alternative fuels.



- QIIP Investment is to be identifiable on the Company's books and segregated into the following general accounts.

Account 331	-	Transmission;
Account 333	-	Services;
Account 334	-	Meters & Meter Installations
Account 335	-	Hydrants;
Account 320	-	Water Treatment Equipment, Non-Media;
Account 311	-	Pumping Equipment;
Account 303	-	Land and Land Rights;
Account 304	-	Structures and Improvements;
Account 306	-	Lake, River and Other Intakes;
Account 307	-	Wells and Springs;
Account 309	-	Supply Mains;
Account 310	-	Power Generation Equipment
Account 330	-	Distribution Reservoirs and Standpipes;
Account 341	-	Transportation Equipment; and
Account 3300003	-	Capitalized Tank Painting.

(D) EDI allows the Company to recover outside of a rate case its qualifying incremental non-revenue producing plant infrastructure and expenses. For purposes of this Rider, qualifying EDI investment includes the following:

- *Distribution, Production, and Other Infrastructure - Distribution, production, and other infrastructure that may be identified as being for the purpose of economic development.*
- *Economic Development Expenses - Operational expenses that are specifically to support economic development and economic development investment utility plant.*
- EDI Investment is to be identifiable on the Company's books and segregated into the following general accounts.

Account 331	-	Transmission & Distribution Mains;
Account 333	-	Services;
Account 334	-	Meters & Meter Installations;
Account 335	-	Hydrants;
Account 320	-	Water Treatment Equipment, Non-Media;
Account 311	-	Pumping Equipment;
Account 303	-	Land and Land Rights;
Account 304	-	Structures and Improvements;
Account 306	-	Lake, River and Other Intakes;
Account 307	-	Wells and Springs;
Account 309	-	Supply Mains;
Account 310	-	Power Generation Equipment
Account 330	-	Distribution Reservoirs and Standpipes; and
Account 3300003	-	Capitalized Tank Painting.

(E) SEC allows the Company to recover outside of a rate case its qualifying incremental non-revenue producing plant infrastructure investment and expenses. For purposes of this Rider, qualifying SEC investment includes the following:

- Distribution and Production infrastructure - Distribution, production, and other infrastructure that may be identified as being for the purpose of safety and environmental compliance.
- Safety and Environmental Expenses – Operational expenses similar to other expenses authorized in previous rate cases that are specifically new expenses for safety and environmental compliance or to support safety and environmental compliance utility plant.
- SEC Investment is to be identifiable on the Company's books and segregated into the following general accounts.

Account 331	-	Transmission & Distribution Mains;
Account 333	-	Services;
Account 335	-	Meters & Meter Installations;
Account 320	-	Hydrants;
Account 311	-	Water Treatment Equipment, Non-Media;
Account 303	-	Pumping Equipment;
Account 304	-	Land and Land Rights;
Account 306	-	Structures and Improvements;
Account 307	-	Lake, River and Other Intakes;
Account 309	-	Wells and Springs;
Account 310	-	Supply Mains;
Account 330	-	Power Generation Equipment
Account 3300003	-	Distribution Reservoirs and Standpipes; and

(F) Investments eligible for recovery under the ICR are subject to the conditions established by Commission Order in TPUC Docket No. 19-00103

(G) An annual return on equity test will determine any limitation that shall apply to the recovery of the ICRRR.

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**4. Computation of the Return on Equity Test**

Recovery of the ICRRR shall be subject to the following limitations:

- a. If an *earnings deficiency* exists and it is greater than the ICRRR, there would be no ICRRR recovery limitation.
- b. If an *earnings deficiency* exists and it is less than the ICRRR, the ICRRR would be limited to The amount of the earnings deficiency.
- c. If an *earnings surplus* exists in the test period, there will be no ICRRR for that single year.

An earnings deficiency exists if the as-adjusted Earned Return on Equity during the Annual Review Period is less than the last Authorized Return on Equity. An earnings surplus exists if the as-adjusted Earned Return on Equity during the Annual Review Period is greater than the Authorized Return on Equity. The Earned Return on Equity may include the impact of any New Matter, as appropriate.

The Return on Equity Test shall be calculated for the Annual Review Period as follows:

**Calculation of Return on Equity Test  
For the Twelve Months Ending December 31, XXXX**

Line No.	
1	20xx ICRRR
2	<b>Calculation of Adjusted Net Income</b>
3	Book Net Income \$
4	Adjustment to Book Income:
5	Deduct Deferred Depreciation Property Tax, and Debt Carrying Costs
6	Carrying Costs
7	Deduct New ICRRR Revenue Collections
8	Add Adjustment to reflect effective federal
9	Add Income tax rate (debt assigned to parent)
10	Add Incentive Compensation
11	Add Lobbying Expenses
12	Add Lobbying - Salary
13	Add Deferral of Operating Costs - Main Break
14	Add Excess Production Costs > 15% Adjustment
15	Add Amortization of prior years' deferred Depreciation, Property Tax, and Debt Carrying Costs.
16	Reserved for Adjustment to Book Income
16	Adjustment to Net Income (Lines 5 thru 15) \$
17	Adjusted Net Income (Line 3+16) \$

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19	<b>Calculation of Equity</b>	
20	TAWC 13-Month Avg Rate Base	\$
21	Less: 13-Month Avg Debt:	
22	Long-Term Debt	
23	Short-Term Debt	
24	Equity Financed Rate Base (Line 19 Less 21 and 22)	\$
25	Earned Return on Equity (Line 17/23)	%
26	Less: Authorized Return on Equity	10.75%
27	Excess Return on Equity (Line 24 less Line 25)	%
28	Multiplied by Equity Balance (Line 26 * Line 23)	\$
29	Tax Gross-up Factor	
30	Revenue Excess – Subtotal (Line 27 * Line 28)	\$
31	Multiplied by: Reciprocal Factor - Revenue Taxes at 3.19%	
	Revenue Excess/(Deficiency)	\$

Where

**“Adjusted Net Income”** means TAWC’s Book Net Income adjusted to include items historically used to adjust operating income, for which a precedent has been set or an Order received from the Commission to exclude specific expenses or revenues. Book Net Income should be adjusted to include deferred depreciation, property taxes and debt carrying costs as an expense on a net of tax basis in the period in which the expenses were deferred. Once amortization begins on these deferred expenses, they are not to be included as adjustments in subsequent Earnings Test Calculations. An adjustment should be made for any over or under collection from prior period IRC.

**“Authorized Return on Equity”** means TAWC’s most recent authorized return on equity as ordered by the Commission in the last rate case or Relevant Rate Order.

**“Book Net Income”** means TAWC’s unadjusted net income for the Annual Review Period per its general ledger. Book Net Income shall include Allowance for Funds Used During Construction and interest on customer deposits.

**“Long Term Debt”** means TAWC’s long-term debt as reported in the PSC-3.06 monthly reports submitted to the Commission, subject to a determination as to the reasonableness of such balances for inclusion in the Return on Equity calculation.

**“Short Term Debt”** means TAWC’s short-term debt as reported in the PSC-3.06 monthly reports Commission, subject to a determination as to the reasonableness of such balances for inclusion in the return on Equity calculation.

**“Reciprocal Factor”** means the gross up of the effective rate of the revenue tax rate, which includes the uncollectible expense rate and forfeited discounts rate from the Relevant Rate Order, the current gross receipts tax, rate, and any applicable Tennessee River Authority fees.

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**“TAWC 13-Month Avg Rate Base”** means TAWC’s thirteen-month average rate base for December of the prior period through December of the Annual Review Period.

**“Tax Gross-Up Factor”** means the gross up of the effective tax rate of the current state and federal tax rates.

**1. Determination of the ICR**

(A) The ICR percentage shall be expressed as a percentage carried to two (2) decimal places. The ICR percentage shall be applied to the total amount billed to each Customer based on the Company’s otherwise applicable rates and charges.

(B) The ICR percentage shall be calculated for the Annual Review Period as follows:

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**Calculation of Return on Equity Test  
For the Twelve Months Ending December 31, XXXX**

Line No.	Description	Source	
<b>Section A: Return Determining Capital Ride Rate Base</b>			
1	TAWC 13-Month Average Rate Base		\$
2	Eligible Capital Rider Rate Base		
3	Plus:		
4	Authorized Rate Base	Rate Order 24-000XX	
5	Acquisition Rate Base		
6	Eligible Capital Rider Rate Base Plus	Line 2 + Line 4 + Line 5	\$
7	Lower of the Rate Base Calculation	Lower of Line 1 or Line 6	\$
8	Eligible Rate Base	Line 7 Less Lines 4 and 5	\$
9	Less: Previously Recovered CR Rate Base		0.00
10	Incremental CR Investment	Line 8 Less Line 9	\$
11	Pre-Tax Return	Rate Order 24-000XX	
12	Pre-Tax Revenue Deficiency on ICR Investment	Lines 10 * 11	\$
13	Lag Weighted Return Factor - Pre-Tax	Regulatory Lag Factor	1.1056
14	Return on Rate Base Revenue Deficiency w/Regulatory Lag	Line 12 * Line 13	\$
<b>Section B: Depreciation</b>			
<b>Determining Depreciation Expense</b>			
15	TAWC Depreciation Expense	PSC--3.06	\$
16	Minus:		
17	Authorized Depreciation Expense	Rate Order 24-000XX	
18	Acquisition Depreciation Expense		
19	Legacy CRR Depreciation Recovery		
20	Incremental Depreciation Expense Cap (Depreciation expense unrecovered in either base rates or capital rider)	Line 15 Less Lines 17, 18, 19	\$
21	Incremental CR Depreciation Expense		
22	Lower of the Depr Expense on Incremental CR Expenditures or Unrecovered Depreciation Expense	Lower of Line 20 or 21	\$
23	Lag Weighted Return Factor - Pre-Tax	Regulatory Lag Factor	1.1056
24	ICRRR Depreciation Expense w/ Regulatory Lag	Line 22 * 23	\$

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**Section C: Property and Franchise Tax Expense****Determining Property & Franchise Tax**

25	TAWC Property Tax	PSC--3.06	\$
26	TAWC Franchise Tax		
27	Minus:		
28	Authorized Property & Franchise Tax	Rate Order 24-000XX	
29	Acquisition Property Tax		
30	Acquisition Franchise Tax		
31	Legacy CR Property Tax Recovery		
32	Incremental Property & Franchise Tax (Unrecovered in either base rates or capital rider)	Line 25 + Line 26 Less Lines 28, 29, 30, 31	\$
33	Incremental Property and Franchise Taxes	Property & Franchise Tax Calc	\$
34	Eligible Capital Rider Franchise Tax		
35	Lower of Unrecovered Actual or CR Property & Franchise Tax	Lower of Line 32 or 33	\$
36	Lag Weighted Return Factor - Pre-Tax	Regulatory Lag Factor	1.1056
37	ICRRR Property and Franchise Tax w/Regulatory Lag	Line 35 * 36	\$
38	Total ICRRR Revenue Requirement	Lines 14 + 24 + 37	\$
39	CRR Revenue Deficiency	Line 38	\$
40	Revenue Taxes Reciprocal Factor		
41	Revenue with Revenue Taxes		\$
42	Over/(Under) Collection from Prior Period		
43	<b>After Tax ICRRR</b>		\$

Where:

**“Acquisition Rate Base, Depreciation and Taxes”** means inclusion of net rate base based upon the book value of the acquired system, depreciation and taxes associated with a new service area not previously included in TAWC’s Relevant Rate Order’s authorized rate base, depreciation expense, or taxes.

**“Authorized Depreciation Expense”** means the depreciation expense authorized in the Relevant Rate Order.

**“Authorized Rate Base”** means the rate base authorized in the Relevant Rate Order.

**“Authorized Property & Franchise Tax”** means the property and franchise tax authorized in the Relevant Rate Order.

**“Eligible Capital Rider Rate Base”** means the rate base from all Legacy Capital Rider investments from the QIP, EDI, and SEC riders through the Annual Review Period.

**“Incremental CR Depreciation Expense”** means the calculation of depreciation expense on the eligible

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Incremental Capital Rider investment.

**“Incremental Property and Franchise Taxes”** means the difference between the Legacy Capital Rider property and franchise taxes calculation and the current calculation of property and franchise taxes, which includes all eligible capital investment for the Annual Review Period.

