

# BUTLER | SNOW

February 19, 2026

Electronically Filed in TPUC Docket  
Room on February 19, 2026 at 1:59 p.m.

## VIA ELECTRONIC FILING

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

**RE: *Petition of Tennessee-American Water Company to Adopt Annual Review Mechanism and ARM Tariff Pursuant to Tenn. Code Ann. § 65-5-103(d)(6), Docket No. 25-00089***

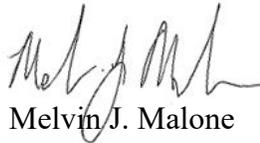
Dear Chairman Jones:

Attached for filing please find *Tennessee-American Water Company's Rebuttal Testimonies of Robert C. Lane, Jared Deason, and Philip J. Drennan* in the above-captioned matter.

As required, copies will be mailed to your office. Should you have any questions concerning this filing or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP



Melvin J. Malone

clw

Attachments

cc: Bob Lane, TAWC  
Shilina Brown, Consumer Advocate Division  
Phillip Noblett, City of Chattanooga  
Frederick Hitchcock, City of Chattanooga

*Neuhoff Building  
1320 Adams Street, Suite 1400  
Nashville, TN 37208*

MELVIN J. MALONE  
615.651.6705  
melvin.malone@butlersnow.com

T 615.651.6700  
F 615.651.6701  
www.butlersnow.com

BUTLER SNOW LLP

99470996.v1

**TENNESSEE-AMERICAN WATER COMPANY, INC.**

**DOCKET NO. 25-00089**

**REBUTTAL TESTIMONY**

**OF**

**PHILIP J. DRENNAN**

**ON**

**Annual Review of Rates Mechanism**

**SPONSORING PETITIONER'S EXHIBITS:**

Petitioner's Rebuttal Exhibit PJD-1 – TAWC TARIFF

**REBUTTAL TESTIMONY**

**PHILIP J. DRENNAN**

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO. 25-00089**

**TABLE OF CONTENTS**

I. INTRODUCTION..... 2

II. COST CONTROL..... 3

III. RETROACTIVE RATE MAKING..... 7

IV. REGULATORY LAG..... 10

V. TRADITIONAL RATEMAKING VS. ARM..... 12

VI. PROPOSED CHANGES TO TAWC’S ARM ..... 18

VII. ARM SCHEDULES AND TARIFF ..... 22

VIII. CAPITAL STRUCTURE AND OTHER MATTERS ..... 24

IX. CONCLUSION..... 26

**REBUTTAL TESTIMONY**

**PHILIP J. DRENNAN**

**I. INTRODUCTION**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Philip J. Drennan, and my business address is 153 N. Emerson Avenue, Greenwood, IN 46143.

**Q. DID YOU PREVIOUSLY SUBMIT DIRECT TESTIMONY ON BEHALF OF TENNESSEE AMERICAN WATER COMPANY, INC. (“TAWC” OR THE “COMPANY” IN THIS PROCEEDING?)**

A. Yes. I filed direct testimony in this proceeding on November 18, 2025.

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

A. The purpose of my rebuttal testimony is to respond to the Pre-filed Testimony of Mark E. Garrett on behalf of the City of Chattanooga (“COC”) and of Clark D. Kaml on behalf of the Consumer Advocate Division of the Tennessee Attorney General (“Consumer Advocate” or “CAD”) regarding numerous issues addressed in their direct testimonies.

**Q. HOW WILL YOUR RESPONSES TO THE TESTIMONY OF MR. GARRETT AND OF MR. KAML BE STRUCTURED?**

A. Rebuttal issues are organized in the table of contents in this testimony. The topics will generally follow the same order as presented by Mr. Garrett in his testimony. If a topic in Mr. Garrett’s testimony overlaps with Mr. Kaml’s testimony, I will reference Mr. Kaml’s testimony and provide a rebuttal response to both Mr. Garrett and Mr. Kaml. After

1 addressing various issues in Mr. Garrett's testimony, I will respond to matters in Mr.  
2 Kaml's testimony in the same general order as introduced.

3 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

4 A. Yes, I am sponsoring the following exhibit:

- 5 • Rebuttal Exhibit PJD-1 – TAWC TARIFF
- 6 ○ Includes redline changes to show proposed updates

7  
8 **II. COST CONTROL**

9 **Q. DO YOU AGREE WITH MR. GARRETT'S STATEMENT THAT TAWC'S**  
10 **PROPOSED ANNUAL REVIEW MECHANISM (ARM) IS THE OPPOSITE OF A**  
11 **WELL-DESIGNED PERFORMANCE-BASED PLAN THAT FAILS TO**  
12 **CONTROL COSTS?<sup>1</sup>**

13 A. No. TAWC's proposed ARM is a well-designed performance-based plan because it  
14 adheres to the cost control methodologies considered and prescribed by the Tennessee  
15 Public Utility Commission ("Commission" or TPUC") in Docket No. 24-00032. The  
16 Commission's cost control methodologies form the basis for a rational regulatory  
17 framework for the ARM, while continuing to allow the Company to provide clean, safe,  
18 reliable and affordable water service to its customers. The Company is incentivized to  
19 control the cost drivers that lead to Commission disallowances. Every dollar of disallowed  
20 expense reduces TAWC's net income and its return on equity. As a result of the  
21 methodologies ordered in Docket No. 24-00032, the Company is incentivized to control

---

<sup>1</sup> *Garrett*, 5:17-18.

1 headcount additions, salary increases, service company costs, production costs, and other  
2 expenses.

3 Furthermore, the Company's ARM proposal is designed to focus on differences  
4 below or above its authorized return on equity ("ROE"), not on over-or under-recovery of  
5 specific line by line operating expenses or investments relative to a prior rate case. By  
6 comparing the adjusted historic base period earned ROE to the authorized ROE, the ARM  
7 incentivizes the Company to manage overall operations and costs in accordance with what  
8 is best for providing clean, safe, reliable, and affordable services, while having the  
9 opportunity to earn its authorized ROE.

10 **Q. DO YOU AGREE WITH MR. GARRETT'S STATEMENT THAT TAWC CAN**  
11 **FAIL TO CONTROL COSTS AND MERELY PRESENT POOR RESULTS TO**  
12 **AUTOMATICALLY RECEIVE MORE MONEY THROUGH HIGER RATES?<sup>2</sup>**

13 A. No. Pursuant to the Tennessee General Assembly's alternative regulatory methods statute,  
14 the aim of more streamlined and regulatorily efficient mechanisms, like the ARM, is not  
15 to eliminate or eviscerate the Commission's oversight, including its review of the  
16 Company's expenses. TAWC must meet its burden of proof before recovering costs and  
17 provide support to verify that expenses are just and reasonable. As such, TAWC will file  
18 ARM schedules each year, comparing expense line-item totals to prior year amounts and  
19 cost levels approved in the Company's last rate case. The Company will provide general  
20 ledger accounting records to support annual costs, which will allow the Commission to

---

<sup>2</sup> *Garrett, 5:18-21.*

1 sample transactions and verify that costs are justified before the Company “automatically  
2 receives more money through higher rates.”<sup>3</sup>

3 **Q. DO YOU AGREE WITH MR. GARRETT’S CLAIM THAT FORMULA RATES**  
4 **HAVE NO COST CONTROL CONSTRAINTS COMPARABLE TO A**  
5 **TRADITIONAL RATEMAKING APPROACH AND AUTOMATICALLY**  
6 **ADJUST RATES TO WHATEVER THE UTILITY’S ANNUAL COST**  
7 **INCREASES ARE?**<sup>4</sup>

8 A. No. Formula rate mechanisms, like TAWC’s ARM proposal, that apply cost control  
9 methodologies developed and approved by the Commission in the Company’s last rate  
10 case, are comparable to traditional ratemaking approaches. TAWC’s ARM proposal  
11 unequivocally does not “automatically” adjust rates to the level of TAWC’s cost increases.  
12 TAWC is proposing to submit Historic Base Period expenses and financial results for  
13 regulatory review before any rate adjustments are ultimately approved by the Commission  
14 and placed into effect.

15 **Q. DOES TAWC’S ARM PROPOSAL PROVIDE A CONTEMPORANEOUS**  
16 **PRUDENCE REVIEW OF THE COMPANY’S CAPITAL EXPENDITURES?**

17 A. Yes. TAWC has proposed to submit a Strategic Capital Expenditure Plan (“SCEP”) for  
18 each upcoming calendar year to notify regulators of planned capital investments. Support  
19 for capital investment results will be available for review in the subsequent ARM filing.  
20 The Company has a history of successfully executing on its SCEP and is not aware of any  
21 significant capital disallowances in either its infrastructure rider filings or the Company’s

---

<sup>3</sup> *Garrett* at p. 5

<sup>4</sup> *Garrett*, 6:2-6.

1 general rate case which utilized an attrition period capital forecast. Filing the SCEP and  
2 including support for the Company's future and past capital investments will allow the  
3 Commission to review TAWC's capital investments to ensure that those investments are  
4 prudently made and beneficial to customers.

5 **Q. MR. GARRETT CONTENDS THAT THE PRIMARY PURPOSE AND RESULT**  
6 **OF TAWC'S PROPOSED ARM IS TO ALLOW RATE RECOVERY WITH LESS**  
7 **REGULATORY OVERSIGHT.<sup>5</sup> DO YOU AGREE WITH THIS STATEMENT?**

8 A. No. While the annual review period for each ARM adjustment is shorter than a traditional  
9 rate case filing, the number of contested issues also is much lower. By applying the  
10 Commission approved methodologies from the last rate case to TAWC's ARM, issues  
11 regarding allowable expenses, capital structure, authorized return, cost of service, rate  
12 design, depreciation and working capital studies, and myriad other matters that have  
13 already been decided by the Commission can be used as a framework to make ARM  
14 reviews more focused and efficient. This allows the Commission to narrowly focus on the  
15 expenses and investments themselves. Moreover, the ARM provides an annual opportunity  
16 to review all TAWC's costs and financial results compared to an alternative approach of  
17 periodic rate cases spread out over multiple years. I would argue the ARM provides more  
18 regulatory oversight in the form of annually recurring review periods compared to less  
19 frequent rate cases, which contend with a wide breath of complex regulatory issues in a  
20 fixed statutory timeframe.

---

<sup>5</sup> *Garrett*, 6:8-10.

