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August 1, 2025

Chairman David Jones  
c/o Ectory Lawless, Docket Room Manager  
Tennessee Public Utility Commission  
502 Deadrick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
[Tpuc.docketroom@tn.gov](mailto:Tpuc.docketroom@tn.gov)

**Via Email**

Electronically Filed in TPUC Docket  
Room on August 1, 2025 at 1:41 p.m.

Re: Tennessee Water Service, Inc.' Petition for Approval of its 2025 Annual Rate  
Review Filing, TPUC Docket No. 25-00031 – Updated Exhibit Filing

Dear Chairman Hilliard,

In responses to certain discovery requests filed by the Consumer Advocate Division of the Office the Tennessee Attorney General, Tennessee Water Service, Inc. ("TWS") has updated certain exhibits that were filed with its original Petition on May 30, 2025. Attached to this cover letter are updated exhibits with Schedules A through F and Schedules B-1 and B-2. These updated exhibits are intended to replace those originally filed with the Direct Testimony of Andrew Dickson. In addition to this electronic filing, we will deliver hard copies of these updated exhibits

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

Sincerely,



Ryan A. Freeman  
For the Firm

CC:

Tiffany Van Horn, via email  
Enclosure

Tennessee Water Service, Inc.  
Docket 25-00031  
Annual Review Filing  
Historic Period: December 31, 2024  
Attrition Period: August 31, 2026

Exhibit 1  
Schedule A  
Updated

Rate Base and Rate of Return

Line No.	Description		Historic Period Per Books	Historic Period Adjustment	Historic Period As Adjusted	Attrition Period Adjustment	Attrition Period Under Present Rates	Proposed Increase/ (Decrease)	Period Under Proposed Rates
			[A]	[B]	[C]	[D]	[E]	[F]	[G]
1	Net Operating Income		96,100	(5,358)	90,741	14,304	105,045	42,406	147,452
2	Gross Plant In Service	A-1	3,274,038	19,942	3,293,979	(19,942)	3,274,038		3,274,038
3	Accumulated Depreciation	A-2	(418,676)	(52,898)	(471,574)	52,898	(418,676)		(418,676)
4	Net Plant In Service		2,855,361	(32,956)	2,822,405	32,956	2,855,361	-	2,855,361
5	Cash Working Capital	A-3	40,188	-	40,188	(593)	39,594		39,594
6	Contributions In Aid of Constructio	A-6	(675,375)	10,656	(664,719)	(10,656)	(675,375)		(675,375)
7	Accumulated Deferred Income Taxes		(67,545)	(59,415)	(126,961)	(5,697)	(132,658)		(132,658)
8	Non-Current Asset		-	-	-	-	-		-
9	Excess Deferred Taxes	A-5	(64,818)	(859)	(65,677)	2,578	(63,099)		(63,099)
10	Deferred Charges	A-4	276,287	21,994	298,281	(77,720)	220,561		220,561
11	Regulatory Liability	A-5	(353,366)	(2,824)	(356,190)	9,509	(346,681)		(346,681)
12	Total Rate Base		2,010,732	(63,404)	1,947,328	(49,623)	1,897,704	-	1,897,704
13	Return on Rate Base		4.78%		4.66%		5.54%		7.77%

Tennessee Water Service, Inc.  
Docket 25-00031  
Annual Review Filing  
Historic Period: December 31, 2024  
Attrition Period: August 31, 2026