**“Lag Weighted Return Factor”** means the computed lag on each ICRRR component from the mid-point of the study period through the mid-point of the collection period, assumed to be 17 months. The lag is applied to the Pre-tax Return adopted in the Relevant Rate Order. The lag period could be adjusted based on procedural schedules, effective dates, and/or other circumstances.

**“Over/(Under) Collection from Prior Period”** means the difference between actual revenues collected through the ICR from the prior Annual Review Period, compared with the actual ICRRR authorized by the Commission during the prior Annual Review Period.

**“Pre-Tax Return”** means the rate of return on investment before taxes as approved in the Relevant Rate Order.

**“Revenue Taxes Reciprocal Factor”** means the gross up of the effective rate of the revenue tax rate, which includes the uncollectible expense rate and forfeited discounts rate from the relevant rate order, the current gross receipts tax rate, and any applicable Tennessee River Authority fees.

**“TAWC Property Tax”** means TAWC’s property tax expense as reported in the PSC-3.06 monthly report submitted to the Commission.

**“TAWC Depreciation Expense”** means TAWC’s depreciation expense as reported in PSC-3.06 monthly report submitted to the Commission.

**“TAWC 13-Month Average Rate Base”** means TAWC’s total thirteen-month average rate base for December of the prior period through December of the test period.

## 6. New Matters

If New Matters arise, the Company, TPUC Staff, and the Consumer Advocate will endeavor to reach a resolved treatment, or if necessary, will seek a ruling from the Commission.

## 7. New Base Rates

The ICR will be reset to zero upon the establishment of new Commission-authorized base rates and charges to customer billings that provide for the prospective recovery of the annual costs that had theretofore been recovered under the ICR. Thereafter, only the costs of new ICR eligible plant additions that have not previously been reflected in the Company’s Eligible Rate Base would be reflected in new annual ICR filings.

(C)

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109 Wiehl Street  
Chattanooga, Tennessee 37403



## 8. Annual ICR Percentage Rate Filing

On or before March 1 of each year, the Company shall submit to the Commission a calculation of the ICR Percentage Rate for the following twelve-month period. The Annual ICR Percentage Rate Filing shall be verified by an officer of the Company. The Annual ICR Percentage Rate Filing shall include a calculation to adjust revenue to recover costs related to the Historical ICR Investment Amount, with such revenue adjustment applied through the ICR Percentage Rate. The interim ICR Percentage Rate shall become effective on April 1 of each year and be applied as an adjustment to Customers' bills for the next twelve months. Rates will be effective on the same day each year and implemented as interim rates until an order is received from the Commission. A true-up of interim rates for over or under collection would be done if the Commission Order differs from the rates that were implemented.

The Company will include in its Annual ICR Percentage Rate Filing the following information at a minimum: (a) computation of the ICR Percentage Rate, including the detailed calculation of each component and (b) such other information as the Commission may direct.

The Company will simultaneously copy the Consumer Advocate on its Annual ICR Percentage Rate Filing.

## 9. Computation of the Over-Under Collection Adjustment

The Company will identify and record the total amount of the ICR collected from customers for the prior Annual Review Period. The total amount collected will be based on twelve months of actual collection from January through December. The difference between the Total ICR Collected from Customers and the Total ICRRR authorized by the Commission from the prior Annual Review Period shall constitute the Over-Under Collection Adjustment. The true-up for February and March actuals versus estimates shall be made in the subsequent ICR filing as part of the Over-Under Collection Adjustment. The Over-Under Collection Adjustment shall be included in the current Annual Review Period's ICRRR calculation as identified on Line 43 of the ICR calculation above.

The Over-Under Collection Adjustment shall include any necessary adjustments for over-under collection due to interim rates differing from the Commission Ordered rates from the prior Annual Review Period.

The Company will include in its computation of the Over-Under Collection Adjustment the following information at a minimum: (a) a schedule of all journal entries made related to the ICR for the annual review period, including any related general ledger support, (b) actual billing determinants by month as used in the computation of the total ICR collected from customers for the prior annual review period, (c) computation of the annual over-under collection amount, including the detailed calculation of each component, (d) the cumulative amount of ICR mounts collected from customers under this Rider and (e) such other information as the Commission may direct.

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**10. Notice Requirements**

The Company will file revised tariffs for Commission approval upon 30 days' notice to implement a decrement or increment each April 1. Along with the tariff filing, the Company will include a copy of the computation of the new rate adjustment. The Company will simultaneously copy the Consumer Advocate on this filing.

**11. Public Interest Review**

Nothing herein shall be construed to eliminate or otherwise restrict the opportunity of the Consumer Advocate or any other interested party from seeking a review of this Rider, as permitted by law and the rules and regulations of the Commission, for a reconsideration of whether it remains in the public interest.

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**CLASSIFICATION OF SERVICE****PRODUCTION COSTS AND OTHER PASS-THROUGHS ("PCOP") RIDER****1. Applicability**

In addition to the other charges provided for in this Tariff under Service Classifications Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, and Private Fire, a Production Cost and Other Pass-Through ("PCOP") Rider will apply to customers in all service areas.

The above rider will be recomputed annually and will be adjusted to incorporate the Over-Under Collection Adjustment.

**2. Definitions**

For the purposes of this Rider:

**"Adjusted Review Period PCOP Costs"** means the Review Period PCOP Costs net of the Over-Under Collection Adjustment.

**"Commission"** means the Tennessee Public Utility Commission

(T) **"Base Period PCOP Costs"** means the amount of annual expenses of the Company for Purchased power expenses, purchased chemical expenses, purchased water expenses, wheeling charges, waste disposal expenses, regulatory expense amortization, pension expense, other postretirement employee benefits expense, and TPUC inspection fees reflected in the Relevant Rate Order.

**"Consumer Advocate"** means the Consumer Advocate and Protection Division of the Office of the Tennessee Attorney General.

**"Over-Under Collection Adjustment"** means the adjustment to the PCOP Percentage Rate applicable to the coming Review Period for the net amount of over or under collections for the prior Review Period, as adjusted for Interest.

**"Relevant Rate Order"** means the final order of the Commission in the most recent rate case of the Company fixing the rates of the Company or the most recent final order of the Commission Specifically prescribing or fixing the factors and procedures to be used in the application of this Rider.

(T) Denotes Change in Text

**"Review Period"** means the twelve month period on which the Review Period PCOP Costs are calculated.

- (T) **"Review Period PCOP Costs"** means the amount of actual annual expenses of the Company for purchased power expenses, purchased chemical expenses, purchased water expenses, wheeling charges, waste disposal expenses, regulatory expense amortization, pension expenses, other postretirement employee benefits expenses, and TPUC inspection fees, as adjusted for the Commission's water loss policies.

### **3. General Description**

- (T) PCOP allows the Company to recover outside of a rate case its incremental cost for purchased power expenses, purchased chemical expenses, purchased water expenses, wheeling charges, waste disposal expenses, regulatory expense amortization, pension expenses, other postretirement employee benefits expenses, and TPUC inspection fees, as adjusted for the Commission's water loss policies.

Review Period PCOP Costs are to be separately identifiable on the Company's books and segregated into the following general accounts:

- (T) Accounts 510000000 - 510999999 - Purchased Water Expense;
- Accounts 51510000 - 51599999 - Purchased Power Expense;
- Accounts 51800000 - 51899999 - Purchased Chemical Expense;
- Accounts 51110000 - 51115000 - Waste Disposal Expense;
- (T) Account 56610000 – Regulatory Exp Amortization
- (T) Account 50610000 – Pension Expense
- (T) Account 50610100 – Pension Capitalized Credits
- (T) Account 71810000 – Other Non-service Pension Benefit Cost
- (T) Account 50610000 -- Pension Expense
- (T) 50610100 – Pension Capitalized Credits
- (T) 71810000 – Other Non-service Pension Benefit Cost, and
- Account 68545000- TPUC Inspection Fee.

### **4. Determination of the Annual Production Cost and Other Pass-Throughs Percentage**

- (A) The PCOP Percentage Rate shall be expressed as a percentage carried to two (2) decimal places. The PCOP Percentage Rate shall be applied to the total amount billed to each Customer based on the Company's otherwise applicable rates and charges.
- (B) The PCOP Percentage Rate shall be calculated on an annual historical basis as follows:
- Base Period PCOP Costs from the Relevant Rate Order
  - Divided by Relevant Rate Order Sales Volume in 100 Gallons
  - Base Period PCOP Costs per 100 Gallons
  - Review Period PCOP Costs Subject to Commission's Water Loss Policies
  - Plus Over-Under Collection Adjustment
  - Review Period PCOP Costs Adjusted for Over-Under Collections

(T) Denotes Change in Text

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Divided by Relevant Rate Order Sales Volume in 100 Gallons  
Adjusted Review Period PCOP Costs per 100 Gallons

Incremental Change in PCOP Costs per 100 Gallons  
Multiplied by Relevant Rate Order Sales Volumes in 100 Gallons  
PCOP Net Deferred Cost  
Less Forfeited Discount Rate  
Plus Uncollectible Expense Rate  
Plus Gross Receipts Tax Rate  
Total Deferred PCOP Costs  
Divided by Relevant Rate Order Water Sales Revenue  
PCOP Percentage Rate

Where:

**Forfeited Discount Rate**= PCOP Revenue Requirement before gross receipts taxes, uncollectible expense and forfeited discounts multiplied by composite forfeited discount factor approved in the Relevant Rate Order.

**Gross Receipts Tax Rate** = PCOP Revenue Requirement before gross receipts taxes, uncollectible expense and forfeited discounts multiplied by composite gross receipts tax rate approved in the Relevant Rate Order.

**Uncollectible Expense** = PCOP Revenue Requirement before gross receipts taxes, Uncollectible expense and forfeited discounts multiplied by composite uncollectible factor approved in the Relevant Rate Order.

(C) The total amount to be recovered through the PCOP is the PCOP Percentage Rate.

## 5. Computation of the Over-Under Collection Adjustment

The Company will identify and record the total amount of the PCOP Collected from Customers under this Rider for the Review Period. The difference between the Total PCOP Collected from Customers for the Review Period and the Total Deferred PCOP Costs authorized for the Review

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Period as determined in Section 4, as adjusted for Interest, shall constitute the Over-Under Collection Adjustment.

(A) The Over-Under Collection Adjustment shall be computed as follows:

Total PCOP Costs Collected from Customers for the Review Period  
Less Total Deferred PCOP Costs Authorized for the Review Period  
Subtotal of Over-Under Collection Adjustment  
Plus Interest Adjustment  
Total Over-Under Collection Adjustment

(B) Computation of Interest Adjustment.

Interest will be computed as follows:

Subtotal of Over-Under Collection Adjustment  
Multiplied by (Interest Rate Multiplied by 50%) Interest Adjustment

Where "Interest Rate" equals the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the most recent preceding month.

## **6. New Base Rates**

The PCOP rider will be reset at zero upon the establishment of new base rates to customer billings that provide for the prospective recovery of the annual costs that had theretofore been recovered under the PCOP rider. Thereafter, only the costs of new PCOP incremental costs that have not previously been reflected in the Company's base rates would be reflected in new annual prospective PCOP filings.

## **7. Annual Filing: with the Commission**

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Within 45 days of the end of the most recently authorized Attrition Year set forth in the Relevant Rate Order, and every twelve months subsequent to the end of that Attrition Year, the Company shall submit to the Commission an annual filing calculating the PCOP Percentage Rate. The annual filing shall be verified by an officer of the Company. The PCOP Percentage Rate shall become effective 30 days after the annual filing is submitted to the Commission and shall be applied as an adjustment to Customers' bills for the twelve month period following the effective date of the PCOP Percentage Rate. The Company shall file one single adjustment each year to include both the new percentage rate based on the annual production expenses and the reconciliation of the Over-Under Collections Adjustment.

The Company will include in its annual filing the following information at a minimum: (a) a schedule of all Review Period PCOP Costs, including any related general ledger support, (b) actual billing determinants by month as used in the computation of the PCOP Collected from Customers, (c) computation of the PCOP Percentage Rate, including the detailed calculation of each component, (d) a schedule of any proposed prior period adjustments, (e) an affirmative statement of whether the Company is aware of any changes in market conditions or other factors that may affect whether the Rider is still in the public interest, including the identification of such factors if they exist, (f) the cumulative amount of PCOP Costs collected from customers under this Rider, and (g) such other information as the Commission may direct.