1 **Q. HOW DO YOU VIEW MR. GARRETT'S FOREGOING CONTENTION ON**  
2 **REGULATORY OVERSIGHT WITH RESPECT TO STATE LAW?**

3 A. The Tennessee General Assembly enacted the alternative regulatory methods statute to,  
4 among other things, permit a more timely review and revisions of rates that would further  
5 streamline the regulatory process and reduce the cost and time associated with the  
6 ratemaking process, subject to the Commission's sustained jurisdiction, review and  
7 approval. Here, Mr. Garrett appears to be arguing against the wisdom of the Tennessee  
8 legislature rather than against the particulars of TAWC's proposed ARM.

9  
10 **III. RETROACTIVE RATE MAKING**

11 **Q. DOES TAWC'S ARM PROPOSAL RESULT IN RETROACTIVE**  
12 **RATEMAKING?<sup>6</sup>**

13 A. No. TAWC will file Historic Base Period ("HBP") financial results each spring for  
14 regulatory review. Only after a regulatory review occurs and the Commission approves a  
15 rate adjustment, will HBP deferred balances be collected or credited to customers in the  
16 form of new rates. Mr. Garrett inaccurately summarizes this process on page 13 of his  
17 testimony by stating, "[c]apital expenditures and operating costs would be reviewed only  
18 after they have already been incurred *and flowed through rates*...there is no comprehensive  
19 evaluation of need, timing, or prudence before customers are charged."<sup>7</sup> To aid with the  
20 regulatory review process, the Company has proposed submitting capital expenditure  
21 forecast schedules in each ARM filing. The Commission will be able to compare actual

---

<sup>6</sup> Garrett, pp. 13-19,

<sup>7</sup> Garrett, 13:10-13 (emphasis added).

1 results to prior forecasts and evaluate the prudence of the Company's financial results  
2 before customer rates are adjusted.

3 **Q. DOES TAWC'S ARM PROPOSAL ADHERE TO THE PRINCIPLES OF THE**  
4 **FILED-RATE DOCTRINE?<sup>8</sup>**

5 A. Yes. TAWC will continue to charge customers the Company's tariff rates approved by the  
6 Commission in TAWC's last rate case, Docket No. 24-00032. TAWC will not implement  
7 additional ARM surcredits or surcharges until it receives Commission approval to adjust  
8 rates on a prospective basis. TAWC will update its tariffs to reflect the Commission  
9 approved ARM surcredit or surcharge, which will be applied prospectively as a separate  
10 bill line item along with the Company's existing tariff rates.

11 **Q. DO YOU AGREE WITH MR. GARRETT'S CITATION ON PAGE 15 OF HIS**  
12 **DIRECT TESTIMONY THAT STATES, "A COMMISSION CAN AVOID THE**  
13 **PROHIBITION AGAINST RETROACTIVE RATEMAKING IF IT GIVES**  
14 **NOTICE THAT IT MIGHT CHANGE THE PREVIOUSLY ESTABLISHED RATE**  
15 **LEVELS."**

16 A. Yes. The concept conveyed by Mr. Garrett is a factor in TAWC's request to TPUC to  
17 authorize and establish an ARM for TAWC. The Company requests that TPUC apply the  
18 methodologies established in rate case Docket No. 24-00032 as a formulaic framework for  
19 the operation of TAWC's ARM. If approved, the Commission is authorizing and thus  
20 acknowledging that future rates may change in compliance with the ARM framework  
21 established in this proceeding. ARMs do not represent retroactive ratemaking specifically

---

<sup>8</sup> *Garrett*, 14:7-12.

1 because regulators are not altering past rates but are instead providing a Commission-  
2 recognized regulatory pathway under which future rate adjustments will adhere to a  
3 specific preapproved formula.

4 **Q. HAS THE COMMISSION APPROVED OTHER ARMS BASED ON SIMILAR**  
5 **FRAMEWORKS AS REQUESTED BY TAWC?**

6 A. Yes. There are at least five active ARMs approved by the Commission.<sup>9</sup> TAWC has  
7 reviewed other ARM requests and modeled its current proposal based on methodologies,  
8 including deferral methodologies previously approved by TPUC. For example, the  
9 Commission approved Tennessee Water Service, Inc.’s Annual Rate Review Mechanism  
10 and tariff on November 16, 2023, in Docket No. 23-00046. As shown in Exhibit 1 in  
11 TPUC’s order approving the ARM in Docket No. 23-00046, and Tennessee Water  
12 Service’s tariff, the approved ARM adheres to sound rate making deferral principles and  
13 does not constitute retroactive rate making.

14 “The Company’s proposed ARM shall incorporate an historical base year review  
15 of its revenues, expenses, investments (rate base), and rate of return components to  
16 determine if the Company earned the authorized return on equity adopted in the most recent  
17 rate case. If the Company earned more than the authorized return on equity, the earnings  
18 excess (grossed up to determine excess revenues) shall be deferred in a regulatory liability  
19 and rates shall be reduced for this amount prospectively. If the Company earned less than  
20 its authorized return on equity, the Company shall defer expenses to a regulatory asset and  
21 rates shall be increased for this amount prospectively. Under bother scenarios, the  
22 Company is proposing that any carrying charges be computed and accrued for on...the  
23 deferred balance.”<sup>10</sup>  
24

---

<sup>9</sup> Atmos Energy Docket No. 14-00146 and 18-00122; Chattanooga Natural Gas Docket No. 19-00047; Piedmont Natural Gas Co. Docket No. 21-00135; Tennessee Water Service Docket No. 23-00046; and IRM Docket No. 25-00072.

<sup>10</sup> Order Approving Stipulation and Settlement Agreement on Annual Rate Review Mechanism and Tariff. Docket No. 23-00046. Exhibit 1, Original Sheet No. 13 Tennessee Water Service tariff.

1 **IV. REGULATORY LAG**

2 **Q. DO YOU HAVE ANY ISSUES WITH MR. GARRETT’S TESTIMONY**  
3 **REGARDING REGULATORY LAG?**

4 A. Yes. Mr. Garrett claims on page 10 of his testimony, “[t]he fact that regulated utilities  
5 accept the risk of regulatory lag is one of the main reasons that utilities are awarded a return  
6 on equity (ROE) above the level of ‘risk-free’ capital.”<sup>11</sup> However, Mr. Garrett provides  
7 no citation to support his claim, which appears to be an opinion that runs counter to  
8 numerous TPUC decisions made in other rate cases and ARM proceedings.<sup>12</sup> TAWC  
9 witness Jared Deason will rebut Mr. Garrett’s claim by explaining the significant business  
10 risks TAWC continues to be exposed to, regardless of the types or regulatory mechanisms  
11 available to the Company.

12 **Q. PLEASE EXPLAIN YOUR STATEMENT ABOUT HOW MR. GARRETT’S**  
13 **UNDERSTANDING OF RISK AND REGULATORY LAG RUNS COUNTER TO**  
14 **NUMEROUS TPUC DECISIONS MADE IN OTHER RATE CASES AND ARM**  
15 **PROCEEDINGS.**

16 A. Mr. Garrett clarifies his position regarding regulatory lag and authorized ROE on page 10  
17 of his direct testimony, “without the risk of regulatory lag, a utility’s authorized ROE  
18 should be set much closer to a risk-free rate of return, much lower than the current  
19 authorized returns.”<sup>13</sup> However, Mr. Garrett does not provide a single example across all  
20 utility rate regulated jurisdictions to support his statement. Mr. Garrett does not explain

---

<sup>11</sup> *Garrett*, 10: 9-10.

<sup>12</sup> Atmos Energy Docket No. 14-00146 and Docket No. 18-00112. Chattanooga Natural Gas Company Docket No. 18-00017 and Docket No. 19-00047. Piedmont Natural Gas Company Docket No. 20-00086 and Docket No. 21-00135. Tennessee Water Service Docket No. 19-00028 and Docket No. 23-00046.

<sup>13</sup> *Garrett*, 10:11-12.

1 how a reduction in regulatory lag eliminates business risks associated with providing  
2 environmentally compliant potable water to TAWC’s customers. Mr. Garrett further  
3 contends that, “TAWC’s proposal is unfair because it seeks to eliminate virtually all of its  
4 downside regulatory and business risks while nevertheless maintaining a 9.7% ROE – a  
5 level established based on an entirely different risk profile.”<sup>14</sup> However, Mr. Garrett’s  
6 statement assumes that the Commission, when setting TAWC’s authorized return, was not  
7 aware of the possibility that the Company could request to file an ARM in the future. The  
8 Company’s eligibility to transition to an ARM was known at the time of Docket No. 24-  
9 00032, and TAWC respectfully requested that the Commission adopt the methodologies  
10 required to allow for the consideration of an ARM, in the event TAWC later determined to  
11 pursue an annual rate review petition before the Commission.<sup>15</sup> Additionally, as shown in  
12 Table 1, TPUC was aware of, and approved at least four prior ARMs based on similar  
13 methodologies as TAWC’s ARM proposal. In each instance, the Commission adopted the  
14 authorized ROE in the utility’s previous rate case for use in the corresponding ARM  
15 proceedings. Mr. Garrett’s claim that TAWC’s current authorized ROE is unfair to use in  
16 its proposed ARM because the ROE was based on an entirely different risk profile is  
17 inaccurate and not supported by Tennessee law or Commission precedent, and Mr.  
18 Garrett’s proposal to reduce TAWC’s ROE if an ARM is ultimately approved should be  
19 flatly rejected.

---

<sup>14</sup> *Garrett*, 11:15-17

<sup>15</sup> TAWC’s Post-Hearing Brief, p. 5, n 12 (Dec. 10, 2024).