Exhibit 1  
Schedule B  
Updated

Income Statement

Line No.	Description		Historic Period Per Books	Historic Period Adjustment	Historic Period As Adjusted	Attrition Period Adjustment	Attrition Period Under Present Rates	Proposed Increase/ (Decrease)	Attrition Period Under Proposed Rates
			[A]	[B]	[C]	[D]	[E]	[F]	[G]
1	Operating Revenues								
2	Service Revenues - Water	B-1	540,896.71	-	540,896.71	107,417.23	648,313.94	56,713.64	705,027.57
3	Service Revenues - Sewer		-	-	-	-	-	-	-
4	Miscellaneous Revenues		4,808.66	-	4,808.66	4,768.88	9,577.54	837.83	10,415.37
5	Uncollectible Accounts		(878.73)	-	(878.73)	101.02	(777.71)	(141.12)	(918.82)
6	Total Operating Revenues		544,826.64	-	544,826.64	112,287.13	657,113.77	57,410.35	714,524.12
7	Maintenance Expenses								
8	Salaries and Wages		-	-	-	-	-	-	-
9	Purchased Power		16,366.23	-	16,366.23	1,019.28	17,385.51	-	17,385.51
10	Purchased Water / Sewer		77,776.77	-	77,776.77	13,410.86	91,187.63	-	91,187.63
11	Maintenance and Repair		140,236.93	-	140,236.93	(14,868.91)	125,368.02	-	125,368.02
12	Maintenance Testing		4,286.29	-	4,286.29	28.45	4,314.74	-	4,314.74
13	Meter Reading		-	-	-	-	-	-	-
14	Chemicals		4,549.68	-	4,549.68	(2,306.41)	2,243.27	-	2,243.27
15	Transportation		-	-	-	0.61	0.61	-	0.61
16	Operating Exp. Charged to Plant		(13,538.48)	-	(13,538.48)	-	(13,538.48)	-	(13,538.48)
17	Outside Services - Other		304.50	-	304.50	43,226.22	43,530.72	-	43,530.72
18	Total		229,981.92	-	229,981.92	40,510.09	270,492.01	-	270,492.01
19	General Expenses								
20	Salaries and Wages		24,182.64	-	24,182.64	-	24,182.64	-	24,182.64
21	Office Supplies & Other Office Exp.		3,263.25	-	3,263.25	45.63	3,308.88	-	3,308.88
22	Regulatory Commission Exp.	A-4	34,457.23	-	34,457.23	(11,881.96)	22,575.27	-	22,575.27
23	Pension & Other Benefits		2,494.54	-	2,494.54	(805.71)	1,688.83	-	1,688.83
24	Rent		672.00	-	672.00	1,525.97	2,197.97	-	2,197.97
25	Insurance		7,629.05	-	7,629.05	1,886.20	9,515.25	-	9,515.25
26	Office Utilities		913.50	-	913.50	1,047.67	1,961.17	-	1,961.17
27	Miscellaneous		88,151.11	-	88,151.11	(19,711.12)	68,439.99	-	68,439.99
28	Total		161,763.32	-	161,763.32	(27,893.31)	133,870.01	-	133,870.01
29	Annual True-Up Rate Adjustmer	C	-	-	-	84,147.24	84,147.24	-	84,147.24
30	Depreciation	A-1	58,770.27	-	58,770.27	(80.31)	58,689.96	-	58,689.96
31	Amortization of PAA		-	-	-	-	-	-	-
32	Payroll Taxes		561.45	-	561.45	-	561.45	-	561.45
33	Franchise Tax		4,750.00	-	4,750.00	1,237.49	5,987.49	-	5,987.49
34	Gross Receipts Tax		269.00	-	269.00	32.88	301.88	-	301.88
35	Property Taxes		(2,313.57)	-	(2,313.57)	(5,727.26)	(8,040.83)	-	(8,040.83)
36	Special Assessments		(0.87)	-	(0.87)	-	(0.87)	-	(0.87)
37	Utility/Commission Tax		2,265.61	-	2,265.61	505.87	2,771.48	-	2,771.48
38	Other General Taxes		2,000.00	-	2,000.00	-	2,000.00	-	2,000.00
39	Income Taxes - Federal	D	4,130.84	5,080.97	9,211.81	4,134.75	13,346.56	11,272.52	24,619.08
40	Income Taxes - State	D	3,260.00	277.15	3,537.15	1,368.77	4,905.93	3,731.67	8,637.60
41	Amortization of ITC		(49.00)	-	(49.00)	-	(49.00)	-	(49.00)
42	Amortization of CIAC	A-6	(16,661.91)	-	(16,661.91)	(253.13)	(16,915.04)	-	(16,915.04)
43	Total		56,981.82	5,358.12	62,339.94	85,366.31	147,706.25	15,004.19	162,710.45
44	Total Operating Expenses		448,727.06	5,358.12	454,085.18	97,983.09	552,068.28	15,004.19	567,072.47
45	Net Operating Income		96,099.58	(5,358.12)	90,741.46	14,304.03	105,045.49	42,406.16	147,451.65