The Company will simultaneously copy the Consumer Advocate on this annual filing.

#### **8. Notice Requirements**

The Company will file revised tariffs for Commission approval upon 30 days' notice to implement a decrement or an increment to the PCOP Percentage Rate. Along with the tariff filing, the Company will include a copy of the computation of the new PCOP Percentage Rate. The Company will simultaneously copy the Consumer Advocate on this tariff filing.

#### **9. Public Interest Review**

Nothing herein shall be construed to eliminate or otherwise restrict the opportunity of the Consumer Advocate or any other interested party from seeking a review of this Rider, as permitted by law and the rules and regulations of the Commission, for a reconsideration of whether it remains in the public interest.

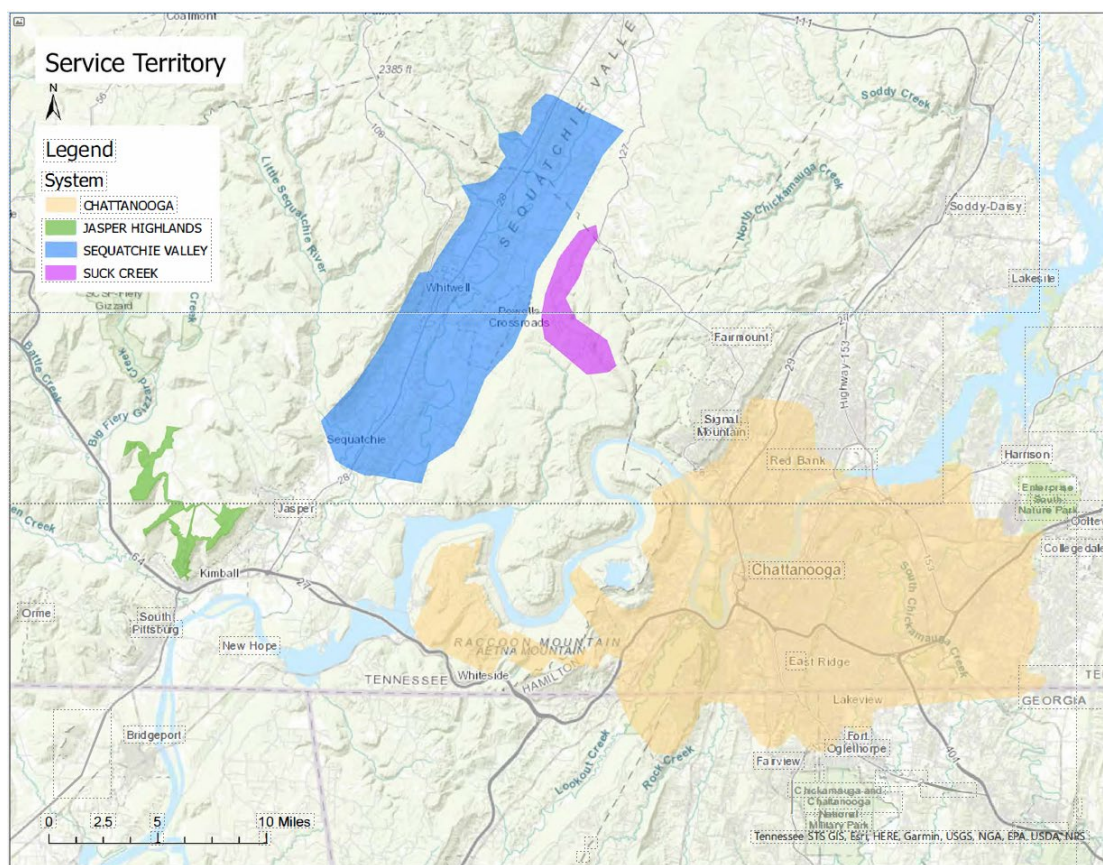
(T) Denotes Change in Text

**EXHIBIT 1**  
**TO**  
**OPERATIONS AND MAINTENANCE AGREEMENT**

**Legal Description and Map of Suck Creek Water System**

**Legal Description:**

Beginning on the North bank of the Tennessee River where Shoal Creek enters the River in Hamilton County, Tennessee; thence extending along the right bank looking downstream, to Ritchie Hollow in Marion County; thence west across Walden's Ridge to Mullens Creek; thence North along Mullens Creek to Shelton Creek; thence northwest along Shelton Creek to the Cumberland Escarpment at Ditch Gap; thence northeast along the Escarpment to the Marion-Sequatchie County Line; thence southeast along the Marion-Sequatchie County Line to the junction of the Marion-Sequatchie-Hamilton County Line; thence south along the Marion-Hamilton County Line to a point one half mile from the Bank of the Tennessee River at "The Suck"; thence southeast to the southwest corner of the Town of Signal Mountain, Tennessee; thence along the south boundary of the Town of Signal Mountain to Shoal Creek; thence southwest along Shoal Creek to the north bank of the Tennessee River at the point of beginning.





## RULES, REGULATIONS AND CONDITIONS OF WATER SERVICE

## 1. RATES, RULES AND REGULATIONS GOVERN RENDERING OF WATER SERVICE

- 1.1 A copy of all Rates, Rules, Regulations and Conditions of **Water** Service is on file with the Tennessee Public Utility Commission and may be inspected by the public in the office of the Company.
- 1.2 All Water Services furnished by the Company shall be subject to these Rates, Rules, Regulations and Conditions of Water Service, and are made a part of all applications or contracts (both oral and written) for service (except when modified by special contract approved by the Tennessee Public Utility Commission). They are subject to revision, change, modification or cancellation by the Company, subject to the approval of the Tennessee Public Utility Commission, or by the Commission through utility industry orders. The failure of the Company to enforce any of the terms of these Rates, Rules, Regulations and Conditions of Water Service shall not diminish or sacrifice its right to do so.
- 1.3 Upon request by an Applicant or Customer, the Company shall supply, without charge, a copy of applicable rate schedules.

## 2. DEFINITIONS

- (a) An "Applicant" is any person, firm, corporation or Governmental Unit making application for **Water** Service.
- (b) A Battery Setting of Meters" is a system of pipe, valves and fittings designed to accommodate two or more meters.
- (c) A "Combination Service" means a Service Pipe which is used to provide both General Water Service and Private Fire Protection Service.
- (d) The "Commission" is the Tennessee Public Utility Commission and commission Rule 11 means any rules or- regulations duly adopted by the Commission and applicable to water utilities under the Commission's jurisdiction.
- (e) The "company" is the Tennessee-American **Water** Company acting through its Officers, Manager or other duly authorized employees or agents.

- (f) “Company Service Pipe” means the portion of the General Water Service Pipe, extending from the distribution Main to and including the curb cock, or the outlet connection of the meter setting when installed at or near the curb or property line at the cost and expense of the Company.
- (g) A “Customer” is any person, firm, corporation or Governmental Unit taking Water Service from the Company.
- (h) “Residential Customer” means a person taking Water Service exclusively for personal use at a single family residence.
- (i) “Customer's Service Pipe” means the portion of General Water Service Pipe from the end of the Company's service Pipe to the customer's place of consumption, installed at the cost and expense of the Customer.
- (j) “Distribution Main” means water pipe owned, operated, or maintained by the Company and used for the purpose of distribution of water. and to which Service Lines are connected.
- (k) “General Water Service” means the provision or use of Water Service for any purpose other than fire extinguishment.
- (l) A “Governmental Unit” is any municipality or other political subdivision or agency of a state or the federal government.
- (m) A “Hidden Leak” is a leak occurring on the Customer’s property not obviously detectable by sight or sound.
- (n) A “Premises” is:
  - I. A single structure owned or leased by a customer and used as one residence or place of business; or
  - II. A combination of structures owned or leased by a Customer, which is located on a single site, and such Customer constructs, operates and maintains on the site a secondary distribution system. Such site may be composed of one or more connecting or adjacent parcels of land, not separated by public streets or highways; or
  - III. Each unit or a multiple unit building wherein each unit is under separate ownership or lease; or

- IV. Each unit of a multiple unit building wherein the Customer's Service Pipe for each unit is connected to a separate Company Service Pipe; or
  - V. A building owned or leased by a customer. having two or more apartments, residences, offices, or suites of offices; or
  - VI. A trailer park, area or site in which space is rented or leased for the parking and occupancy of trailers or mobile homes.
- 
- (o) A "private Fire Protection Service" is a Service Line for a single Customer and Premises to which fixtures are attached and water may be taken only for the extinguishment of fire or for the testing of such fixtures.
  - (p) "Service Pipe" or "Service Line" is the pipe between the Distribution Main and the Customer's place of consumption, and includes all pipe, fittings, valves and other necessary fixtures.
  - (q) A "Temporary Service Connection" is a service line with necessary fittings, valves and fixtures including meter, which is installed for the temporary use of water on a site abutting a Distribution Main.
  - (r) "Termination of Service" is disconnection of Water service at Customer request.
  - (s) "Discontinuance of Service" is disconnection of Water Service not at Customer request.
  - (t) "Water Service" is the supply of water and accompanying services in which the company is engaged in behalf of the Customer.
  - (u) A "Depositor" is any person, firm, corporation or Governmental Unit making a deposit with the Company under an agreement providing for the construction of a main extension and related facilities in accordance with the Extension of Distribution Mains rule herein.

### 3. COMMENCEMENT OF WATER SERVICE

#### 3.1 GENERAL

- (a) A prospective Customer shall not connect or reconnect service, nor employ any person to do so, without authorization by the Company.
- (b) The Company shall not be under any duty to permit connection or to supply Water Service to any Customer whose Premises does not abut on a Distribution Main.
- (c) Requests by Governmental Units for public fire protection service will be governed by these rules.
- (d) All persons, firms, corporations, or Governmental Units desiring Water Service must make application to the Company in a manner prescribed by the Company, setting forth all purposes for which water will be used.
- (e) Applications for Water Service, when accepted by the Company, shall cover only the Premises and uses applied for.
- (f) The Customer, in accepting conditions for Water Service, is responsible for all Water Service furnished until the Customer notifies the Company to terminate the service for its account or until the Company has accepted a new Water Service application for the Premises.
- (g) Any change in the identity of a Customer will require new application, and the Company may, after notice, discontinue Water Service until such new application has been made and accepted.

### 4. SPECIAL APPLICATIONS FOR WATER SERVICE

- 4.1 Water Service for the following purposes must be specially applied for, and the special terms and conditions applicable must be agreed to in writing by the Applicant:
  - (a) Multi-unit housing and housing developments

- (b) Water Service to multiple Premises under common ownership located on a single site undivided by public streets, and requiring service to each individual Premises through a secondary distribution system not owned or operated by the Company.
  - (c) Private Fire Protection Service.
  - (d) Construction or temporary purposes.
  - (e) Shopping centers.
  - (f) Trailers and trailer courts.
  - (g) Water for resale.
- 4.2 If a Company Service Pipe installation is made for construction or temporary service, the Applicant shall -reimburse the Company for the cost of such installation and its removal.
- 4.3 In an emergency, the Company may authorize temporary Water Service in any manner appropriate to the circumstances and consistent with sound engineering practice and will charge, during the period of emergency, the minimum charge prescribed in the Company's rate schedules for the size of meter through which the Customer would normally receive Water Service.

## 5. PRIVATE FIRE PROTECTION SERVICE

- 5.1 Private Fire Protection Service for the purpose of supplying water for the extinguishment of fire shall be installed after approval in writing by the Company and is subject to the terms and conditions contained in the Application for Private fire Protection Service. A copy is on file in the Company's office. All applications shall be submitted for written approval of the Chief of the Fire Department having jurisdiction and such approval shall offer the opinion that the public fire protection will not be adversely affected by the proposed connection.
- 5.2 Application for Private Fire Protection Service will not be approved unless there is suitable water volume and pressure available in the Distribution Main abutting the Premises to be supplied.