Table 1

Rate Case Docket No.	Company	Authorized ROE	ARM Docket No.	Authorized ARM ROE
19-00028	Tennessee Water Service	10.50%	23-00046	10.50%
14-00146	Atmos Energy	9.80%	18-00112	9.80%
18-00017	Chattanooga Natural Gas	9.80%	19-00047	9.80%
20-00086	Piedmont Natural Gas Company	9.80%	21-00135	9.80%
24-00032	Tennessee American Water	9.70%	25-00089	N/A

**V. TRADITIONAL RATEMAKING VS. ARM**

**Q. DO YOU AGREE WITH WITNESS GARRETT’S ASSERTION THAT THE COST OF RATE CASES IS FAR LESS THAN THE COST OF FORMULA RATES?<sup>16</sup>**

A. No. Witness Garrett’s assertion that traditional rate cases consistently result in lower costs and overall rate increases over time compared to formula rates is based on severely flawed logic that fails to acknowledge and normalize for fundamental differences between formulaic rate mechanisms and traditional rate cases. Witness Garrett’s testimony regarding the comparison of Oklahoma Gas and Electric’s operating companies, Atmos Dallas Annual Rate Review, and Kentucky Public Service Commission’s study (which he does not specifically cite or produce) should be rejected because it does not consider the following:

1. Traditional rate cases and formula rate plans using the exact same methodologies could result in the exact same cumulative revenue requirement over the same period, assuming the same disallowances, cost of capital, approved capital structure, depreciation rates, etc.; the only difference is the timing of the revenues requested, approved, and implemented if the mechanisms are aligned on methodologies. Mr. Garrett does not consider utilities that file base rate cases almost annually,

---

<sup>16</sup> Garrett 23 III D

1           compounding legal, consultant, and expert witness costs, not to mention the additional  
2           regulatory staffing needs to handle a greater load of base rate cases filed by multiple  
3           utilities within a jurisdiction.

4           2. Revenue requirements requested under a traditional/general rate case are generally  
5           significantly higher than what is ultimately approved because traditional rate case  
6           requests generally include rate increases calculated under differing methodologies from  
7           the preceding general rate cases, such as changes to cost of capital, capital structure,  
8           changes in depreciation rates, request of previously disallowed costs, etc. The number  
9           of contested issues is higher, and a traditional rate case is the forum in which parties  
10          litigate differences in material methodologies, case and test period specific issues, and  
11          set regulatory policy. Formula rate plans, by definition, do not include these complex  
12          issues and generally use methodologies prescribed in a previous general rate case as a  
13          basis for the formula rate used. Therefore, formula rate increases do not experience  
14          significant differences between filed and approved amounts like general rate cases  
15          because they are generally calculated with previously approved methodologies. As  
16          such, portraying the difference between requested revenue requirements and ultimately  
17          approved revenue requirements under traditional rate cases as savings due to increased  
18          regulatory oversight under a traditional rate case compared formula rate mechanisms  
19          is flawed. The requests under each of the two mechanisms are intentionally and  
20          fundamentally different, as formula rate mechanisms intentionally exclude differences  
21          in requested and approved methodologies.

22          3. Witness Garrett is erroneously conflating the difference between requested and  
23          approved revenue requirements under traditional rate cases with administrative

1 efficiency cost savings achieved by fewer overall filings made under an ARM. The  
2 Company's ARM proposal maintains the ability to reset approved methodologies in  
3 future general rate cases and there will likely be differences between the Company's  
4 requested and approved rate increases in the next general rate case and that difference  
5 will be the result of the difference of the methodologies requested by the Company and  
6 the methodologies ultimately approved by the Commission. That future difference  
7 should not be compared to the administrative cost savings under an ARM due to fewer  
8 overall filings prior to then (PCOP, ICRRR, etc.) because they are fundamentally  
9 different. The former is a difference in the quantitative impact of changes between  
10 requested and approved methodologies, and the latter is a difference in incurred  
11 administrative costs under an ARM vs. existing recovery mechanisms.

- 12 4. Rate caps implemented on formulaic rate plans indirectly cause formula rate plans to  
13 differ from approved methodologies. For example, if a prudent capital addition is fully  
14 allowable for recovery in a general rate case but such recovery is limited by a rate cap  
15 under a formula rate plan, then a new methodology for the recovery of that investment  
16 is implicitly set under the rate cap and the related rate increase is either only deferred  
17 or denied until the next general rate case. A rate cap causes differences in approved  
18 methodologies without detailed review by TPUC and it may limit recovery of prudent  
19 costs.

20 **Q. DO YOU AGREE WITH WITNESS GARRETT'S CONCLUSIONS DRAWN**  
21 **FROM THE STUDY OF OKLAHOMA GAS & ELECTRIC AND ARKANSAS**  
22 **FORMULA RATE PLAN?**

1 A. No. TAWC finds Witness Garrett's comparison of Oklahoma Gas & Electric's (OG&E)  
2 base rate reduction to Arkansas Formula Rate Plan (AFRP) rate increases very misleading.  
3 While TAWC has not reviewed the dockets cited by Witness Garrett in their entirety,  
4 TAWC takes issue with the limited amount of data presented in the comparison and the  
5 conclusions drawn from the comparison, and as such finds the comparison irrelevant and  
6 distracting in determining whether TAWC's proposed ARM can provide just and  
7 reasonable rates and whether TAWC's ARM is in the public's best interest. There is simply  
8 not enough data provided by Witness Garrett to draw the conclusion traditional rate cases  
9 consistently result in lower overall rate increases than formula rate plans and, in my  
10 opinion, there are several other reasons specific to the OG&E and AFRP amounts presented  
11 that can explain the different outcomes between the mechanisms.

12 First, the \$64M reduction and the \$0 increases approved to OG&E were achieved  
13 through settlements<sup>17</sup> and therefore it is not possible to ascertain how the approved amounts  
14 were exactly calculated, what case facts contributed to the overall amounts, and to what  
15 extent each case fact contributed to the overall settled amounts. Second, the comparison  
16 excludes any OG&E rate case awards prior to 2018 or after 2022 from the cumulative  
17 comparison, most notably, \$30M<sup>18</sup> awarded in 2022 and \$126.66M<sup>19</sup> awarded in 2024.  
18 Additionally, there are no dockets provided by Witness Garrett to substantiate the formula  
19 rate amounts as factual, determine how the purported AFRP amounts are comparable to  
20 the calculations of the \$64M reduction and \$0 increase of OG&E, or how the AFRP  
21 mechanism compares to TAWC's proposed ARM. Finally, and most importantly, there is

---

<sup>17</sup> PUD 2017-000496 Order No. 679358 June 19, 2018 and PUD 2018-00140 Order No. 702531 September 9, 2019

<sup>18</sup> PUD 2021-000164 Order No. 728277 September 8, 2022

<sup>19</sup> PUD 2023-000087 Order. No. 745601 November 26, 2024 and Order No. 748265 March 27, 2025

1 no discussion of how to adjust the outcomes of the two recovery mechanisms presented for  
2 the effects of the Tax Cuts and Jobs Act (TCJA) or other facts and circumstances that vary  
3 between OG&E's and AFRP operating companies.

4 Based on the publicly available documents under the docket, the \$64M reduction  
5 to customer rates in PUD 2017-00496 was heavily driven by excess deferred income taxes  
6 resulting from TCJA, which was enacted in December 2017 and first addressed by OG&E  
7 in PUD 2017-00496. Specifically based on OG&E Witness Rowlett's direct testimony, the  
8 impact of TCJA on the requested revenue requirement could have been as large as \$53.8M,  
9 in addition to other factors applicable to OG&E and not AFRP, such as one-time  
10 adjustments to pension costs and revenue growth within the OG&E Oklahoma service  
11 territory<sup>20</sup>.

12 One of the main provisions of TCJA was the reduction of the corporate tax rate  
13 from 35% to 21%. For public utilities, this reduction of the federal income tax rate resulted  
14 in a significant amount of deferred income taxes cumulatively collected through customer  
15 rates up to the effective date of TCJA that were based on a 35% deferred income tax rate.  
16 However, after the enactment of TCJA, public utilities would only owe deferred federal  
17 income taxes based on a 21% deferred income tax rate. This rate reduction resulted in  
18 significant amount of "excess" deferred taxes cumulatively collected from customers that  
19 were then subject to be refunded to customers after TCJA's enactment. The refund of these  
20 excess deferred income taxes resulted in significant regulatory liabilities owed to customers

---

<sup>20</sup> PUD 2017-00496 Direct Testimony of Donald R. Rowlett, Page 5 Chart 1: Visual Depiction of Rate Increase Drivers.

1 and the refund of the excess deferred income taxes could temporarily offset the need for  
2 future rate increases because of the reduction in federal income tax expense for utilities.

3 Based on the Company's interpretation of publicly available documents for PUD  
4 2017-00496 and OG&E Witness Rowlett's testimony<sup>21</sup>, it appears the annual impact of  
5 refunding excess deferred income taxes helped offset OG&E's cost growth and incremental  
6 investments between PUD 2015-000273 (the rate case preceding PUD 2017-00496) and  
7 PUD 2017-00496, thus contributing to a significant portion to the overall reduction to rates  
8 in PUD 2017-00496. Additionally, based on the publicly available approved settlement  
9 stipulation from PUD 2018-00140<sup>22</sup>, excess deferred taxes not subject to Internal Revenue  
10 Service Normalization Rules (e.g., "non-protected") began to be refunded faster in PUD  
11 2018-00140 than initially agreed to in PUD 2017-00496, therefore likely significantly  
12 contributing to the \$0 rate increase settled on in PUD 2018-00140. As such, the resulting  
13 lower outcomes presented in OG&Es rate cases are not a result of OG&E's cost control  
14 efforts or features of enhanced regulatory oversight under a traditional rate case structure,  
15 but rather the impacts of a federal tax change that affected all utilities, including TAWC.  
16 However, regulatory commissions in each state had the discretion about how and when to  
17 address excess deferred taxes, and their decisions regarding this matter were not uniform  
18 across the county. My interpretation of the broader facts surrounding the Rate Case  
19 Orders<sup>23</sup> adjustments compared to FRP Orders<sup>24</sup> increases is the differences were likely  
20 driven by significant changes in federal tax law and material differences between the two  
21 operating companies' specific circumstances, not exclusively due to differences between

---

<sup>21</sup> Id.

<sup>22</sup> PUD 2018-00140 Order No. 702531 September 9, 2019

<sup>23</sup> Garrett 24

<sup>24</sup> Id.

1 each mechanism's ability to provide just and reasonable rates, differing incentives between  
2 the two recovery mechanism, or impact of the rate cap imposed under the AFRP as  
3 proposed by Witness Garrett's testimony. As such, Witness Garrett's testimony concerning  
4 OG&E and AFRP should be rejected in its entirety.

## 5 **VI. PROPOSED CHANGES TO TAWC'S ARM**

6 **Q. PLEASE DISCUSS MR. GARRETT'S PROPOSED CHANGES TO TAWC'S ARM**  
7 **SHOULD THE COMMISSION APPROVE THE MECHANISM.**

8 A. Mr. Garrett proposes several conditions, on pages 35-38 of his testimony, to TAWC's  
9 ARM request should the Commission approve the Company's proposal. I will discuss the  
10 conditions recommended by Mr. Garrett and explain why they are unnecessary and not in  
11 the public interest.