Tennessee Water Service, Inc.  
Docket 25-00031  
Annual Review Filing  
Historic Period: December 31, 2024  
Attrition Period: August 31, 2026

Exhibit 1  
Schedule C  
Updated

Annual True Up Rate Adjustment and Attrition Period Rate Reset

Line No.	Description	Reference	Annual True-Up Rate Adjustment	Attrition Period Rate Reset	Comments
			[A]	[B]	[C]
1	<b>Historic/Attrition Period Operating Income:</b>				
2	Total Present Rate Operating Revenues	B	544,827	657,114	L6
3	<b>Less Deductions:</b>				
4	Operations and Maintenance Expenses	B	391,745	404,362	L18 + L28
5	Depreciation and Amortization	B	42,059	41,726	L30 + L31 + L41 + L42
6	Taxes Other than Income	B	7,532	3,581	L32 to L38
7	Annual True-Up Rate Adjustment	B		84,147	Column [A], L19
8	Income Taxes	B	12,749	18,252	L39 + L40
9	Total Deductions		454,085	552,068	
10	Historic/ Attrition Period Operating Income		90,741	105,045	
	<b>Excess or Deficiency Calculation:</b>				
11	Rate Base	A	1,947,328	1,897,704	L12
12	Rate of Return	F	7.77%	7.77%	L10
13	Operating Income Requirement		151,307	147,452	
14	Less: Historic/ Attrition Period Operating Income		90,741	105,045	
15	Earnings (Excess) or Deficiency		60,566	42,406	
16	Revenue Conversion Factor	E	1.337392	1.337392	L20
17	Gross Revenue (Excess) or Deficiency		81,000	56,714	
18	Carrying Charge - Rate of Return / 2	F	3.89%		L10, divided by 2
19	Annual True-Up Rate Adjustment		84,147		

Tennessee Water Service, Inc.  
Docket 25-00031  
Annual Review Filing  
Historic Period: December 31, 2024  
Attrition Period: August 31, 2026

Exhibit 1  
Schedule D  
Updated

Income Taxes

Line No.	Description	Historic Period As Adjusted	Attrition Period Under Present Rates	Proposed Increase/ (Decrease)	Attrition Period Under Proposed Rates
		[A]	[B]	[C]	[D]
1	Operating Revenues	544,827	657,114	57,410	714,524
2					
3	Operating Deductions:				
4	Maintenance expenses	229,982	270,492		270,492
5	General expenses	161,763	133,870		133,870
6	Depreciation expense	58,770	58,690		58,690
7	Annual True-Up Rate Adjustment	-	84,147		84,147
8	TOII	7,532	3,581		3,581
9	Amortization of ITC	(49)	(49)		(49)
10	Amortization of CIAC	(16,662)	(16,915)		(16,915)
11	Interest expense	49,073	47,822		47,822
12	Total Operating Deductions	490,409	581,638	-	581,638
13	State Taxable Income (Line 1 minus Line 12)	54,418	75,476	57,410	132,886
14	State Excise Tax (Line 13 multiplied by 6.5%)	3,537	4,906	3,732	8,638
15	Federal Taxable Income (Line 13 minus Line 14)	50,881	70,570	53,679	124,249
16	Federal Income Tax Calculation (Line 17 multiplied by 21%)	10,685	14,820	11,273	26,092
17	EDIT Amortization	(1,473)	(1,473)		(1,473)
18	Total Federal Income Tax (Line 16 plus Line 17)	9,212	13,347	11,273	24,619
19	Net Amount (Line 15 minus Line 18)	41,669	57,223	42,406	99,629
20	Add: Interest Expense	49,073	47,822	-	47,822
21	Operating Income for Return (Line 19 plus Line 20)	90,741	105,045	42,406	147,452