- 5.3 The Applicant shall furnish, as part of the application, complete sets of drawings approved by the Insurance Services' Office or comparable agency approved by the Company showing the pipes, valves, hydrants, tanks, openings and fixtures including detail of backflow device and type and detail of pit or riser room contemplated. Such drawings must also show any other water supply system and pipe lines and fixtures existing on the Premises.
- 5.4 The Company reserves the right to determine the size and location of any new connections made to its distribution Mains for Private fire Protection Service including the materials and installation specifications for the connection. The customer shall be responsible for the full and total cost and installation of the Private Fire Service. The physical connection to the Company's distribution main shall only be made by an authorized employee or agent of the Company. The customer shall install its own isolation valve as near the property line as practical. Upon inspection and approval of the installation of the Private Fire Service, the Company shall own and maintain the portion of the Private Fire Service from the Company's distribution Mains to the Customer's property line, and the Customer shall own, operate, and maintain the remainder of the Private Fire Service unless specifically excluded.
- 5.5 Once in operation, the customer must obtain, in advance, the approval of the Company for any change, alteration or addition in the fixtures, openings and uses specified in the application.
- 5.6 The extent of the rights of the Private Fire Protection Service Customer is to receive at times of fire such supply of water as shall then be available from the Company's Distribution Main. The Company shall not be considered in any manner an insurer of property or persons, or to have undertaken to extinguish fire or to protect any Customer, persons or property against loss or damage by fire or otherwise. The Company shall be free and exempt from any and all liability on account of any injury to property or persons by reason of fire, water, failure to supply water pressure, or for any other cause whatsoever.
- 5.7 No pipe or fixtures connected with a Private fire Protection Service served by the Company shall be connected with pipes or fixtures supplied with water from any other source, unless specifically approved in writing by the Company. Rule 22.3 shall apply.
- 5.8 Unless otherwise provided in a written agreement between the Applicant and the Company, Service Lines for Private fire Protection service shall be distinct and separate from the General Water Service Line. A Private Fire Protection Service connection is furnished for the sole purpose of supplying water for the extinguishment of fires, and the use of water from such a connection for any other purpose, other than testing, is absolutely forbidden.

- 5.9 Where one Service Pipe is used for both General Water Service and Private Fire Protection Service, separate charges may be made for each type of use, in accordance with the applicable tariff, the charge for Private fire Protection Service being based on the size of the Service Pipe supplying the Premises and that the General Water Service being based on the consumption through, and the size of, the meter or meters installed. The responsibility for installation and maintenance of such a Combination Service Pipe shall be the same as that provided for Private Fire Protection Service.
- 5.10 Private Fire Protection Service shall be furnished through a line monitored by an approved bypass detector device which shall be furnished and installed by the Customer at his cost and expense. The bypass detector device shall be located at a point approved by the Company. The bypass detector device will be maintained at the cost and expense of the Customer, subject to the inspection and approval of the Company. The bypass meter as used with the bypass detector device shall be furnished, installed, and maintained by the Company at its cost and expense.
- 5.11 The rates for Private Fire Protection Service include only the water used for the extinguishment of fires and necessary for the testing of fire protection facilities on the Premises. Unauthorized use of water for purposes other than those specified will subject the Customer, after notice, to discontinuance of Private Fire Protection Service. A fire service line indicating continuous unauthorized use in excess of 10,000 gallons per month, for a period of three or more consecutive months, may be billed based upon the size of the service and total estimated consumption for the period consistent with the Company's general service rate schedule and such billing can continue until such time as the unauthorized use ends, the service is converted to general water service, or the service is terminated by the Company for unauthorized use, non-payment, or other termination under this tariff
- 5.12 The introduction of anti-freeze or any other substance not specifically approved by the Environmental Protection Agency as non-detrimental to the public water supply is not permitted in sprinkling systems or any other part of Applicant's Private fire Protection Service system without explicit written permission from the Company.
- 5.13 The Customer's Private Fire Protection Service system shall be subject to the inspection, test and approval of the Company before the service is made effective, and afterwards as deemed necessary or appropriate by the Company. The Customer shall be solely responsible for the design, adequacy, function and maintenance of its Private Fire Protection Service System.

- 5.14 Hydrants and other fixtures connected with a Private Fire Protection System may be sealed by the Company, and such seals may not be broken except in case of fire or as specially permitted by the Company for testing or other approved purposes. The customer shall immediately notify the Company of the breaking of any such seal.
- 5.15 Whenever a Private fire Protection Service System is proposed to be tested, the Customer shall notify the Company at least two (2) business days in advance of such proposed test. The Company may elect to have an inspector present during the test.
- 5.16 Private fire hydrants may be painted any color other than that adopted by the Company for public fire hydrants.
- 5.17 A gate valve with post indicator controlling the entire supply shall be placed at the curb or property line of the street in which the main is located or at such other point as may be approved by the Company or local authority having jurisdiction, and shall be furnished, installed and maintained by and at the expense of the customer. Unless otherwise approved by the Company, the valve shall be installed in a valve pit or vault also furnished, installed and maintained by and at the expense of the customer.

## 6. INSTALLATION AND MAINTENANCE OF SERVICE LINES

- 6.1 Where Company Distribution Mains are *or* may be installed, the Company will install the Company Service Pipe provided the Service Pipe is required for General Water Service to Premises abutting such mains.
- 6.2 Service Pipes for construction or temporary service shall be installed and removed at the Customer's expense.
- 6.3 A Customer Service Pipe shall not extend from *one* dwelling, building, structure or parcel of real estate to another dwelling, building, structure or parcel of real estate across a public street or across a property line unless the property line crossed is located within a building complex described in Rule 2(n)(II).



- 6.4 The Company will make all connections to its Distribution Mains and will specify the size, kind, quality and location of all materials used in the Service Line.
- 6.5 The Company Service Pipe shall be furnished, installed and maintained only by the Company and shall remain under its sole control and jurisdiction.
- 6.6 Service Pipes for Private Fire Protection Service from the distribution Main to the curb or property line shall be installed and maintained in accordance with Rule 5.
- 6.7 The Customer's Service Pipe shall be installed and maintained by the Customer. free from leaks and other defects, at their own expense and risk, and for failure to do so, Water Service may be discontinued. The Customer's Service Pipe shall be installed in accordance with applicable governmental regulations and Company specifications below the frost line on firm and continuous earth so as to give unyielding and permanent support.
- 6.8 For new Service Lines, the Customer shall install their Service Pipe to the curb or property line at a point approved by the Company, after which the Company will install its Service Line from the Distribution Main to the Customer's Service Line.
- 6.9 Where the Company's Service Pipe is already installed to the curb or property line, the Customer shall connect with the Company Service Pipe as installed.
- 6.10 The customer shall make all changes in the Customer's Service Pipe required on account of changes of grade or other causes.
- 6.11 No fixture shall be attached to, or any branch made in, the Service Pipe between the meter and the Distribution Main, other than by authorized employees of the Company.
- 6.12 There shall be no more than one Service Pipe supplying a single Premise, unless otherwise approved by the Company.
- 6.13 If a Customer, occupant, owner, or any of their agents should damage Company property, repairs shall be made only by the Company, but at the Customer's expense.

- 6.14 The Customer shall install and properly maintain on thei Service Pipe a shutoff valve approved by the Company. It shall be in an accessible location, protected from freezing and adequate to shut off and drain all plumbing. Further, where a Customer's Service Pipe is branched or arranged to supply more than one building, additional valves shall be installed in such manner that Service to one of the buildings may be shut off without shutting off service to other buildings. A drawing showing the layout of branched Customer Service Pipes and valves may be required to be submitted and approved by the Company prior to installation of the Customer Service Pipe and valves.
- 6.15 A customer Service Pipe which is irregularly located because there was not a distribution Main abutting the Premises at the time the Customer Service Pipe was installed, shall be required at the customer's expense, to be relocated and connected to the Distribution Main abutting the Premises when replacement becomes necessary.

## 7. SERVICES INSTALLED IN ADVANCE OF PAVING

- 7.1 Owners of lots required to install Service Pipes from the Distribution Main to the curb or property line in advance of street or highway paving, may be required to pay the Company the cost of installing such Service Pipes. The Company will install such Pipes and will refund such cost, without interest, to the depositing party when Water Service is connected to such lots.

## 8. METERS

- 8.1 Water shall be supplied to all Customers by meter measurement only, excepting sales of water to tank trucks of known capacity and those Customers receiving public fire Protection Service and Private Fire Protection Service. The Company shall have the right to place a meter on any Service Pipe and charge for Water Service by meter measurement.
- 8.2 All meters, except fire Service line meters, shall be furnished, installed, maintained, tested, repaired, removed and replaced only by the Company and shall remain its property. In case of damage to any meter by reason of any act, neglect or omission on the part of the Customer (such damages occasioned by fire, hot water, accident or misuse), the Customer shall reimburse the Company for the cost of repairing or replacing the meter.

- 8.3 The Company reserves the right to determine the kind, size and type of meter that shall be placed on any Service Pipe.
- 8.4 Meters may be located either in an outdoor meter box or vault, or inside the Customer's building or structure, at the option of the Company.
- 8.5 If the meter or Battery Setting of Meters is to be installed inside, it shall be located in a clean, dry, safe place not subject to wide temperature variations so that the meter may easily be examined, read or removed. The Customer shall, at their expense, provide suitable pipe connections and shut-off valves, one each at the inlet and outlet sides of the meter or Battery Setting of Meters, and other appropriate fittings designed by the Company.
- 8.6 If the meter or Battery Setting of Meters is to be installed in a meter box or vault, it shall be located in a convenient and readily accessible location at or near the street right-of-way line. Meter boxes or vaults for settings for single meters and Battery Settings of Meters shall be furnished, installed and maintained by the Company. The Company shall at its expense, provide suitable pipe connection and shut--off valves, and such other fittings as may be designated by the Company. Upon a request by the Customer before the original installation is made, the meter box or vault will be located at the point requested, if feasible under proper utility standards. The meter box or vault may be constructed to protect the meter from freezing and damage by vehicular traffic, and its location and design shall prevent, as far as possible, the inflow of surface water.
- 8.7 Separate Premises shall be separately metered and billed, and only one Premise shall be supplied through one meter or Battery Setting of Meters.
- 8.8 The Company reserves the right to put seals and locks on all meters or meter couplings.
- 8.9 No Customer shall remove or cause or permit the removal of a meter by their agents once it has been installed by the Company, and any change in location of the meter desired by the Customer shall first be approved by the Company in writing, but shall be made by the Company at the Customer's expense. Violation of this tariff provision may result in the customer being charged a meter tampering penalty fee in accordance with the tariff.

- 8.10** If a Customer requests an additional self-serving meter or meters for their Premises (i.e. lawn sprinkling or swimming pool), the Company will make the requested installation at the expense of the Customer and billing will occur as provided in Rule 9.
- 8.11** The Company may at any time, remove the meter for routine tests, repair, or replacement.
- 8.12** Meters may register in either U.S. gallons or cubic feet. Meter readings in units or hundred cubic feet may be converted to units of hundred gallons for billing purposes if the existing schedule of charges is stated in gallon units. The factor used for making a conversion is
- (C) one cubic foot as being equivalent to seven and forty-eight hundredths (7.48) U.S. gallons.

## **9. MULTIPLE METER SETTINGS**

- 9.1** When more than one meter setting is installed at a Customer's Premises because of conditions warranted and determined by the Customer, each meter setting shall be treated separately as if it belonged to a separate Customer, and the registrations of such meters will not be combined.
- 9.2** When more than one meter setting is installed on a Customer's Premises because of conditions warranted and determined by the Company, the registration of all such meters shall be combined and the minimum charge shall be the sum of the individual minimum charges for all such meters.

## **10. DISPUTED BILLS**

- 10.1** When a Customer disputes a bill, the Company will not terminate service for nonpayment so long as the Customer (i) pays the undisputed portion of the bill, (ii) pays all future bills by the due date, and (iii) enters *into* bona fide discussions with the Company to settle the dispute.

(C) Change

- 10.2 In instances where the Customer and Company cannot agree as to what portion of a bill is undisputed, it shall be sufficient that the Customer pay an amount equal to their average bill for the twelve (12) months immediately preceding the disputed bill. In those cases where the Customer shall pay an amount equal to 1/12 of the estimated • annual cost of service.
- 10.3 If the Company and the Customer arrive at a mutually satisfactory settlement of a disputed bill, the Company may enter into a settlement agreement providing for payment of the outstanding balance in installments over a reasonable period of time. Such an agreement shall be limited to the bill in dispute or the delinquent account.
- 10.4 A settlement agreement may be in writing and signed by the Customer or their representative and an authorized representative of the Company. A settlement reached by telephone may be confirmed by the Company in writing and mailed to the Customer, with instructions to sign a confirming copy and return it to the Company.
- 10.5 The Company shall not be required to enter into concurrent settlement agreements relating to the same Water Service account.
- 10.6 The Company shall not be required to enter into a subsequent agreement with a Customer who defaults upon the terms and conditions of a previous agreement entered into within the previous twelve (12) months.
- 10.7 If the Customer fails to comply with the terms and conditions of a settlement agreement, the Company may discontinue Water Service without further notice to the Customer.
- 10.8 If agreement cannot be reached on settlement of the dispute, the Customer may register their dispute with the Commission.