12 **1. Normalization adjustments** are not a requirement for formulaic rate adjustment  
13 mechanisms like the ARM. Normalization adjustments are typically made to historic test  
14 periods for known and measurable items to ensure a utility does not persistently over or  
15 under recover certain costs through customers' rates. For example, adjustments to  
16 annualize mid-test period rent increases are common normalization adjustments. In  
17 contrast, a normalization adjustment to defer and amortize a nonrecurring cost reflected in  
18 the historic test period might be prudent to ensure the entire cost is not recovered repeatedly  
19 each year. However, normalization adjustments are not required or necessary under an  
20 ARM that adjusts rates annually. If a utility experiences a rent increase midyear, rates will  
21 be adjusted accordingly in subsequent years to reflect the full change in rent expense, and  
22 the utility will not need to normalize the test year expense. Mr. Garrett's primary concern

1 seems to focus on *extraordinary* events such as a natural disaster.<sup>25</sup> If an extraordinary  
2 event occurs that requires more time for Commission consideration than what is available  
3 in an ARM filing, a separate docket can be opened to resolve the matter and incorporate  
4 the Commission’s decision into the ARM on a prospective basis as a New Matter. The  
5 Company is open to making normalization adjustments if a clear benefit exists, and the  
6 interests of the Company and its customers are carefully weighed. However, most  
7 normalization adjustments made within a formulaic rate plan that does not include a future  
8 attrition period, in my experience, are unnecessary, immaterial, offsetting in aggregate,  
9 administratively burdensome, and distract from a review of a utility’s historic costs and  
10 investments.

11 **2. Deferral of deficient or surplus recoveries is appropriate and not considered a**  
12 **retroactive adjustment.** As explained earlier in my rebuttal testimony and supported by  
13 examples of other ARMs approved by the Commission that contain similar deferral  
14 mechanisms, TAWC’s deferral proposal is sound and reasonable. Company witness Mr.  
15 Deason will explain in his testimony why shareholders continue to assume significant risks  
16 and why reducing the Company’s ROE is inappropriate.

17 **3. A Percentage Cap** is not needed to limit annual rate increases. Percentage caps are  
18 arbitrary and deviate from a cost-of-service regulatory model to govern utility rates. The  
19 use of a mandatory cap limiting annual increases ignores Commission precedent set in  
20 Tennessee and applied in numerous ARM filings<sup>26</sup>. A mandatory cap effectively violates

---

<sup>25</sup> *Chattanooga Gas Company Response to TAWC’s Discovery Request No. 1*, TPUC Docket No. 25-00089 (Feb. 12, 2026) (“[C]osts that should be normalized include extraordinary storm-related costs which should not be recovered in a single year.”)

<sup>26</sup> Atmos Energy Docket No. 18-00012, Piedmont NGC Docket No. 21-000135, TWS Docket No. 23-00046 do not appear to have recurring annual caps on recovered costs and investments.

1 the regulatory compact to recover costs that are prudently incurred to provide critical  
2 services to customers. The suggestion that TAWC will have a “blank check”<sup>27</sup> to  
3 automatically recover any level of spending ignores the Company’s fiduciary obligation to  
4 operate efficiently, its regulatory responsibility to recover costs that are just and reasonable,  
5 and the Commission’s continued oversight authority to conduct a prudency review.

6 **4. Pre-approval dockets** are not needed for the Commission to evaluate the Company’s  
7 proposed future capital expenditures. One of the purposes of an ARM is to promote  
8 regulatory efficiency. Requiring annual/additional dockets to review future capital  
9 expenditures runs contrary to efficient regulatory practice and Commission precedent in  
10 other ARM proceedings. The Company is already providing an annual preview of its  
11 capital expenditures, allowing regulators time to review future capital projects and raise  
12 concerns well before rates are adjusted to recover the Company’s prudent investments.

13 **5. Periodic rate cases** should not be mandatory. The Commission has the authority to  
14 discontinue the ARM on a prospective basis if it feels any of the framework methodologies  
15 need to be revisited and the Commission determines the ARM is no longer in the public  
16 interest. Requiring periodic rate cases is arbitrary and unnecessary if the ARM is  
17 functioning as intended and operating to the satisfaction of the Commission.

18 **6. A sunset provision on the ARM** is not required. The Commission has the authority to  
19 evaluate how the ARM is working for ratepayers, and the Commission can signal to the  
20 Company if the ARM should transition into the next base rate case.

---

<sup>27</sup> *Garrett*, 9:37.

1           **7. Reduction of TAWC’s ROE is not justified if the Company’s ARM proposal is**  
2           **approved.** As explained in the rebuttal testimony of Company witness Jared Deason,  
3           approval of an ARM does not warrant a reduction in ROE as the Company is still exposed  
4           to significant business risks, regardless of the type of regulatory mechanism in place.  
5           Further, the Consumer Advocate Division’s witness, Mr. Kaml, acknowledges there should  
6           be no adjustment made to the Company’s cost of equity, “The statutory language is  
7           directive, and that the cost of equity as determined in the most recent rate case should be  
8           used.”<sup>28</sup>

9           **8. Separate-system records of capital expenditures should not be required.** Mr. Garrett  
10          claims, “the ARM will allocate the annual increases to all water systems regardless of  
11          where the costs are incurred. This allocation methodology will result in rates that are unjust  
12          and unreasonable.”<sup>29</sup> The Commission has already heard this argument in the Company’s  
13          last rate case<sup>30</sup> and, “the panel...voted to adopt an across-the-board increase, i.e. equal  
14          percentage rate increase to each class, finding that such rate design is...appropriate.”<sup>31</sup> The  
15          Company’s proposed ARM will adhere to the methodologies approved by the Commission  
16          in Docket No. 24-00032, including rate design and cost-of-service. City of Chattanooga  
17          customers are charged the lowest rates in TAWC’s tariff, and the Commission has decided  
18          that the current rate design is appropriate. Mr. Garrett ignores the fact that TAWC’s service  
19          territory is treated as a unified system for regulatory purposes where customers benefit  
20          from the system as a whole.

---

<sup>28</sup> Kaml Direct Testimony. A42 on page 27. Docket No. 25-00089.

<sup>29</sup> *Garrett*, 36.

<sup>30</sup> *Pre-filed Testimony of City of Chattanooga Witness Mike E. Garrett*, pp. 44-51, TPUC Docket No. 24-00032 (Sept. 17, 2024) (rate consolidation).

<sup>31</sup> *2025 Order Setting Rates* at 80.

**VII. ARM SCHEDULES AND TARIFF**

1  
2 **Q. ARE TAWC’S ARM SCHEDULES DETAILED ENOUGH FOR REGULATORS**  
3 **TO PERFORM A MEANINGFUL REVIEW?**

4 A. Yes. TAWC’s schedules will be supported by its trial balance a general ledger accounting  
5 data, which will be submitted in Excel format to allow data sorting to facilitate a  
6 meaningful review of TAWC’s investments and operating expenses. To alleviate  
7 confusion, TAWC will add workpaper references to the ARM tariff schedules to include  
8 trial balance and general ledger accounting files. A full tariff, including TAWC’s proposed  
9 ARM tariff is submitted as Rebuttal Exhibit PJD-1 – TAWC TARIFF with my rebuttal  
10 testimony. I previously only included the proposed changes to TAWC’s tariff with my pre-  
11 filed direct testimony, which may have caused confusion by being interpreted to suggest  
12 that TAWC’s is proposing not to charge its base rates approved in TPUC Docket No. 24-  
13 00032 (it is not). Additionally, TAWC will include a rate base schedule showing the  
14 monthly test period individual plant account balances, organized by NARUC account, in  
15 the format the Company previously provided for the Infrastructure Capital Riders and as  
16 shown beginning on page 42 of Mr. Kaml’s Pre-filed Testimony. The detailed Utility Plant  
17 In-Service (“UPIS”) account balances will be shown on Schedule 2.3.

18 **Q. ARE TAWC’S PROPOSED ARM SCHEDULES INTENDED TO REDUCE OR**  
19 **ELIMINATE REGULATORY OVERSIGHT IN THE RATEMAKING PROCESS?**

20 A. No. Mr. Kaml contends, “the minimal filing requirements supported by TAWC would  
21 diminish the opportunity for regulatory review.”<sup>32</sup> On the contrary, TAWC’s schedules are  
22 streamlined to focus on the most relevant data needed to facilitate an efficient audit and

---

<sup>32</sup> *Id* at 10.

1 regulatory review of the Company's financial data. The Company is providing detailed  
2 balance sheet and income statement data by account, a trial balance to verify that the  
3 schedules match the Company's accounting records, general ledger accounting data that  
4 supports the detailed balance sheet and income statement schedules, comprehensive  
5 schedules supported by workpapers showing required adjustments that adhere to the  
6 methodologies ordered by the Commission, a proof that any surplus or deficient earnings  
7 adjustments will not exceed the return on equity authorized by TPUC in the Company's  
8 last rate case, and a preview of the Company's forecasted capital investments for the next  
9 test period.

10 **Q. WILL TAWC MAKE OTHER UPDATES TO ITS PROPOSED TARIFFS?**

11 A. Yes. Mr. Kaml recommended that the Company's tariffs include the following<sup>33</sup>:

- 12 1. Tariffs continue to contain the Public Interest Review language, as it exists.
- 13 2. TAWC provides 30-day notice to customers before the Proposal filing is made and  
14 notification of the rate increase after Commission approval.
- 15 3. Tariffs continue to state that the Company will simultaneously provide the CAD copies  
16 of all annual Proposal petitions with the Commission.

17  
18 The Company agrees with Mr. Kaml's recommendations and has included red-lined  
19 language in TAWC's ARM tariff to reflect the additional information. The Company is  
20 also updating the proposed tariff to include the algebraic formula for the ARM surcharge  
21 calculation. TAWC will add new tariff sheets to reflect the current surcharge percentage  
22 and a description of how the surcharge will apply.<sup>34</sup>

---

<sup>33</sup> *Id.* at 5.

<sup>34</sup> See *Kaml*, p. 21 (expressing concerns about supporting documentation).