Tennessee Water Service, Inc.  
Docket 25-00031  
Annual Review Filing  
Historic Period: December 31, 2024  
Attrition Period: August 31, 2026

Exhibit 1  
Schedule E  
Updated

Capital Structure and Retention Factor

Line No.	Item	Capital Structure	Cost Rates	Retention Factor	Revenue Effect
		[A]	[B]	[C]	[D]
	<b><u>Rate Base Factor</u></b>				
1	Debt	50.00%	5.04%	1.012285	0.024894
2	Equity	50.00%	10.50%	0.747724	0.070213
3	Total	<u>100.00%</u>			<u>0.095107</u>
4					
5					
6					
7				<b>Attrition Period</b>	
8				<b>Rate Reset</b>	
9		<b>Factors</b>		<b>Revenue Change</b>	
10		<u>[E]</u>		<u>[F]</u>	
11	<b><u>Retention Factor:</u></b>				
12	Total revenue	1.000000		56,714	
13	Forfeited Discounts	(0.014773)		(838)	
14	Revenue Factor (L12 - L13)	<u>1.014773</u>		<u>57,551</u>	
15	Bad Debt (L14 * 0.2452%)	<u>0.002488</u>		<u>141</u>	
16	Balance (L14 - L15)	<u>1.012285</u>		<u>57,410</u>	
17	State excise tax (L16 x 6.5%)	<u>0.065799</u>		<u>3,732</u>	
18	Balance (L16 - L17)	<u>0.946486</u>		<u>53,679</u>	
19	Federal income tax (L18 x 21%)	<u>0.198762</u>		<u>11,273</u>	
20	Retention Ratio (L18 - L19)	<u>0.747724</u>		<u>42,406</u>	
21					
22	Retention Factor (1 / L20)	1.337392			

Tennessee Water Service, Inc.  
Docket 25-00031  
Annual Review Filing  
Historic Period: December 31, 2024  
Attrition Period: August 31, 2026

Exhibit 1  
Schedule F  
Updated

Rate of Return

Line No.	Description	Capitalization Ratio	Rate Base	Embedded Cost	Overall Cost Rate	Net Operating Income
		(a)	(b)	(c)	(d)	(e)
1	<b><u>Historic Period as Adjusted:</u></b>					
2	Debt	50.00%	973,664	5.04%	2.52%	\$49,070
3	Equity	50.00%	973,664	4.28%	2.14%	\$41,671
4	Total	100.00%	\$1,947,328		4.66%	\$90,741
	<b><u>Attrition Period Under Present Rates:</u></b>					
5	Debt	50.00%	948,852	5.04%	2.52%	\$47,822
6	Equity	50.00%	948,852	6.03%	3.02%	\$57,223
7	Total	100.00%	\$1,897,704		5.54%	\$105,045
	<b><u>Attrition Period Under Proposed Rates:</u></b>					
8	Debt	50.00%	948,852	5.04%	2.52%	\$47,822
9	Equity	50.00%	948,852	10.50%	5.25%	\$99,629
10	Total	100.00%	\$1,897,704		7.77%	\$147,452

Tennessee Water Service, Inc.  
Docket 25-00031  
Annual Review Filing  
Historic Period: December 31, 2024  
Attrition Period: August 31, 2026

Exhibit 1  
Schedule A-3  
Updated

Cash Working Capital

Line No.	Description	Historic Period Per Books	Historic Period Adjustment	Historic Period As Adjusted	Attrition Period Adjustment	Attrition Period Under Present Rates
		[A]	[B]	[C]	[D]	[E]
1	Maintenance & General Expenses, less purchased wa	152,205.15	-	152,205.15	27,099.23	179,304.38
2	General expenses	161,763.32	-	161,763.32	(27,893.31)	133,870.01
3	Taxes Other than Income	7,531.62	-	7,531.62	(3,951.02)	3,580.60
4	Total cash working capital expenses	<u>321,500.09</u>	<u>-</u>	<u>321,500.09</u>	<u>(4,745.09)</u>	<u>316,755.00</u>
5	Cash Working Capital (Line 4 multiplied by 1/8)	40,187.51	-	40,187.51	(593.14)	39,594.37