## 11. ADJUSTMENT OF BILLS

- 11.1 Water Service bills which are incorrect due to meter or billing errors shall be adjusted in accordance with Commission Rules and to the known date of error or one (1) year, whichever is shorter.

- 11.2 Adjustment for Hidden Leaks (as defined on page 14. item (M) may be given as follows:

Adjustment for Hidden Leaks will be 50 percent of the charge for wasted water estimated from the beginning date of the leak to the date of repair, which period shall not exceed two regular reading periods unless extended by missed scheduled meter reading. Wastage will be considered as the excess consumption over normal usage, obtained by reference to the Customer's consumption record. If there is no consumption record, the average consumption for the previous calendar year for the appropriate Customer classification will be used as the normal consumption. An adjustment will be given only after the Customer has corrected the condition and verification has been presented to the Company or that proper repairs have been made. Adjustments for Hidden Leaks will be limited to (1) one per Customer, per year, or (2) the adjustment amount set forth above unless occurring under unusual or extenuating circumstances.

## 12. METER TESTING

- 12.1 The Company will make a test of the accuracy of registration of a meter upon written request by a Customer. The Customer will be required to bear the full cost of any subsequent test of their meter if requested at less than eighteen (18) months after the preceding test, and accuracy of the meter is found to be in compliance with rules of the Commission. The results of such tests will be reported to the customer in writing within ten (10) days after the test is complete or the customer shall be given the opportunity of being present at such requested tests.

## 13. DEPOSIT TO INSURE PAYMENT OF BILLS

- 13.1 The Company will not require a cash deposit as a condition of new Water Service unless the Customer has a prior Water Service account which remains unpaid with the Company. Water Service is considered new if the Customer has not been a Customer of the Company within the last 12 months.

- 13.2 The Company will not require a cash deposit as a condition of continued Water Service unless the Water service of a Customer has been discontinued for nonpayment.
- 13.3 A cash deposit will be required under the following terms and conditions:
- (a) A deposit will be required as a condition of new Water Service if the Applicant has a prior outstanding account. such deposit shall not exceed an amount equal to two (2) times the estimated monthly bill for Water Service at the Customer's Premises. The Company may also require payment of the prior outstanding account, if due and owing to the Company, as a condition of new Water Service.
  - (b) A deposit will be required as a condition of continued Water Service if the Customer's service has been discontinued for nonpayment. Such deposit shall not exceed an amount equal to two (2) times the actual or estimated monthly bill for Water Service at the Customer's Premises. The Company may also require payment of the prior outstanding account as a condition of continued Water Service.
  - (c) Interest at the rate of 6% per annum, or at such other percentage per annum established by the Commission shall be payable on all deposits. Interest shall be paid upon the return of the deposit; however, a refund made within three (3) months from the date of deposit shall bear no interest.
  - (d) Deposits shall not earn interest after the date full payment is made to the Customer by mail or personal delivery, or after the date Water Service is terminated.
  - (e) Upon termination of Water Service, the deposit, with any accrued interest, shall be credited to the final bill and any balance returned promptly to the Customer. A change of customer's address within the Company's service area will not be considered Termination of Service.
  - (f) The deposit and accrued interest shall be refunded by the Company upon satisfactory payment by the Customer of all proper charges for Water Service for twelve (12) successive months. Payment is satisfactory if made Prior to issuance of a notice of discontinuation of Water Service for nonpayment of an account.

- 13.4 For each deposit, the Company will provide a written receipt and maintain a record showing (1) the name of the Customer, (2) the current address of the Customer so long as he maintains an active account with the Company in their name, (3) the amount of the deposit, (4) the date the deposit was made, and (5) a record of each transaction affecting the deposit. If a Customer requests a refund of their deposit, but is unable to locate their receipt, and the Company's record reflects that the deposit was made and the Customer is entitled to the refund, the Company will make the refund based on a written statement from the Customer reciting that he made a deposit and requests the refund.
- 13.5 Any deposit remaining unclaimed for the applicable statutory period after the Company has made diligent efforts to locate the Customer shall be presumed abandoned and, after making any lawful deductions, will be treated in accordance with the provisions of the applicable unclaimed property laws.

#### 14. TERMS AND CONDITIONS OF BILLING AND PAYMENT

- 14.1 All water sold shall be on the basis of meter measurement. Meters shall be scheduled to be read at not greater than quarterly intervals. The Company shall have the option to issue interim estimated monthly bills to Customers whose meters are read bi-monthly. Estimated bills shall not be less than a minimum bill as prescribed in the Company's current tariffs.
- 14.2 Private Fire Protection Service charges shall be payable quarterly in advance.
- 14.3 Special charges shall be payable on demand.
- 14.4 All bills for Water Service are due on or before the due date printed on the bills, and considered delinquent if not paid by such date. The due date will be at least twelve (12) days after the postmarked date of the bill, if mailed, or the date of delivery if delivered by other means.
- 14.5 All bills will be sent to the address entered in the application unless the Company is otherwise notified by the Customer.



- 14.6 Customers are responsible for furnishing the Company with their correct addresses. Failure to receive bills will not release Customer from payment obligations.
- 14.7 The use of water by the same Customer at different Premises or localities will not be combined for billing.
- 14.8 The Company may estimate the bill of any Customer for good cause, including, but not limited to: request of Customer; inclement weather; labor or union disputes; inaccessibility of a Customer's meter; other circumstances beyond the control of the Company or its agents and employees; and, a billing period with a varying meter reading schedule; or the Company may render an estimated bill when a meter is found to be not registering. In such cases, the Company shall estimate the charge for the water used by averaging the amount registered over a similar period preceding or subsequent to the period of nonregistration or for corresponding period in previous years, adjusting for any changes in the Customer's usage.
- 14.9 The Company may include charges for special services with charges for Water Service on the same bill if such charges are identified.

## 15. DISCONTINUANCE OF WATER SERVICE

### 15.1 Upon Customer's Request

- (a) The Customer shall notify the Company at least three (3) days in advance of the desired termination day and shall remain responsible for payment of all service until service is terminated pursuant to such request. The Company shall terminate service within three (3) working days of the requested termination date. The Customer shall not be liable for any service rendered to such address or location after the expiration of these three (3) days.

### 15.2 Without Customer's Request

- (a) The Company may disconnect service without request by the Customer and without prior notice only:
- I. If a condition dangerous or hazardous to life, physical safety or property exists; or

- II. Upon order by any court, the Commission or other duly authorized public authority; or
  - III. If fraudulent or unauthorized use of water is detected and the Company has reasonable grounds to believe the affected Customer is responsible for such use; or
  - IV. If the company's regulating or measuring equipment has been tampered with and the Company has reasonable grounds to believe that the affected Customer is responsible for such tampering; or
  - V. If a Customer violates the terms of a settlement agreement described in Rule 10, Disputed Bills.
- (b) The Company may discontinue Private Fire Protection Service immediately after written notice to such Customer and the appropriate Fire Department for leakage within such Private Fire Protection Service system and until such leaks are repaired.
- (c) In all other instances, the Company, upon providing the Customer with seven (7) days Prior written notice, may disconnect Water Service for any of the following reasons:
- I. The Customer fails to repair any leak in the Customer Service Pipe or other plumbing fixtures.
  - II. The Customer vacates the Premises or fails to pay their water bills or other charges related to their Water Service installations or facilities in accordance with these rules and the Company's rate schedules, or otherwise violates any of these rules.
  - III. Nonpayment of a Water Service bill based on estimated consumption after the estimated meter reading has been verified.
  - IV. The Customer fails to provide free and non-hazardous access to the Premises and meter so that the Company's representatives may make meter readings and necessary inspections and maintain, replace or remove the meter, or fails to maintain Customer-owned meter settings, including pits and vaults.

- V. The Customer installs a new Service Pipe and other fixtures or alters or removes an existing Service Pipe or other fixtures, including the meter, without the Company's consent.
- VI. The Customer fails to remedy a condition or use on their Premises which, in the Company's engineering judgment, endangers the Company's distribution system.
- VII. Misrepresentation of identity of Applicant for the purpose of obtaining Water Service.
- VIII. A Customer selling or providing water to other Premises not specifically included in the accepted application.
- IX. Where two or more Premises are supplied through a single Service Pipe, any violation of the Rates, Rules, Regulations and Conditions of Water Service of the Company shall be deemed a violation as to all, and the Company may enforce compliance with these rules and regulations by discontinuing Service. Such action, however, will not be taken until the customer not in violation has been given reasonable notice to acquire a separate Company Service Pipe.
- X. The Customer fails to pay for any sewer Service charge and discontinuance of Water Service is duly authorized by the appropriate Governmental Unit.
- XI. A Customer occupies a Premises already receiving Water Service without making application and fails to pay for Water Service used Prior to the Company accepting such Customer's application.

### 15.3 Prohibited Disconnection

- (a) Except as otherwise provided in subsection 15.1 and 15.2, the Company shall postpone disconnection of residential service for thirty (30) days if, Prior to the disconnect date specified in the disconnect notice, the Customer provides the Company a medical statement from a licensed physician or public health official stating that disconnection would be a serious and immediate threat to the health or safety of a designated person in the household of the Customer.

- (b) The Company may not disconnect Service to the customer:
  - I. Upon failure to pay for goods or services not approved by the Commission.
  - II. Upon failure to pay for concurrent Water Service received at a separate Premises. However, if Water Service is discontinued or terminated at the separate Premises, any unpaid balance may be transferred to the other account on the next regular billing.
  - III. Upon failure to pay for a different class of Water Service received at the same or different locations: or
  - IV. Upon failure to pay for Water Service provided in the name of another Customer.
- (c) If a Customer proceeds with a complaint before the Commission pursuant to Commission Rules and complies with Rule 10, Disputed Bills.

#### 15.4 Notice and procedure for Involuntary Disconnection

- (a) Except as otherwise provided in Section 15.2(a) and (b), service to any Customer shall not be disconnected for a violation of any rule or regulation of the Company or for the nonpayment of a bill, except after seven (7) days prior written notice to such Customer.
- (b) The Company may discontinue Water Service to a customer on the date specified in the notice of discontinuation. or within a reasonable time thereafter, only between the hours of 8:00 a.m. and 4:00 p.m.
- (c) Water Service shall not be discontinued on a day. or a day immediately preceding a day, when the Services of the Company are not available to the general public for the purpose of reconnecting discontinued Water Service.

#### 16. RECONNECTION OF WATER SERVICE AFTER DISCONTINUANCE

- 16.1 When service has been discontinued because of violations of the Rates, Rules, Regulations and Conditions of Water Service or because

of nonpayment, a reconnection charge will be made as set forth in the schedule of the rates and charges of the Company.

16.2 The Company will reconnect Service within the one (1) working day after it is requested provided:

- (a) The conditions, circumstances or practices which caused the disconnection have been corrected;
- (b) Satisfactory settlement of all delinquent charges owed the Company by the Customer authorized by these rules has been made; and
- (c) A responsible person is present in the Premises to see that all water outlets are closed to prevent damage from escaping water.

16.3 No Customer whose Water Service has been discontinued by the Company shall re-establish Service or cause Service to be re-established except by the Company.

17. MODIFICATION OF FACILITIES AT CUSTOMER'S EXPENSE

17.1 If a Customer requests for their convenience, or by their actions requires, that the Company's facilities be relocated or modified, compatible with water utility construction practices, the Company will require reimbursement for the full cost of performing such service.

17.2 Where such changes become necessary due to altered or additional use on the Customer's part, such as the causing of pressure fluctuations which affect service to other Customers or damage to the Company's system, the Customer shall bear the cost of such changes in the facilities in question.

18. CUSTOMERS REQUIRING UNINTERRUPTED SUPPLY

18.1 The Company will endeavor to give reasonable Water Service, however, customers are cautioned to provide sufficient storage of water where an absolutely uninterrupted supply at uniform pressure must be assured, such as for steam boilers, hot water systems, gas engines, Fire Service, etc.