1 **VIII. CAPITAL STRUCTURE AND OTHER MATTERS**

2 **Q. ON PAGE 11 OF MR. KAML’S DIRECT TESTIMONY, MR KAML STATES, “I**  
3 **AM NOT AWARE OF ANY WATER UTILITIES IN TENNESSEE THAT**  
4 **OPERATE WITH AN ANNUAL REVIEW MECHANISM SIMILAR TO THAT**  
5 **PROPOSED BY TAWC.” DO YOU AGREE WITH THIS STATEMENT?**

6 **A.** No. TPUC approved a similar annual review mechanism for Tennessee Water Service in  
7 Docket No. 23-00046, and the company has filed two subsequent ARM petitions in Docket  
8 No. 24-00028 and Docket No. 25-00031.

9 **Q. MR. KAML CITES A SOURCE ON PAGE 8 OF HIS DIRECT TESTIMONY THAT**  
10 **CLAIMS, “ALTERNATIVE REGULATION DOES NOT LEAD TO ANY**  
11 **MEANINGFUL NOR MEASURABLE RATEPAYER BENEFITS.” DO YOU**  
12 **AGREE WITH THIS STATEMENTS?**

13 **A.** No. The source cited by Mr. Kaml on page 8 of his testimony also states, “[t]here are simply  
14 no “real-world” examples nor evidence showing that ratepayers have received any  
15 meaningful benefits, particularly in the form of rate decreases, from alternative regulation.”  
16 However, in Docket No. 24-00028, Tennessee Water Service (“TWS”) reduced its monthly  
17 customers rates by \$1.42 as a result of the ARM’s earnings test.<sup>35</sup> The Commission issued  
18 an Order on November 5, 2024, in Docket No. 24-00028 approving this “real-world”  
19 benefit in the form of a customer rate reduction.

20 **Q. MR. KAML MAKES CERTAIN RECOMMENDATIONS REGARDING THE**  
21 **RATE OF RETURN AND THE COST OF EQUITY USED IN TAWC’S ARM**

---

<sup>35</sup> Settlement Terms #10 on page 3 of Stipulation and Settlement Agreement filed on July 25, 2024, in Docket No. 24-00028.

1           **PROPOSAL. PLEASE EXPLAIN YOUR CONCERNS WITH MR. KAML'S**  
2           **RECOMMENDATIONS.**

3    A.    Mr. Kaml addresses several perceived issues with TAWC's proposal to use a fixed  
4           authorized rate or return approved by the Commission in TAWC's rate case, TPUC Docket  
5           No. 24-00032. Ultimately, Mr. Kaml recommends that "[t]he rate of return should be  
6           calculated using the actual capital structure, cost of debt, components, and authorized  
7           return on equity."<sup>36</sup> TAWC would be open to using its actual capital structure, however,  
8           the Commission chose to adopt TAWC's parent company's capital structure<sup>37</sup> in lieu of  
9           using TAWC's actual capital structure for rate making purposes. Using the parent  
10          company's capital structure as a hypothetical substitute for TAWC nullifies Mr. Garrett's  
11          concern that TAWC can somehow alter its capital structure to purportedly take advantage  
12          of using a fixed rate of return approved by the Commission. TAWC has proposed using  
13          the Commission's authorized rate of return from Docket No. 24-00032 in an effort to  
14          streamline the annual review process by removing an additional variable that has already  
15          been decided by the Commission.

16   **Q.    DOES TAWC'S REQUEST TO USE THE FIXED RATE OR RETURN**  
17   **APPROVED BY THE COMMISSION HAVE ANY PRECEDENT IN**  
18   **TENNESSEE?**

19    A.    Yes. The Commission approved using a fixed 50%/50% debt/equity ratio, 5.04% cost of  
20          debt, and 10.50% return on equity for Tennessee Water Service in Docket No. 23-00046.<sup>38</sup>  
21          TWS's approved 50%/50% capital structure methodology was "consistent with the recent

---

<sup>36</sup> *Kaml*, p. 19 A28.

<sup>37</sup> "the panel...adopted a capital structure consisting of 0.81% short-term debt, 55% long-term debt, and 44.19% common equity based on the capital structure of AWWC." Commission Final Order, page 71, Docket No. 24-00032

<sup>38</sup> Rate of Return methodology on Original Sheet No. 18 in TWS's approved tariff in Docket No. 23-00046.

1 history of TWS’s parent, Utilities, Inc. (“UI”),”<sup>39</sup> as approved in TWS’s rate case. While  
2 TAWC sees significant issues with the forced use of a parent company’s capital structure  
3 to set rates, TAWC is not looking to change the current methodologies applied to its ARM  
4 filings at this time. The Company is simply proposing to use a fixed authorized rate of  
5 return to make the ARM process efficient and easier to administer. If the Commission  
6 decides that using a dynamic capital structure is more prudent, TAWC requests that the  
7 risk and reward of using a dynamic capital structure be symmetrical and fair by allowing  
8 the Company’s rate of return to both increase and decrease from the amount approved by  
9 TPUC in the Company’s last rate case.

## 10 **IX. CONCLUSION**

### 11 **Q. WHY IS TAWC’S ARM PROPOSAL IN THE PUBLIC INTEREST AND WHY** 12 **SHOULD THE COMMISSION APPROVE TAWC’S REQUEST FOR AN** 13 **ANNUAL REVIEW OF ITS RATES UNDER TENN. CODE ANN. § 65-5-103(d)(6)?**

14 A. TAWC’s ARM proposal will benefit customers by eliminating the need to file costly and  
15 time-consuming base rate cases on a frequent basis. TAWC incurred over \$1.6 million<sup>40</sup> in  
16 regulatory expenses to adjudicate its 2025 rate case in TPUC Docket No. 24-00032 and  
17 continues to expend time and resources to resolve the ultimate recovery of its rate case  
18 expenses. Approval of TAWC’s ARM proposal will significantly reduce rate case costs,  
19 which will benefit and flow back to customers in the form of lower rates. If approved,  
20 TAWC’s ARM will consolidate the Company’s existing infrastructure and expense riders  
21 into a single filing, saving additional regulatory costs and promoting regulatory efficiency.

---

<sup>39</sup> Rate of Return and Cost of Capital. TPUC Final Order approving rates Docket No. 19-00028. Pp 40-41.

<sup>40</sup> Petitioner Exhibit 1 Rate Case Expense Summary. Filed November 7, 2025. Docket No. 24-00032.

1 TAWC's ARM proposal adheres to the ratemaking methodologies established by TPUC in  
2 the Companies rate case docket, as required by Tenn. Code. Ann. § 65-5-103(d)(6).  
3 TAWC's ARM proposal provides substantive regulatory review of its historic costs and  
4 capital investments to determine the reasonableness and prudence of the Company's costs  
5 recovered under its proposed Annual Rate Review Mechanism. TAWC is incentivized to  
6 control costs and will adjust test period expenses to comply with the methodologies ordered  
7 by TPUC, including the removal of lobbying expenses and promotional and advertising  
8 expenses in accordance with the Commission's rules. TAWC's ARM proposal will result  
9 in the Company having the opportunity to recover expenses, and earn a fair and reasonable  
10 return on equity as established in its last rate case, while continuing to provide safe, reliable  
11 service to its customers

12 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

13 **A. Yes.**

TENNESSEE PUBLIC UTILITY COMMISSION

TENNESSEE AMERICAN WATER COMPANY  
CHATTANOOGA, TENNESSEE

RATES, RULES, REGULATIONS AND CONDITIONS OF  
WATER SERVICE

Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37401

**TABLE OF CONTENTS**

RATES

1. Rates and Charges

RULES, REGULATIONS AND CONDITIONS OF WATER SERVICE

1. Rates, Rules and Regulations Govern Rendering of Water Service
2. Definitions
3. Commencement of Water Service
4. Special Applications for Water Service
5. Private Fire Protection Service
6. Installation of Maintenance of Service Lines
7. Services Installed in Advance of Paving
8. Meters
9. Multiple Meter Settings
10. Disputed Bills
11. Adjustment of Bills
12. Meter Testing
13. Deposit to Insure Payment of Bills
14. Terms and Conditions of Billing and Payment
15. Discontinuance of Water Service
16. Reconnection of Water Service After Discontinuance
17. Modification of Facilities at Customers Expense
18. Customers Requiring Uninterrupted Supply
19. Requirements for Peak Demand Customers
20. Requirements for Valves and Other Devices
21. Plumbing Regulations and Work
22. Cross Connections
23. Extension of Distribution Mains
24. Public Fire Hydrants
25. Interruptions In or Curtailment of Water Supply
26. Responsibility of Company
27. Ownership of Property
28. General

- (I) Increase in rate**
- (D) Decrease in rate**
- (N) New rate**
- (C) Change**
- (E) Eliminated**

Issued: January 21, 2025

Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

CLASSIFICATION OF SERVICERESIDENTIAL1. Schedule of Rate and Charges Available For:

- (C)
- a. The General Water Service Tariff is available for public water supply service in all territories served by the Company except that area serviced by the Lookout Mountain System, Elder Mountain, territory served in Lakeview and other unincorporated areas in Georgia, east of Rossville, Suck Creek and other unincorporated areas of Marion County Served by Suck Creek Utility District, and the territory served by Lone Oak Utility District.
  - b. The Lookout Mountain Tariff is available for public water supply service in the territory served by the Company's Lookout Mountain High Service Area in the town of Lookout Mountain, Tennessee, Lookout Mountain, Georgia, and Elder Mountain, Tennessee.
  - c. The Lakeview Tariff is available for public water supply service in the territory served by the Company in Lakeview and other unincorporated areas of Georgia, east of Rossville as indicated on the Service Area Map: TPSC No. 19 Pages 13 and 14.
  - d. The Suck Creek Tariff is available for public water supply service in the territory served by the Company in Suck Creek and other unincorporated areas of Marion County formerly served by Suck Creek Utility District.

**(C) Change**

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

CLASSIFICATION OF SERVICECOMMERCIAL1. Schedule of Rate and Charges Available For:

- (C)
- a. The General Water Service Tariff is available for public water supply service in all territories served by the Company except that area serviced by the Lookout Mountain System, Elder Mountain, territory served in Lakeview and other unincorporated areas in Georgia, east of Rossville, Suck Creek and other unincorporated areas of Marion County Served by Suck Creek Utility District, and the territory served by Lone Oak Utility District.
  - b. The Lookout Mountain Tariff is available for public water supply service in the territory served by the Company's Lookout Mountain High Service Area in the town of Lookout Mountain, Tennessee, Lookout Mountain, Georgia, and Elder Mountain, Tennessee.
  - c. The Lakeview Tariff is available for public water supply service in the territory served by the Company in Lakeview and other unincorporated areas of Georgia, east of Rossville as indicated on the Service Area Map: TPSC No. 19 Pages 13 and 14.
  - d. The Suck Creek Tariff is available for public water supply service in the territory served by the Company in Suck Creek and other unincorporated areas of Marion County formerly served by Suck Creek Utility District.