Tennessee Water Service, Inc.  
Docket 25-00031  
Annual Review Filing  
Historic Period: December 31, 2024  
Attrition Period: August 31, 2026

Exhibit 1  
Schedule B-1  
Updated

Attrition Period Revenues and Rate Design

Present Rates at Present Rate Design

Water Revenues

<u>Customers</u>	<u>Billed Usage</u>	<u>Usage Block</u>	<u>Base Charge</u>	<u>Usage Charge</u>	<u>Base Revenue</u>	<u>Usage Revenue</u>	<u>Total Revenue</u>
5,993			49.96	-	299,394	-	299,394
	10,104,301	0-2 TG		-		-	-
	12,023,741	2-6 TG		16.93		203,562	203,562
	4,773,388	6-12 TG		19.98		95,372	95,372
	2,128,424	12+ TG		22.88		48,698	48,698

Fire Revenues

<u>Customers</u>	<u>Usage</u>	<u>Base Charge</u>	<u>Usage Charge</u>	<u>Base Revenue</u>	<u>Usage Revenue</u>	<u>Total Revenue</u>
36	-	35.77	-	1,288	-	1,288
						<u>\$ 648,314</u>

Proposed Rates at Proposed Rate Design

Water Revenues

<u>Customers</u>	<u>Billed Usage</u>	<u>Usage Block</u>	<u>Base Charge</u>	<u>Usage Charge</u>	<u>Base Revenue</u>	<u>Usage Revenue</u>	<u>Total Revenue</u>
5,993			49.96		299,394		299,394
	10,104,301	0-2 TG		-		-	-
	12,023,741	2-6 TG		16.93		203,562	203,562
	4,773,388	6-12 TG		19.98		95,372	95,372
	2,128,424	12+ TG		22.88		48,698	48,698

Fire Revenues

<u>Customers</u>	<u>Usage</u>	<u>Base Charge</u>	<u>Usage Charge</u>	<u>Base Revenue</u>	<u>Usage Revenue</u>	<u>Total Revenue</u>
36	-	35.77	-	1,288	-	1,288
						<u>\$ 648,314</u>

Tennessee Water Service, Inc.  
Docket 25-00031  
Annual Review Filing  
Historic Period: December 31, 2024  
Attrition Period: August 31, 2026

**Exhibit 1**  
**Schedule B-2**  
**Updated**

**Bill Comparisons at Present Rates and Proposed Rates**

Usage, 000 Gallons	Present Rates	Proposed Rates and Structure	Difference	Percent Difference
	[A]	[B]	[C] = [B] - [A]	[D] = [C] / [A]
0	\$ 49.96	\$ 49.96	\$ -	0.00%
1	49.96	49.96	-	0.00%
2	49.96	49.96	-	0.00%
3	66.89	66.89	-	0.00%
4	83.82	83.82	-	0.00%
5	100.75	100.75	-	0.00%
6	117.68	117.68	-	0.00%
7	137.66	137.66	-	0.00%
8	157.64	157.64	-	0.00%
9	177.62	177.62	-	0.00%
10	197.60	197.60	-	0.00%
11	217.58	217.58	-	0.00%
12	237.56	237.56	-	0.00%
13	260.44	260.44	-	0.00%
14	283.32	283.32	-	0.00%
15	306.20	306.20	-	0.00%
20	420.60	420.60	-	0.00%
25	535.00	535.00	-	0.00%
30	649.40	649.40	-	0.00%
35	763.80	763.80	-	0.00%
40	878.20	878.20	-	0.00%
45	992.60	992.60	-	0.00%
50	1,107.00	1,107.00	-	0.00%

**Fire Rates**

Multi-Use Connection	\$ 35.77	\$ 35.77	\$ -	0.00%
Fire Only Connection	\$ 71.60	\$ 71.60	\$ -	0.00%