- 18.2 Customers installing fixtures or devices taking a supply of water directly from the Service Pipe, dependent upon the working pressure of the distribution system, will do so at their own risk. The Company will not be responsible for any accidents or damages to which such fixtures or devices are subject.

19. REQUIREMENTS FOR PEAK DEMAND CUSTOMER

- 19.1 Customer usages requiring a large quantity of water within a short period of time will not be permitted except through intercepting or intermediate storage tanks, unless approved by the Company in writing. Customer Service Pipes or Private Fire Protection Service connections shall not be connected to the suction side of pumps, unless approved by the Company in writing.
- 19.2 The inlet connection for tanks attached directly or indirectly to the Customer's Service Pipes or Private Fire Protection Service connections shall discharge at a point no less than three (3) times the diameter of the inlet Pipe above the overflow of such tanks. Such connections must be approved by the Company in writing.

20. REQUIREMENTS FOR VALVES AND OTHER DEVICES

- 20.1 Check valves. relief valves. flush valves and vacuum breakers required or recommended by this rule must be installed and maintained by, and at the cost and expense of the Customer.
- 20.2 Check and relief valves will be required for Customers having boilers. hot water heaters (heating systems) connected directly or indirectly with the Distribution Mains of the Company. The check valve must be in the supply Pipe to any heating system and a relief valve between the check valve and heating system.
- 20.3 As a precaution against collapse of boilers. a vacuum valve should be installed in the steam line in case the water supply is interrupted.
- 20.4 The Company h not responsible for accidents or damages resulting from imperfect action or failure of check, relief or vacuum valves or failure of the Customer to provide necessary safety devices.
- 20.5 Any Customer desiring or requiring a pressure reducing device for Water Service to their Premises shall install and maintain such device at their cost and expense.

## 21. PLUMBING REGULATIONS AND WORK

- 21.1 All plumbing work shall be done in accordance with the plumbing code of the Governmental Unit or units applicable in the Company's service area and/or regulations adopted by any duly constituted board or commission having Jurisdiction.
- 21.2 All plumbing work connected to the Company's Distribution Mains shall be submitted for Company inspection before being covered.
- 21.3 If the Company determines plumbing work to be defective, though not necessarily in direct violation of these rules and regulations, the Company may insist it be corrected before Water Service is initiated.
- 21.4 Except where the plumbing is a simple extension or additional fixture on a service in use, the plumber shall turn off the water after completion testing.
- 21.5 No plumber, or any other person, shall initiate Water Service without permission from the Company.
- 21.6 No plumber, or any other person, shall connect to the Company's Distribution Main or to any Service Pipe or extend Pipe to any Premises for the purpose of securing a supply of water until application has been made and accepted by the Company as provided in these Rates, Rules, Regulations and Conditions of Water Service.

## 22. CROSS CONNECTIONS

- 22.1 A cross-connection is any physical connection whereby the Company's public water supply is connected with any other water supply, whether public or private, either inside or outside of any building or buildings, in such manner that a flow of water into the Company's public water supply is possible either through the manipulation of valves or because of ineffective check or back-pressure valves, or because of any other arrangement.
- 22.2 By-pass arrangements, Jumper connections, removable sections, swivel or change-over devices, and other temporary or permanent devices through which, or because of which, backflow can occur, are considered to be cross-connections.

- 22.3 No cross-connection will be permitted unless an acceptable form of protection against contamination by backflow into the water distribution system is provided. An acceptable form of protection is one which meets the approval of the Tennessee Department of Public Health, or any successor agency or organization, and the local regulating health agency. The required protective device or system shall be provided and installed by the customer and maintained by h\m in good working condition at their own cost and expense and shall be subject to the inspection. test and approval of the Company before being placed in service, and at such times thereafter as may be deemed necessary by the Company.
- 22.4 Any cross-connection in violation of this rule shall immediately be removed or corrected in a manner acceptable to the Tennessee Department of Public Health, or any successor agency or organization. and the local regulation health authority, and the Company. failure to do so may result in discontinuance of Water Service.
- 22.5 The Customer's Service Pipe and all connections and fixtures attached on a Customer's Private Fire Protection Service system shall be subject to the inspection of the Company to determine compliance with its cross-connection rule before water will be turned on, and all Premises receiving a supply of water and all Service Pipes, meters and fixtures, including any and all fixtures within the Premises, shall a t all reasonable hours be subject to inspection by any duly authorized employee(s) of the Company.

### 23. EXTENSION OF DISTRIBUTION MAINS

- 23.1 The Company will extend its Distribution Mains and related facilities from the end of existing mains under the terms and conditions of this rule, unless otherwise approved by the Commission.
- 23.2 The Company, upon written request, from an Applicant(s) in an established neighborhood, shall extend mains and connect Customer(s) in accordance with Rule 23.4. All other requests for Service requiring main extensions shall be subject to either Rule 23.6 or Rule 23.7 at the option of the Applicant(s). Rule 23.4 is for main installations necessary to serve existing Premises owned or occupied by the Applicant(s) to be served. Rules 23.6 and 23.7 are for main installations necessary to serve new subdivisions or developments involving speculation or the prospect of new Customers.



- 23.3 (a) Upon application for an extension of a Distribution Main, the Company will determine the necessary size, location and characteristics of the main and related facilities and make an estimate of the cost. Such estimate shall include all pipe, valves, fittings and other fixtures and materials and all other costs such as labor, permits, etc., including the Company's expense for supervision, engineering, insurance, tools, equipment, accounting, and overhead.
- (E)
- (b) Main extensions under Rule 23.4 shall terminate at a point perpendicular to the center of the Customer's residence fronting on the street in which the extension is to be made.
- (c) Main extensions under either Rule 23.6 or Rule 23.7 shall terminate at a point equidistant from the side property lines of the last lot or parcel for which facilities for Water Service are to be provided.
- (d) The size of pipe for extensions shall be eight-inch (8") unless a larger or smaller pipe, as determined by the Company, is reasonably necessary to serve the requirements of the proposed Customer(s), including fire protection service. If, for the Company's future extension plans it proposes to install a pipe larger than that which is reasonably necessary to meet the applicants' service requirements, the Company will pay the additional cost of such larger pipe.
- 23.4 Upon receipt of a signed application for permanent Water Service which shall commence upon completion of the Company's main extension, an extension shall be provided as follows:
- (a) Where the length of extension required does not exceed 100 feet for each applicant to be served, the Company will install the required amount of mains at no cost to the applicant(s) provided, the Company has on file a written application for Service from each applicant to be served.

(E) Eliminate Text

- (b) If the length of main required to provide service to each applicant or group of applicants exceeds 100 feet per applicant, such extension will be made only if the applicant(s) shall contract with the Company for such extension and deposit in a manner mutually agreed to in writing between the applicant(s) hereinafter called Depositor (s) and the Company, the total estimated cost of the extension less a credit equal to the amount produced by multiplying the estimated unit cost per foot of main by 100 and by then multiplying that result by the number of applicants.
  - (c) If within a ten (10) year period beginning with the date the main extension is completed, service is provided directly from said extension to any Premises which has not previously received water service from the Company, the Company will refund to the Depositor(s) an amount equal to the actual completed cost of 100 feet of main installed under the contract. In no event shall the aggregate refund made to any Depositor(s) exceed the amount of that Depositor's original deposit. No refunds shall be required to be made by the Company until the number of Customers actually connecting to the extension equals the number of applicants used in computing the deposit required for the extension.
  - (d) When more than one Depositor is involved, the amount of the advance deposit may be divided equally among the Depositors, unless otherwise agreed to by the Depositors.
  - (E) (e) Should the actual cost of the extension be less than the estimated cost, the Company will refund the difference as soon as the actual cost has been ascertained. Should the actual cost of the extension exceed the estimated cost, the Company may require the original Depositor(s) to pay for the additional cost. The final cost of the extension shall be reflected in a supplemental memorandum to the original extension and deposit agreement.
- 23.5 For the purposes of main extensions Rules 23.6 and 23. 7 and all agreements entered into by the company for the extension of water mains in accordance with this Rule 23.5, the following definitions shall apply:

(E) Eliminate Text

- (a) Bona Fide Prospective Customer - Any owner or lessee who is or will be the occupant of a developed Premises having a curb line abutting on that part of a street or public highway in which there is, or is to be, located a Distribution Main of the Company, and who shall have filed with the Company a signed application for permanent Water Service to begin immediately after installation of a Service Line to such Premises.
  - (b) Prior Main - A Distribution Main not a Branch Main installed under an Extension Deposit Agreement for the purpose of serving a new development having one or more Bona Fide Prospective Customers.
  - (c) Branch Main - A lateral Distribution Main installed under an Extension Deposit Agreement for the purpose of serving one or more Bona Fide Prospective Customers whose Premises are located in an area not contiguous to a street in which water mains have been installed under unexpired prior Extension Deposit Agreements.
  - (d) Unit Cost Per Foot of Main -An amount, to be determined by the Company as soon as possible after installation of the requested main, consisting of the Company's average completed cost per foot of all mains installed pursuant to the specific Extension Deposit Agreement. For the purposes of determining the initial deposit to be made by the applicant(s), the Company will estimate the Unit Cost Per Foot of Main in accordance with Rule 23.3.
- 23.6 (a) The Company will extend existing Distribution Mains in dedicated public streets or highways where the ground surface has been conformed to the established grade or sub-grade of the street, a distance of one hundred (100) feet for each Bona Fide Prospective Customer making application for Water Service therefrom. Such extension will be made without cost to the applicant(s) for service, except for such connection charge, if any, as may be applicable to such customer.
- (b) When an extension greater than one hundred (100) feet in length for each Bona Fide Prospective Customer is required or requested, such extension will be made, in dedicated public streets or highways where the ground surface has been conformed to the established grade or sub-grade of the street, under the terms of an Extension Deposit Agreement as hereinafter set forth:

(C) Change

- (I) The applicant (hereinafter the Depositor) shall deposit with the Company an amount equal to (i) the estimated number of feet or pipe to be installed multiplied by the estimated Unit Cost Per Foot of Main, plus the estimated cost of other facilities (excluding fire hydrants, hydrant laterals, service lines and meters), which the Company shall have determined are necessary to render adequate service, less (ii) a credit equal to the amount produced by multiplying the results of such computation by the number of Bona Fide Prospective Customers whose Premises abut said extension and will be directly connected thereto.
- (E)
- (II) Upon completion of the extension and compilation of actual costs, should the actual completed Unit Cost Per Foot of Main and/or the actual number of feet of pipe installed be more, or less, than the original estimate, the Depositor shall immediately deposit with the Company, or receive from the Company, an amount equal to the difference between the estimated footage multiplied by the estimated Unit Cost Per Foot of Main and the actual footage multiplied by the completed Unit Cost Per Foot of Main.
- (E)
- (III) Deposits made pursuant to this rule shall be subject to refunds within the period of ten (10) years from the actual date of deposit as follows:
- (i) For each additional bona fide Customer for whom a Service Line has been made to the extension in question, the Company shall refund to the Depositor an amount equal to the completed Unit Cost Per Foot of Main used in calculating the final deposit multiplied by one hundred (100); and
- (E)
- (ii) If any Branch Mains are connected to the Prior Main within a period of five (5) years from the date said Prior Main was installed, the Company shall refund to the Depositor, or to the Depositor and all other parties who may have participated in the cost of the main in question, their proportionate share of the supplemental deposit required for such a Branch Main connection as provided in Rule 23.6 (b) IV hereof.

(E) Eliminate Text

(IV) When a Distribution Main is installed under an Extension Deposit Agreement and such main passes through undeveloped property where future Branch Mains may be connected thereto, the persons for whom such Branch Mains are installed within a period of five (5) years from the date the Prior Main was installed shall be required to share proratably in the cost of such Prior Main from its beginning point to the point of connection of the Branch Main. This shall be accomplished by requiring each person for whom such a Branch Main is to be installed to make a supplemental deposit with the Company in an amount equal to their proportionate share of the then un-refunded balance of the deposit which was established to secure the installation of such Prior Main to the point of connection of the Branch Main. Such supplemental deposit shall be paid over by the Company, promptly after receipt thereof, to the original Depositor and to all others who have made deposits on that portion of the Prior Main. The allocation thereof to such parties shall be in proportion to their respective percentage participations in the un-refunded balance of the deposit relating to the installation of the Prior Main to the point of connection of the Branch Main. No such supplemental deposit shall be required if a lateral main is being installed and connected to the Prior Main by the Company at its own expense, or by the Company at the request of an applicant for a main extension which does not require a deposit from such applicant.