**(C) Change**

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

CLASSIFICATION OF SERVICEINDUSTRIAL1. Schedule of Rate and Charges Available For:

- (C) a. The General Water Service Tariff is available for public water supply service in all territories served by the Company except that area serviced by the Lookout Mountain System, Elder Mountain, territory served in Lakeview and other unincorporated areas in Georgia, east of Rossville
- b. The Lookout Mountain Tariff is available for public water supply service in the territory served by the Company's Lookout Mountain High Service Area in the town of Lookout Mountain, Tennessee, Lookout Mountain, Georgia, and Elder Mountain, Tennessee.
- c. The Lakeview Tariff is available for public water supply service in the territory served by the Company in Lakeview and other unincorporated areas of Georgia, east of Rossville as indicated on the Service Area Map: TPSC No. 19 Pages 13 and 14.

**(C) Change**

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

CLASSIFICATION OF SERVICE

OTHER PUBLIC AUTHORITY

1. Schedule of Rate and Charges Available For:

- (C)
- a. The General Water Service Tariff is available for public water supply service in all territories served by the Company except that area serviced by the Lookout Mountain System, Elder Mountain, territory served in Lakeview and other unincorporated areas in Georgia, east of Rossville.
  - b. The Lookout Mountain Tariff is available for public water supply service in the territory served by the Company's Lookout Mountain High Service Area in the town of Lookout Mountain, Tennessee, Lookout Mountain, Georgia, and Elder Mountain, Tennessee.
  - c. The Lakeview Tariff is available for public water supply service in the territory served by the Company in Lakeview and other unincorporated areas of Georgia, east of Rossville as indicated on the Service Area Map: TPSC No. 19 Pages 13 and 14.

(C) **Change**

CLASSIFICATION OF SERVICESALE FOR RESALE1. Schedule of Rate and Charges Available For:

- (C)
- a. The General Water Service Tariff is available for public water supply service in all territories served by the Company except that area serviced by the Lookout Mountain System, Elder Mountain, territory served in Lakeview and other unincorporated areas in Georgia, east of Rossville.
  - b. The Lookout Mountain Tariff is available for public water supply service in the territory served by the Company's Lookout Mountain High Service Area in the town of Lookout Mountain, Tennessee, Lookout Mountain, Georgia, and Elder Mountain, Tennessee.
  - c. The Lakeview Tariff is available for public water supply service in the territory served by the Company in Lakeview and other unincorporated areas of Georgia, east of Rossville as indicated on the Service Area Map: TPSC No. 19 Pages 13 and 14.

(C) **Change**

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

**Classification of Service**  
**Residential**

Service Charges:

Service Charge Per Month

<u>Meter Size</u>	<u>Chattanooga General Water Service Tariff</u>	<u>Lookout Mountain Tariff</u>	<u>Lakeview Tariff</u>
5/8"	\$19.92 (I)	\$22.34 (I)	\$22.34 (I)
3/4"	33.46 (I)	33.46 (I)	33.46 (I)
1"	55.66 (I)	55.66 (I)	55.64 (I)
1-1/2"	111.35 (I)	111.35 (I)	111.35 (I)
2"	178.16 (I)	178.18 (I)	178.16 (I)
3"	334.59 (I)	334.04 (I)	334.04 (I)
4"	556.77 (I)	556.77 (I)	556.77 (I)
6"	1,113.53 (I)	1,113.53 (I)	1,113.53 (I)
8"	1,781.61 (I)	1,781.61 (I)	1,781.61 (I)

Volumetric Rates:

Cost Per 100 Gallons

<u>Monthly Use</u>	<u>Chattanooga General Water Service Tariff</u>	<u>Lookout Mountain Tariff</u>	<u>Lakeview Tariff</u>
0-30	\$ 0.05017	\$ 0.18686	\$0.09235
30-486	0.79567	1.02493	0.87684
486-3,740	0.49989	0.72914	0.58106
3,740-37,400	0.37373	0.50906	0.41526
37,400-112,000	0.28567	0.42194	0.32744
Over 112,000	0.16963	0.30590	0.21141

(I) Increase

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

**Classification of Service**  
**Residential**

For all Residential Customers of Suck Creek

Volumetric Rates:

<u>Monthly Use</u>	<u>Cost per 100 Gallons</u>	
	<u>Suck Creek General</u>	
	<u>Water Service</u>	
First 1,500 Gallons	\$43.66 (I)	
Next 7,900 Gallons	\$0.85442	Per 100 gallons
All over 9,400 Gallons	\$0.64086	Per 100 gallons

Issued: January 21, 2025  
 Issued by: Grant A. Evitts, President  
 109 Wiehl Street  
 Chattanooga, Tennessee 37403

Effective: January 21, 2025

**Classification of Service**

Applicability

For all Residential commercial, industrial, other public authority, and sale for resale customers in the service are formerly served by the City of Whitwell.

Cost per 100 Gallons

Volumetric Rates:

<u>Monthly Use</u>	<u>Whitwell Inside City</u>	<u>Whitwell Outside City</u>
0 - 2,000 Gallons	\$29.18 (I)	\$33.34 (I)
2,000 - 4,000 Gallons	\$0.67531	\$0.82585
4,000 – 6,000 Gallons	\$0.64155	\$0.74847
Over 6,000 Gallons	\$0.58949	\$0.61482

Issued: January 21, 2025  
 Issued by: Grant A. Evitts, President  
 109 Wiehl Street  
 Chattanooga, Tennessee 37403

Effective: January 21, 2025

**Classification of Service**  
**Commercial**

Service Charges:

Service Charge Per Month

<u>Meter Size</u>	<u>Chattanooga General Water Service Tariff</u>	<u>Lookout Mountain Tariff</u>	<u>Lakeview Tariff</u>
5/8"	\$25.42 (I)	\$28.55 (I)	\$28.55 (I)
3/4"	42.70 (I)	42.70 (I)	42.70 (I)
1"	71.06 (I)	71.06 (I)	71.06 (I)
1-1/2"	142.18 (I)	142.18 (I)	142.18 (I)
2"	227.47 (I)	227.47 (I)	227.47 (I)
3"	426.55 (I)	426.54 (I)	426.54 (I)
4"	710.93 (I)	710.93 (I)	710.93 (I)
6"	1,421.90 (I)	1,421.90 (I)	1,421.90 (I)
8"	2,275.01 (I)	2,275.01 (I)	2,275.01 (I)

Volumetric Rates:

Cost Per 100 Gallons

<u>Monthly Use</u>	<u>Chattanooga General Water Service Tariff</u>	<u>Lookout Mountain Tariff</u>	<u>Lakeview Tariff</u>
0-30	\$0.04439	\$0.16493	\$0.08133
30-486	0.70279	0.90523	0.77453
486-3,740	0.44161	0.64405	0.51336
3,740-37,400	0.33006	0.45022	0.36702
37,400-112,000	0.25219	0.37293	0.28930
Over 112,000	0.14981	0.27017	0.18564

**(I) Increase**

Issued: January 21, 2025  
 Issued by: Grant A. Evitts, President  
 109 Wiehl Street  
 Chattanooga, Tennessee 37403

Effective: January 21, 2025

**Classification of Service**  
**Commercial**

For all Commercial Customers of Suck Creek

Volumetric Rates:

	<u>Cost per 100 Gallons</u>	
<u>Monthly Use</u>	<u>Suck Creek General</u> <u>Water Service</u>	
First 1,500 Gallons	\$55.73 (I)	
Next 7,900 Gallons	\$0.75316	Per 100 gallons
All over 9,400 Gallons	\$0.56615	Per 100 gallons

(I) Increase

Issued: January 21, 2025  
 Issued by: Grant A. Evitts, President  
 109 Wiehl Street  
 Chattanooga, Tennessee 37403

Effective: January 21, 2025

**Classification of Service**  
**Industrial**

Service Charges:

Service Charge Per Month

<u>Meter Size</u>	<u>Chattanooga General Water Service Tariff</u>	<u>Lookout Mountain Tariff</u>	<u>Lakeview Tariff</u>
5/8"	\$53.02 (I)	\$56.98 (I)	\$56.98 (I)
3/4"	89.11 (I)	85.34 (I)	85.34 (I)
1"	148.16 (I)	141.97 (I)	141.97 (I)
1-1/2"	296.47 (I)	284.05 (I)	284.05 (I)
2"	474.30 (I)	454.44 (I)	454.44 (I)
3"	889.26 (I)	852.08 (I)	852.08 (I)
4"	1,482.19 (I)	1,420.17 (I)	1,420.17 (I)
6"	2,964.36 (I)	2,840.35 (I)	2,840.35 (I)
8"	4,742.93 (I)	4,544.46 (I)	4,544.46 (I)

Volumetric Rates:

Cost Per 100 Gallons

<u>Monthly Use</u>	<u>Chattanooga General Water Service Tariff</u>	<u>Lookout Mountain Tariff</u>	<u>Lakeview Tariff</u>
0-30	\$0.04638	\$0.16548	\$0.08178
30-486	0.73529	0.90763	0.77648
486-3,740	0.46211	0.64571	0.51453
3,740-37,400	0.32637	0.45143	0.36775
37,400-112,000	0.24934	0.37366	0.28996
Over 112,000	0.14833	0.27090	0.18720

**(I) Increase**

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

**Classification of Service**  
**Other Public Authority**

Service Charges:

Service Charge Per Month

<u>Meter Size</u>	<u>Chattanooga General Water Service Tariff</u>	<u>Lookout Mountain Tariff</u>	<u>Lakeview Tariff</u>
5/8"	\$23.30 (I)	\$26.14 (I)	\$26.11 (I)
3/4"	39.13 (I)	39.16 (I)	39.13 (I)
1"	65.10 (I)	65.11 (I)	65.17 (I)
1-1/2"	130.26 (I)	130.33 (I)	130.33 (I)
2"	208.40 (I)	208.40 (I)	208.41 (I)
3"	390.74 (I)	390.74 (I)	390.74 (I)
4"	651.25 (I)	651.25 (I)	651.25 (I)
6"	1,302.52 (I)	1,302.52 (I)	1,302.52 (I)
8"	2,083.98 (I)	2,083.98 (I)	2,083.98 (I)

Volumetric Rates:

Cost Per 100 Gallons

<u>Monthly Use</u>	<u>Chattanooga General Water Service Tariff</u>	<u>Lookout Mountain Tariff</u>	<u>Lakeview Tariff</u>
0-30	\$0.04734	\$0.17648	\$0.08695
30-486	0.75112	0.96753	0.82767
486-3,740	0.47187	0.68833	0.54852
3,740-37,400	0.35279	0.48123	0.39202
37,400-112,000	0.26967	0.39831	0.30911
Over 112,000	0.16013	0.28877	0.19955

(I) Increase

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

Classification of Service

Applicability

For all Residential, commercial, and other public authority customers of Jasper Highlands development in Kimball, TN.