- 23.7 (a) The Company will extend existing Distribution Mains in dedicated public streets or highways where the ground surface has been conformed to the established grade or sub-grade of the street, without cost to the applicant(s) if the estimated cost of the extension is not greater than forty (40) percent of the company's estimate of revenue to be received the first three (3) years from Bona Fide Prospective Customer(s).
- (b) When an extension with an estimated cost greater than forty (40) percent of the Company's estimate of three (3) years' revenue from Bona Fide Prospective Customer(s) is required or requested, such extension will be made, in dedicated public streets or highways where the ground surface has been conformed to the established grade or sub-grade of the street, under the terms of an Extension Deposit Agreement as hereinafter set forth:

(C) Change

- (E) (I) The Applicant (hereinafter the Depositor) shall deposit with the Company an amount equal to (i) the estimated cost of the extension, less (ii) a credit equal to forty (40) percent of the Company's estimate of three (3) years' revenue to be received from Bona Fide Prospective Customer(s) whose Premises abut said extension and will be directly connected thereto.
- (E) (II) Upon completion of the extension and compilation of actual costs of the extension, the Depositor(s) shall immediately deposit with the Company, or receive from the Company, if the cost is less than estimated, an amount equal to the difference between the estimated cost and the actual completed cost of the extension.
- (III) Deposits made pursuant to this rule shall be subject to refunds within the period of ten (10) years from the actual date of the deposit as follows:
- (i) Upon completion of the first year's service to Bona Fide Prospective Customer(s) for whom credit was given in establishing the deposit, the Company will refund to the Depositor an amount equal to forty (40) percent of the difference between the first three (3) years' revenue originally estimated by it and the actual revenue received, provided the actual revenue is greater than the estimated revenue. If the actual revenue is less than the estimated revenue, the difference will be used as an off-set against revenues which would otherwise become the basis for refund pursuant to (ii) below.

(E) Eliminate Text

- (ii) During the period of ten (10) years from the actual date of deposit, the Company shall at the end of each year refund to the Depositor an amount equal to forty ( 40) percent of the actual annual revenue received for water Service from Customers whose Service Line is directly connected to the main covered by the Extension Deposit Agreement. Such refunds shall be paid annually within forty-five (45) days of each contract year covering refunds owing from Water Service revenues received during the preceding contract year; provided, however. that the first three (3) years' revenue from Bona Fide Prospective Customer(s) for whom credit was given in establishing the deposit shall be excluded from refunds to be paid under this provision (ii).
- (iii) If any Branch Mains are connected to the Prior Main within a period of five (5) years from the date said Prior Mains was installed, the Company shall refund to the Depositor. or to the Depositor and all other parties who may have participated in the cost of the main in questions, their proportionate share of the supplemental deposit required for such a Branch Main connection as provided in Rule 23.7(b) IV hereof.

IV. When a Distribution Main is installed under an Extension Deposit Agreement and such main passes through undeveloped property where future Branch Mains may be connected thereto, the persons for whom such Branch Mains are installed within a period of five (5) years from the date the Prior Main was installed. shall be required to share proratably in the cost of such Prior Main from its beginning point to the point of connection of the Branch Main. This shall be accomplished by requiring each person for whom such a Branch Main is to be installed to make a supplemental deposit with the Company in an amount equal to their proportionate share of the then unrefunded balance of the deposit which was established to secure the installation of such Prior Main to the point of connection of the Branch Main. Such supplemental deposit shall be paid over by the Company, promptly

After receipt thereof, to the original Depositor and To all others who have made deposits on that portion of the Prior Main. The allocation thereof to such parties shall be in proportion to their respective percentage participations in the unrefunded balance of the deposit relating to the installation of the Prior Main to the point of connection of the Branch Main. No such supplemental deposit shall be required if a lateral main is being installed and connected to the Prior Main by the Company at its own expense, or by the company at the request of an applicant for a main extension which does not require a deposit from such applicant.

- 23.8 The aggregate refunds made by the Company under any Extension Deposit Agreement shall not exceed the total deposit made under such Agreement.
- 23.9 No interest will be paid by the Company on any main extension deposits or on any unrefunded balances.
- 23.10 All mains, Branch Mains and related facilities installed in accordance with this Rule 23 shall be and remain the sole property of the Company.
- 23.11 The Company shall have the right to further extend its mains from and beyond any main extension made under this Rule 23. The Depositor(s) shall not be entitled to any refund from Customers connected to further extensions from the original main extension except for the Branch Main provisions of Rules 23.6 and 23.7.
- 23.12 Before Distribution Mains will be installed in accordance with this Rule 23, the following conditions must specifically be met by the requesting party:
- (a) The road surface shall be brought to the established subgrade, properly compacted; and
  - (b) The Applicant or depositor shall furnish the Company with a right-of-way agreement suitable to the Company if such main extension or any part is to be installed in other than dedicated public streets or highways .



- 23.13 Any main extension agreement made pursuant to this Rule 23 and the right to refund thereunder shall not be assigned by any depositor without the Prior written consent of the Company.
- 23.14 Special contracts, subject to the approval of the Tennessee Public Utility Commission, may be entered into by the Company and the party or parties requesting main extensions in those instances where:
- (a) The prospects are that the patronage and demand will not be of such permanency as to warrant the capital expenditure involved, or
  - (b) There are industrial installations requiring extensive utility investment and the demand for Water Service is expected to be slight, irregular or of unknown quantity, or
  - (c) Where extensive plant additions are required before Customers can be attached and/or served, or
  - (d) Other abnormal or extraordinary circumstances are present.

#### 24. PUBLIC FIRE HYDRANTS

- 24.1 Public Fire protection Service shall be provided to any Governmental Unit requesting same within the Company's Service area in accordance with the Company's tariff and the terms and conditions set forth in an agreement between the Company and the requesting party. Public Fire hydrants shall only be installed on Company-owned mains six inches (6") or larger in internal diameter.
- 24.2 The use of Fire hydrants shall be restricted to the taking of water for the extinguishing of Fires and at such times, is under the control of authorized representatives of the Fire Department. Water shall not be taken from any fire hydrant for construction purposes, sprinkling streets, flushing trenches, sewers, or gutters or for any other use. unless specifically authorized in writing by the Company.

- 24.3 Any expense for repairs or damage caused by persons operating Fire hydrants, shall be paid for by such persons.

25. INTERRUPTIONS IN OR CURTAILMENT OF WATER SUPPLY

25.1 Interruptions in Water Supply

The Company reserves the right at any time to shut off the water in the Distribution Mains in case of accident or emergency, or for the purpose of making connections, extensions, improvements, alterations, repairs, changes, or for other proper business or utility reasons, and may restrict the use of water to reserve a sufficient supply in its reservoirs for public fire Service or other emergencies whenever the public welfare may so require in accordance with Rule 25.2.

25.2 Curtailment of Service and/or Usage

- (a) When, in the judgment of the Company, sufficient supplies of water are not available to meet existing and anticipated demands or to preserve and replenish water storage in amounts sufficient to provide fire protection, the Company shall have the right to restrict, limit, curtail or interrupt Water Service to any Customer or Customers. The Company shall not be liable for any damage by reason of any such restriction, limitation, curtailment or interruption.
- (b) During any period of Company imposed restricting or curtailing Water Service, the Company shall not supply new service or additional service to any Customer, except for residential Premises occupied for which application for service has previously been made.
- (c) When feasible, Prior to the application of this rule, the Company shall use its best efforts to inform the public of the emergency nature of its water supply situation and request voluntary curtailment of water usage by all Customers. If, in the judgment of the Company, such voluntary curtailment is not sufficient to protect the health and safety of its Customers or to preserve and replenish its reservoir storage for Fire protection, it shall proceed under the provisions of paragraph (d) of this rule.

- (d) The Company shall endeavor to maintain a supply of water to provide for the sanitary and health requirements of its residential and human needs Customers (hospitals, medical centers, nursing homes, and apartments) and its fire protection service. The Company shall first order curtailment of usage by all Customers for sprinkling, decorative fountains, swimming pools and other similar nonessential usage. Thereafter, the Company shall curtail or limit on a pro rata basis water usage to all Customers whose average daily volume of water purchased during the preceding calendar year exceeded 100,000 gallons for any billing month during such period; provided, the Company reserves the right to order temporary, limitation or interruption of water usage for any Customer without regard to any Priority of Service when in its judgment such temporary, limitation or interruption is necessary to forestall injury to life or property. If any Customer fails to comply with any mandatory restriction, limitation or interruption of Service imposed under this paragraph (d), the Company may discontinue service to such Customer.
- (e) Company notice to Customers may be given by written notice or it may be given orally by any authorized agent of the Company. The notice shall be considered given when actually communicated in the case of oral notice or deposited in the United States Mail, if written.

## 26. RESPONSIBILITY OF COMPANY

- 26.1 The Company will undertake to use reasonable care and diligence to prevent and avoid interruptions and fluctuations in Water Service and to maintain reasonable pressure on the distribution system, but it cannot and does not guarantee to furnish at all times any given quantity for Fire or general purposes or that interruptions or fluctuations in Service will not occur. In the event there occurs any excess or deficiency in the pressure, volume or supply of water for any cause whatsoever, other than willful default or neglect on the part of the Company, the Company shall not in any way or under any circumstances be held liable or responsible to any person, firm, corporation or Governmental unit for any resulting loss or damage.

- 26.2 Unless due to willful default or neglect on the part of the Company, the Company shall not be liable for any damages resulting from the breaking of mains or Service Pipes, interruption of the supply of water or cutting off water for necessary repairs or maintenance, or from any other act, omission or event.
- 26.3 The Company shall not be considered an insurer of property or persons. or to have undertaken to extinguish Fire or to protect any persons or property against loss or damage by Fire, or otherwise. The Company agrees only to furnish and provide such supply of water as shall then be available.

27. OWNERSHIP OF PROPERTY

- 27.1 Unless otherwise agreed to, all pipe, fittings, equipment, meters or other fixtures installed at the expense of the Company shall at all times be and remain the property of the Company and may at any time during reasonable hours be inspected by the Company and/or removed by it for repairs or replacements, or upon the Discontinuance of Service.

28. GENERAL

- 28.1 No electric wires shall be grounded on the mains of the Company or on any Service Pipes or pipes or fixtures of any kind which have a metallic connection with the mains of the Company. The Company assumes no responsibility for continuity of electrical grounding systems.

APPLICATION FOR PRIVATE FIRE PROTECTION SERVICE

This Application made in triplicate this \_\_\_\_\_ day of \_\_\_\_\_  
19\_\_\_\_, by \_\_\_\_\_ (a corporation  
(APPLICANT)

of the State of \_\_\_\_\_ hereinafter called the  
"Applicant", to the Tennessee-American Water Company (a corporation of the  
State of Tennessee), doing business in the City of Chattanooga hereinafter  
called the "water Company."

The Applicant, upon the terms and conditions hereinafter set forth, hereby  
applies to the Water Company for private Fire protection service consisting of  
the right to connect a \_\_\_\_\_ inch Service pipe to the street main of the  
Water Company on \_\_\_\_\_ Street. between \_\_\_\_\_  
Street and \_\_\_\_\_ Street in the City of \_\_\_\_\_  
and attach to said Service pipe the following fixtures and openings:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

All of which fixtures and openings to be located within or upon the premises  
of the applicant abutting the street on which the said main of the Water  
Company is located.

In consideration for which privilege, the Applicant agrees to be bound by  
all the terms and conditions of this application and to pay the Water Company  
for private Fire protection Service at the schedule of rates in effect from  
time to time during the rendition of such Service.

The further terms and conditions upon which this application may be  
accepted by the Water Company are as follows:

FIRST: That the application and the acceptance thereof by the Water  
Company is subject to the Prior approval of the fire department having  
jurisdiction of the premises to be served.

SECOND: That the entire private Fire protection service system on  
Applicant's premises shall be subject to the inspection, test and approval of  
the Water Company, and the Water Company by its representatives, shall have  
the right to enter the premises of the Applicant at any reasonable time for  
the purpose of making such reasonable inspections as it may deem necessary,  
and to insure compliance with the terms and conditions of this application

THIRD: That all pipes and appurtenances shall be constructed and maintained in good condition by and at the expense of the Applicant.

FOURTH: That a fire line meter or detector device approved by both the Water Company and the Fire underwriters, will be required on the service at a location approved by the Water Company. Such meter or device shall be installed and maintained by and at the cost and expense of the Applicant, but subject to the inspection and approval of the Water Company. The by-pass meter only, used with the detector device, shall be furnished, installed and maintained by the Water Company at its cost and expense.

FIFTH: That a gate valve with post indicator controlling the entire supply shall be placed at the curb or property line of the street in which the main is located or at such other point as may be approved by the Water Company, and shall be furnished, installed and maintained by and at the expense of the Applicant, and unless otherwise approved by the Water Company, said valve shall be installed in a valve pit or vault which shall also be furnished, installed and maintained by and at the expense of the Applicant.

SIXTH: That all hydrants and other fixtures connected to the private fire protection Service system shall be kept closed and sealed, and not opened or used except during times of Fire or testing. Upon extinguishment of each Fire or following each test, the Applicant shall immediately close such fixtures and notify the Water Company so that they may be sealed. Whenever a private Fire protection service system is to be tested, the Applicant shall notify the Water Company at least two (2) business days in advance of such proposed test, requesting approval of the method, day and hour on which it is to be made.

SEVENTH: That no anti-freeze or any other substance, not specifically approved by the Environmental Protection Agency as non-detrimental to the public water supply, shall be introduced into sprinkling systems or into any pipe, fixture, appurtenance or other portion of the Applicant's private fire protection Service system.

EIGHTH: That the Applicant understands and agrees that the extent of the rights of the Applicant under this application is to receive, but only at times of Fire on said premises, such supply of water as shall then be available and no other or greater quantity. The Applicant further acknowledges and agrees the Water Company shall not be considered in any way or manner an insurer of property or persons, or to have undertaken to extinguish Fire or to protect any persons or property against loss or damage by fire, or otherwise, and the Water Company shall be free and exempt from any and all claims for damages on account of any injury to property or persons

by reason of Fire, water, failure to supply water or pressure, or for any other cause whatsoever.

NINTH: That this application does not contemplate uses of fixtures other than those herein stated. Any waste of water or use of water through this connection for purposes other than testing or the extinguishment of fire, shall be deemed a violation of the terms and conditions of the Application and of the rules, regulations and conditions of Service of the Water Company.

TENTH: That if private Fire hydrants are included as part of this Application, they shall be painted any color other than that adopted by the Water Company for public Fire hydrants.

ELEVENTH: That the Applicant shall furnish, attach and make a part hereof, three (3) complete sets of drawings showing the pipes, pumps, valves, hydrants, sprinkler systems, hose outlets and connections, standpipes, tanks and other openings and appurtenances contemplated in this application. Such drawings, which shall be stamped "Approved" by the Insurance Services Office or other comparable agency approved by the Water Company, must also show all other water supply systems and pipe lines and appurtenances which are proposed or which may exist on the premises to be served.

TWELFTH: That no pipe, fixtures or appurtenances connected with the private Fire protection Service served by this application shall be connected with any pipe, fixtures. or appurtenances supplied with water from any other source, unless specifically approved in writing by the Company.

THIRTEENTH: That the Applicant agrees to obtain in advance the approval of the Water Company for any change, alteration, addition or deduction contemplated in the pipes, fixtures, openings and appurtenances and uses herein specified. Notwithstanding the approval of the Water Company, Applicant agrees that, except for those facilities which the Water Company has specifically agreed to provide and maintain, Applicant is and will be solely responsible for the design, adequacy, function and maintenance of its private fire protection Service system referred to in this application.

FOURTEENTH: That the Water Company has the right to discontinue or disconnect the Service pipe herein applied for, and to terminate service under this application, after due written notice to the Applicant, for failure to pay any bill when due, for leakage within Applicant's system, for violation of any of the terms and conditions of this Application, or for any violation of its rules, regulations and conditions of Service; and the Water Company also has the right to shut off all or any part of its facilities and discontinue the service without notice when deemed necessary by the Water Company (1) if a

condition dangerous or hazardous to life. physical safety or property exists, (2) under order by any court, the Public Utility Commission or other duly authorized public authority, (3) if fraudulent or unauthorized use of water by Applicant is detected, or if the Water Company's regulating or measuring equipment has been tampered with by Applicant.

FIFTEENTH: That upon acceptance of this Application by the Water Company and the completion of the installation of the service pipe applied for, this Application shall be in full force and effect as a contract and shall continue as such until cancelled by written notice given thirty (30) days in advance by the Applicant to the Water Company, except as otherwise provided in numbered paragraph (14) above.

SIXTEENTH: The acceptance of this Application by the Water Company must be executed by its Manager and President or Vice President before same becomes effective.

IN WITNESS WHEREOF, the Applicant has executed this Application as the day and year first above written.

WITNESS:

(APPLICANT)

APPROVED this \_\_\_\_ day of -----, 19\_\_

WITNESS:

(CHIEF OF FIRE DEPARTMENT)

IN WITNESS WHEREOF, the Company hereby accepts the foregoing Application this \_\_\_\_ day of \_\_\_\_\_, 19\_\_



**ECONOMIC DEVELOPMENT RIDER  
RIDER EDR****Purpose**

The purpose of this Economic Development Rider is to encourage industrial and commercial development in Tennessee.

**Availability**

Water service under this rider is only available in conjunction with local, regional, and state governmental economic development activities where incentives have been offered and accepted by a customer who is requesting service, in conjunction with the location of new or expanding facilities, in the Company's service areas.

Water service under this rider is only available to customers otherwise qualified for service under the following Company's service classifications:

- Industrial
- Commercial

Water service under this rider is not available in conjunction with service provided pursuant to any other special contract agreements.

**Applicability**

This Rider is applicable to a new customer, or the additional separately-metered facilities of an existing customer, who will be served under one or more of the above service classifications and who meet the following criteria:

- 1) The annual load factor of the new customer or additional facilities is reasonably projected to equal or exceed fifty-five percent (55%) during the entire term of application of this rider. The projected annual customer load factor shall be determined using the following relationship: Projected Annual Water Consumption, Expressed as MGD, divided by Maximum Summer Monthly Billing Demand, Expressed as MGD.
- 2) The average annual billing demand on the new customer or additional facilities is projected to be at least 0.5% of the total Company consumption during each contract year under this rider.

**ECONOMIC DEVELOPMENT RIDER  
RIDER EDR (Continued)**

3) The customer's new or additional facilities must create new permanent jobs within the facilities qualifying for this rider. The number of jobs created must be 0.1 % of the total population of the service area.

Requests for service under this Rider must be submitted prior to the customer having committed to moving into or expanding within the Company's service territory and shall be accompanied by sufficiently detailed information to enable the Company to determine whether the new customer or additional facilities meet the above criteria.

Services under this Rider shall be evidenced by a contract between the customer and the Company in the general form as that contained in the following sheets, which shall be filed within ten days of execution with the Tennessee Public Utility Commission ("TRA") for information purposes.

Customer must notify Company in writing of the date at which customer would like the provisions of this Rider to commence. Such commencement date must be within twelve (12) months of the execution of the contract.

This Rider shall only be available if adequate capacity is available to meet the additional load throughout the year.

**Incentive Provisions****Amount of Discount**

Subject to the provisions below, the discount during the first contract year shall be thirty percent (30%); during the second contract year, twenty-five percent (25%); during the third contract year, twenty percent (20%); during the fourth contract year, fifteen percent (15%); and during the fifth contract year, ten percent (10%). After the end of the fifth contract year, no other discount pursuant to this Rider shall be applied to the customer's bill and the applicability of this Rider and its associated contract to the particular facilities shall cease.

**Calculation**

At the conclusion of the first contract year (i.e., 12 full monthly billing periods after the effective date of the contract), the Company shall review customer's annual load factor and calculate an average monthly billing demand. If the customer has demonstrated at least a fifty-five percent (55%) annual load factor and at least an annual consumption level of 0.5% of total consumption for the Company, then a bill credit shall be issued to apply the thirty percent (30%) discount for the first contract year, as set out below.

**ECONOMIC DEVELOPMENT RIDER  
RIDER EDR (Continued)****Calculation Continued:**

The same review shall be made at the end of each succeeding year during the five-year period and the applicable discount amount applied as a credit for that year if the criteria were met.

If the customer fails to meet the criteria for a particular year, the applicable discount for that one year shall be forfeited by the customer but the contract shall remain in effect and the customer shall remain eligible for the discounts that would be applicable during the remainder of the five-year period.

If the customer fails to meet the criteria in both the first and the second year, or in any two successive years during the five-year period, service to the customer under this Rider shall terminate and the contract for service under the Rider shall be void.

**Application of the Discount:**

Since the discount is to be calculated at the end of the year after determination that all criteria have been met, the customer will have been billed for the otherwise applicable rate schedule and been charged for the appropriate taxes (e.g., sales and other gross receipts or franchise taxes). To afford the customer the full benefit of the discount (e.g., thirty percent (30%) for the first year) to the amount the customer paid for water service pursuant to the otherwise applicable rate schedule for the previous twelve billing periods, not including taxes. The discount will be given to the customer by that amount being applied as a credit on the next bill, prior to the calculation of taxes. No discount will be applied to items on the bill that are otherwise required to be charged to a customer by statute or rule of the TRA.

**Revenue Determination:**

The pre-tax revenues under this Rider shall be determined by reducing otherwise applicable charges, associated with the rate schedules. The discount, where applicable, will be determined based on service rendered to customer during the Company's designated and applicable billing periods of each contract year and shall be as follows:

	<b>Discount</b>
First Contract Year	30%
Second Contract Year	25%
Third Contract Year	20%
Fourth Contract Year	15%
Fifth Contract Year	10%

After the conclusion of the fifth contract year, these discounts shall cease. All other billing, operational and related provisions of the aforementioned shall remain in effect.

**ECONOMIC DEVELOPMENT RIDER  
RIDER EDR (Continued)**Form of Contract

This Agreement is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between Tennessee-American Water Company and \_\_\_\_\_ (Customer).

**WITNESSETH:**

Whereas, Company has on file with the State of Tennessee Public Utility Commission, a tariff providing for an Economic Development Rider (Rider), and;

Whereas, Customer is a new customer, or has acquired additional separately metered facilities within the Company's service territory; and;

Whereas, Customer has furnished sufficient information to the Company to demonstrate that its new facilities or additional separately metered facilities (Facilities) satisfied the Availability and Applicability provisions of the Rider, and;

Whereas, Customer wishes to take water service from the Company, and the Company agrees to furnish water service to the Customer under this Rider and pursuant to all other applicable tariffs of the Company;

Now, therefore, the Company and Customer agree as follows:

1. Service to the Customer's Facilities shall be pursuant to the Rider, all other applicable tariffs, and the Company's General Rules and Regulations applying to water service, as may be in effect from time to time and approved by the TRA.
2. Customer acknowledges that this Agreement is not assignable voluntarily by Customer, but shall nevertheless inure to the benefit of and be binding upon the Customer's successors by operation of law, so long as the successor continues to meet the criteria of the Rider.
3. Customer will furnish additional information, as requested by the Company, to assure the continued eligibility for service under the Rider.

**ECONOMIC DEVELOPMENT RIDER  
RIDER EDR (Continued)**

Customer acknowledges that all information provided to the Company for the purpose of determining whether the Customer is eligible for service under the Rider shall be retained by the Company and shall be subject to inspection and disclosure under Chapters 386 and 393, RSMO 1986, as amended from time to time. Should the customer designate any of such information proprietary or confidential, Company shall notify customer of any request for inspection or disclosure, and shall use good faith efforts to secure an agreement or TRA order protecting the proprietary or confidential nature of such information.

5. This Agreement shall be governed in all respects by the laws of the State of Tennessee (regardless of conflict of law provisions), and by the orders, rules and regulations of the TRA as they may exist from time to time. Nothing contained herein shall be construed as divesting, or attempting to divest, the TRA of any right, jurisdiction, power or authority vested in it by law.

In witness whereof, the parties have signed this Agreement as of the date first above written.

Tennessee-American Water Company

\_\_\_\_\_  
Customer

By: \_\_\_\_\_

By: \_\_\_\_\_