Volumetric Rates:

<u>Monthly Use</u>	<u>Jasper Highland</u>	
	<u>General Water Service</u>	
First 2,500 Gallons	\$74.40 (I)	
Next 2,500 Gallons	\$1.84304	Per 100 Gallons
Next 2,500 Gallons	\$1.64607	Per 100 Gallons
Above 7,500 Gallons	\$1.46318	Per 100 Gallons

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

**Classification of Service**  
**Sale for Resale**

Service Charges:

Service Charge Per Month

<u>Meter Size</u>	<u>Chattanooga General Water Service Tariff</u>	<u>Lookout Mountain Tariff</u>	<u>Lakeview Tariff</u>
5/8"	\$19.89 (I)	\$22.31 (I)	\$22.31 (I)
3/4"	33.43 (I)	33.43 (I)	33.43 (I)
1"	55.60 (I)	55.60 (I)	55.60 (I)
1-1/2"	111.24 (I)	111.24 (I)	111.24 (I)
2"	177.92 (I)	177.92 (I)	177.92 (I)
3"	333.69 (I)	333.69 (I)	333.69 (I)
4"	556.20 (I)	556.20 (I)	556.20 (I)
6"	1,112.35 (I)	1,112.35 (I)	1,112.35 (I)
8"	1,779.73 (I)	1,779.73 (I)	1,779.73 (I)

Volumetric Rates:

Cost Per 100 Gallons

<u>Monthly Use</u>	<u>Chattanooga General Water Service Tariff</u>	<u>Lookout Mountain Tariff</u>	<u>Lakeview Tariff</u>
0-30	\$0.04382	\$0.16326	\$0.08069
30-486	0.69518	0.89549	0.76609
486-3,740	0.43674	0.63706	0.50765
3,740-37,400	0.32653	0.44540	0.36283
37,400-112,000	0.24960	0.36865	0.28608
Over 112,000	0.14822	0.26727	0.18470

**(I) Increase**

Issued: January 21, 2025  
 Issued by: Grant A. Evitts, President  
 109 Wiehl Street  
 Chattanooga, Tennessee 37403

Effective: January 21, 2025

**CLASSIFICATION OF SERVICE**  
**SALES 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:**

(C)		<u>Cost per 100 Gallons</u>			
(C)	<u>Monthly Use</u>	<u>Ft. Oglethorpe</u>	<u>Catoosa County</u>	<u>Walker County</u>	<u>Signal Mountain</u>
		<u>Tariff</u>	<u>Tariff</u>	<u>Tariff</u>	<u>Utility District Tariff</u>
	All Usage	\$.19830	\$.22856	\$.19016	\$.19456

(C) Change

Issued: January 21, 2025  
 Issued by: Grant A. Evitts, President  
 109 Wiehl Street  
 Chattanooga, Tennessee 37403

Effective: January 21, 2025

**CLASSIFICATION OF SERVICE**

**PUBLIC FIRE SERVICE**

**Available For:**

Public Fire Service in all areas served by the Company.

Rates  
Each Public Fire Hydrant

Rates per Annum – Billed Monthly  
\$0.00

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

**CLASSIFICATION OF SERVICE**

**PRIVATE FIRE SERVICE**

**Available For:**

Private Fire Service in all territory served by the Company. Private Fire Service is rendered only after approval by the President or Vice President and General Manager of the Company off an "Application for Special Connection," and only in accordance with the terms and conditions as provided therein.

**Rates**

(C) Private Fire Service Connections:	<u>Rate per Quarter</u>	
1" diameter	\$13.13	(I)
1-1/2" diameter	29.60	(I)
2" diameter	52.66	(I)
2-1/2" diameter	80.29	(I)
3" diameter	118.36	(I)
4" diameter	237.02	(I)
6" diameter	473.66	(I)
8" diameter	948.12	(I)
10" diameter	1,422.28	(I)
12" diameter	1,896.54	(I)
 Private Fire Hydrants other than those supplied by Private Fire Service Connections	 \$451.86	 (I)

(I) Increase

GENERAL PROVISIONS APPLICABLE TO ALL WATER SERVICE

- (C) 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 on the bill. The net amount 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 five 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 Connection" attached thereto.

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

**(C) Change**

CLASSIFICATION OF SERVICE

**MISCELLANEOUS AND OTHER FEES**

**Applicable For:**

- (C) Applicable to all areas served by the Company

- (C) **Activity Fee**

- (I) 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.

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

**New Service Fee**

Any applicant for water service at a location at which there is no preexisting Company service may be charged a fee of \$25.00 to cover the expense of being added to the system. This fee includes the above mentioned activity fee.

- (I) **Increase**
- (C) Change in Text

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

**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 territory served by the Company.

**Availability of Service**

(C) 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's") approved disconnect/reconnect rate for each disconnection performed. Disconnection 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

**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 a single customer, 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 customer has not yet been reconnected at the billing date.

(C) Change

**CLASSIFICATION OF SERVICE****DISCONNECTION-RECONNECTION CHARGE**

- (C) 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 service.

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.

- (C) 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 tampering penalty of ninety-two dollars (\$92.00) and a disconnection-reconnection fee may be incurred to cover the expense of re-activating the service.

- (N) After hours reconnection fee \$40.00 in addition to the standard reconnection fee.

- (N) **Meter Tampering Penalty Fee**

- (N) Any customer who removes or relocates, or cause or permit the removal or relocation of a meter by their agents once it has been installed by the Company, may be subject to a meter tampering penalty fee of ninety-two dollars (\$92.00).

**Returned Check Charge**

- (C) When a payment is returned for non-sufficient funds, a charge of \$20.00 will be made to cover expenses involved.

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

**CLASSIFICATION OF SERVICE**

**ANNUAL REVIEW MECHANISM (“ARM”)**

**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, an Annual Review Mechanism (“ARM”) surcharge will apply to customers in all Approved Service Areas.

The above surcharge mechanism will be computed and reconciled annually within a single filing.

**2. Definitions**

For the purposes of the ARM:

**“ARM Adjustment Filing”** means the annual filing made by March 31<sup>st</sup> each year to calculate Earnings Surplus or Deficiency, Revenue Surplus or Deficiency, and Annual ARM Revenue in the Historic Base Period.

**“ARM Revenue Adjustment”** the annual revenue deficiency collected in rates via a surcharge, or annual revenue surplus credited to customers in the Rate Effective Period, effective August 1<sup>st</sup> each year, that reflects the Arm Adjustment Filing methodologies approved by the Commission.

**“Commission”** means the Tennessee Public Utility Commission (“TPUC”).

**“Company”** means Tennessee-American Water Company, Inc. (“TAWC”).

**“Earnings Surplus or Deficiency”** the Company shall calculate, based on the methodologies approved by the Commission, any operating income surplus or deficiency for the Historic Base Period. The operating income surplus or deficiency calculation shall be based on the comparison of the Historic Base Period operating income and the authorized rate of return of 6.846% per the Commission’s Order in the Company’s 2025 Rate Case. This amount shall be used to calculate the Revenue Surplus or Deficiency.

**“Base Revenue Forecast”** means the base revenue forecast for the Rate Effective Period which shall be used as the denominator to calculate the ARM Revenue Adjustment surcharge percentage. The purpose of the Base Revenue Forecast is to minimize any over/under collection of revenue or over/under credit of revenue of the ARM Revenue Adjustment amount. The Base Revenue Forecast is not used in the annual earnings test.

**“Historic Base Period”** means the most recently completed fiscal year ended December 31<sup>st</sup> as of the time of Annual ARM filing.

**“New Matters”** 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

ARM for which there is no explicit prior determination by the Commission regarding the Company. New Matters will be reflected in the Company's ARM filings on a prospective basis. Changes to Commission methodologies applicable to the ARM that are addressed in other regulatory proceedings shall be applied as New Matters on a prospective basis.

**"Rate Effective Period"** means the period in which adjusted rates shall be in effect beginning on August 1<sup>st</sup> after the Annual ARM filing.

**"Revenue Surplus or Deficiency"** means the revenue adjustment necessary to allow the Company to recover from, or credit to, customers the Earnings Surplus or Deficiency. The Earnings Surplus or Deficiency shall be multiplied by the Revenue Conversion Factor to calculate Revenue Surplus or Deficiency. Carrying charges shall be applied to the Revenue Surplus or Deficiency to calculate Annual ARM Revenue.

**"2025 Rate Case"** means the Company's most recent base rate case, adjudicated in Docker Number 24-00032. The Commission's Final Order ("Rate Order") for the 2025 Rate Case was issued on April 21, 2025.

### 3. Process

This Annual Review Mechanism ("ARM") is implemented under the provisions of Tennessee Code Annotated Section 65-5-103(d)(6), which authorizes the Company to opt for an annual review of the Company's rates. Pursuant to this ARM and the annual filings described below, the Company's tariff rates shall be adjusted to provide that the Company earns the Authorized Return on Equity. The rate adjustments implemented under this mechanism shall reflect changes in the Company's revenues, cost of service, and rate base. The ARM may be terminated or modified as provided under Tennessee Code Annotated 65-5-103(d)(6)(D).

The Company's proposed ARM shall incorporate an historical base year review of its revenues, expenses, investments (rate base), and rate of return components to determine if the Company earned the authorized return on equity adopted in the most recent rate case. If the Company earned more than the authorized return on equity, the surplus earnings (grossed up to determine surplus revenues) shall be deferred in a regulatory liability and rates shall be reduced for this amount prospectively. If the Company earned less than its authorized return on equity, the Company shall defer revenue to a regulatory asset and rates shall be increased for this amount prospectively. Under both scenarios, the Company is proposing that any carrying charges be computed and accrued for on the deferred balance. The carrying charges on the deferred balance shall be calculated over 19 months from the midpoint of the Historic Base Period to the midpoint of the annual Rate Effective Period following the ARM Adjustment Filing. The Company's authorized rate of return of 6.846%, per the Company's 2025 Rate Case Final Order in Docket No. 24-00032, shall be used to calculate carrying charges.

The review of the annual earnings deficiency or surplus shall adjust rates based on an adjusted Historic Base Period so that the Company may earn its authorized return, as well as include the collection or credit of the deferred balance reflecting any revenue deficiency or surplus. The annual earnings deficiency or surplus review and rate adjustment calculation shall occur in one filing, made on or before March 31<sup>st</sup> of each year. The Historic Base Period for the ARM Adjustment Filing shall align with the Company's most recent fiscal year end, December 31<sup>st</sup>. There shall be one annual filing that shall include the determination of the earnings deficiency or surplus, based on an adjusted cost of service for the

Issued: November 18, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective:

Historic Base Period. Per TCA 65-5-103(d)(1)(B), the Commission shall make a final determination on the filing no later than 120 days from the initial filing. Therefore, the final determination shall be issued by July 29th, and adjusted rates shall go into effect on August 1<sup>st</sup>.

#### 4. Methodology

The following methodologies shall be utilized for determining the appropriate revenue requirement components for the Historic Base Period Surplus or Deficiency Calculations. The Company may adjust certain expenses to reflect methodologies ordered by the Commission in the Company's 2025 Rate Case.

##### A. Rate Effective Period

- Defined as the period in which adjusted rates shall be in effect beginning on August 1<sup>st</sup> after the ARM Adjustment Filing.

##### B. Historic Base Period

- Defined as the most recently completed fiscal year ended December 31<sup>st</sup> as of the time of the Annual Adjustment filing.

##### C. Annual ARM Revenue Surcharge

- To collect or credit ARM Revenue Adjustment, the Company shall apply an equal percentage increase to customer bills in the form of a surcharge. The percentage increase will be calculated by dividing ARM Revenue Adjustment by the Base Revenue Forecast for the Rate Effective Period. ARM Revenue Adjustment Surcharges shall be collected or credited beginning in the Rate Effective Period on August 1<sup>st</sup> following the ARM Adjustment Filing.

##### Calculation of Annual ARM Revenue Surcharge:

$$\text{ARM Surcharge Percentage} = \frac{\text{Total ARM Revenue Deficiency (Surplus)}}{\text{Base Revenue Forecast}}$$

##### D. Water Revenues

- Actual base water revenues in the Historic Base Period shall be used to calculate Earnings Surplus or Deficiency.

##### E. Other Revenues

- Actual Other Revenues and Forfeited Discounts in the Historic Base Period shall be used to calculate Earnings Surplus or Deficiency.
- The Revenue Surplus or Deficiency calculation shall use a Forfeited Discounts rate of 1.005373% per the 2025 Rate Case Commission Order.

##### F. Operating & Maintenance Expenses

- Actual expenses as recorded in the Company's books and records shall be used unless adjustments are required to adhere to methodologies approved by the Commission in the Company's 2025 Rate Case. Changes to Commission methodologies addressed in other regulatory proceedings shall be applied on a prospective basis.

##### G. Expenses: Non-Revenue Water

Issued: November 18, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective:

- The Company shall calculate and supply a Non-Revenue Water (“NRW”) rate to relevant expense accounts to calculate Earnings Surplus or Deficiency. The Historic Base Period NRW rate is calculated on an annual historic basis as follows:

(Historic Period Total Metered Consumption minus Total Water Supplied), divided by:  
(Historic Period Total Water Supplied) = Non-Revenue Water Rate

Non-Revenue Water Rate Less 15% equals  
Non-Revenue Water Variance (Over/Under allowable %)

If the Historic Base Period NRW rate is above 15%, the Company shall adjust Purchased Power and Fuel, and Chemical Expenses for the proportion above 15% applicable to each expense. If the Historic Base Period NRW rate is below 15% for the Historic Base Period, the actual Purchased Power and Fuel, and Chemical Expense incurred in the Historic Base Period shall be used to calculate the Earnings Surplus or Deficiency.

#### H. Depreciation Expense and CIAC Amortization

- The Company shall use actual depreciation and CIAC amortization expense in the Historic Base Period to calculate Earnings Surplus or Deficiency.

#### I. Amortization of Investment Tax Credits, Excess Deferred Income Taxes, Regulatory Liabilities and Regulatory Assets

- The Company shall use actual amortization of Investment Tax Credits, Excess Deferred Income Taxes, Regulatory Liabilities and Regulatory Assets in the Historic Base Period to calculate Earnings Surplus or Deficiency.
- The Company shall expense the costs related to the processing of ARM Adjustment Filings and therefore recover such costs as part of the Earnings Surplus or Deficiency calculation in the normal course of the ARM process. The costs for the ARM framework filing shall be deferred to a regulatory asset and amortized over three (3) years and recovered as part of the Earnings Surplus or Deficiency calculation in the normal course of the ARM process over three (3) years.

#### J. Taxes Other than Income Taxes

- The Company shall use actual Taxes Other than Income Taxes in the Historic Base Period to calculate Earnings Surplus or Deficiency.

#### K. State Excise and Federal Income Taxes

- The Company shall use the statutory State Excise and Federal Income Tax rates at the end of the Historic Base Period to calculate Earnings Surplus or Deficiency.

#### L. Rate Base

- The Company shall use the 13-month average (December to December) of the Rate Base balances to calculate Earnings Surplus or Deficiency.

M. Cash Working Capital

- The Company shall use the Historic Base Period expense levels, using the same Lag Days approved in the 2025 Rate Case, to calculate the Cash Working Capital for the Earnings Surplus or Deficiency calculation

N. Revenue Conversion Factor

- The Company shall use the approved conversion factor of 1.35585% per the Rate Order to calculate Revenue Surplus or Deficiency. The excise and federal income tax components are subject to change to reflect the then-current rate.

O. Rate of Return

- The Company shall use the approved 44.19% weighting of Equity and 9.70% Return on Equity, 55% weighting of Long-Term Debt at 4.59% cost of debt, .81% weighting of Short-Term Debt at 4.27% cost of debt. Overall authorized Rate of Return will be 6.846% per the Rate Order.

P. Other Adjustments

- Consistent with Commission Rules, costs not generally allowed for rate recovery shall be removed or excluded from the Historic Base Period. Removals and exclusions include, but are not limited to, the following categories: Advertising, Lobbying, Charitable Contributions, and Fines & Penalties.

Q. New Matters

- New Matters refers to any issue, adjustment, method of accounting, or ratemaking topic that would directly or indirectly affect the ARM Adjustment Filing for which there is no explicit prior determination by the Commission regarding the Company. New Matters will be reflected in the Company's ARM filings on a prospective basis. Changes to Commission methodologies applicable to the ARM that are addressed in other regulatory proceedings shall be applied as New Matters on a prospective basis.

R. Rate Design and Tariff Changes

- Any Party to an ARM proceeding may propose adjustments to the then-current rate design, miscellaneous terms, tariff language or provisions.

S. Revenue Surplus or Deficiency Deferral

- The Company shall defer any Revenue Surplus or Deficiency incurred in the Historic Base Period. The Company shall recover or credit over the Rate Effective Period any revenue deficiency or surplus deferred. The deferral shall accrue carrying charges at the authorized rate of return of 6.846% per the Rate Order. Carrying charges shall be calculated based on the balance of the Revenue Surplus or Deficiency result over a 19-month period covering the Historic Base Period and the Rate Effective Period.

T. Additional Alternative Rate Mechanisms

- Authorization of the ARM process does not preclude the Company requesting or being approved to implement additional alternative rate mechanisms, as allowed pursuant to T.C.A. § 65-5-103(d).

U. Affidavit Certifying Filing

- The Company shall include with its annual filings an affidavit signed by an officer of the Company, certifying that the information included within the filing is accurate and complete.

V. Annual ARM Filing

- By March 31st of each year, the Company shall file with the Commission the schedules and workpapers that reflect 1) actual Historic Base Period amounts per its books and records, 2) any adjustments to the Historic Base Period actuals per the methodologies described above, 3) the Surplus or Deficiency Earnings and Revenue Calculations, including carrying charges, and resulting ARM Revenue Adjustment, 4) proposed tariff rates that support the Annual ARM Revenue Surcharge amounts. The list of schedules to be filed includes, but need not be limited to:

---

**5. Methodology**

The Company will file revised tariffs for Commission approval upon 30 days' notice to implement an ARM surcharge Adjustment. Alonge 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.

**6. 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 Mechanism, as permitted by law and the rules and regulations of the Commission, for reconsideration of whether it remains in the public interest

SCHEDULE	NAME
1	Annual Reconciliation of Revenue Deficiency / (Surplus)
2	Rate Base
2.1	Average Rate Base – Rate Case Adopted Docket
2.2	Rate Base 13-Month Average Workpaper
<u>2.3</u>	<u>Rate Base 13-Month Average UPIS Detail by NARUC Account</u>
3	Lead Lag Results Approved
4	Rate Case Calculation of Operating Expense Lead Lag
4.1	ARM Historic Base Period Calculation of Operating Expense Lead Lag
5	Income Statement: Historic Base Period Summary
5.1	Income Statement: Historic Base Period Detail
5.2	Income Statement: Historic Base Period Schedule of Rate Making Adjustments
6	Income Tax Calculation
7	Rate Case Capital Structure
8	Gross Revenue Conversion Factor
9	Carrying Charges and ARM Asset / (Liability)
10	Return on Equity Proof before and after ARM Deficiency / (Surplus)
11	TAWC Strategic Capital Expenditure Plan (SCEP) for the Upcoming Calendar Year
<u>12</u>	<u>Base Revenue Forecast – Billing Determinants and Customer Usage</u>
<u>WP 1</u>	<u>Trial Balance (Electronic Format)</u>
<u>WP 2</u>	<u>General Ledger Capital Expenditure Data (Electronic Format)</u>
<u>WP 3</u>	<u>General Ledger Operating Expenditure Data (Electronic Format)</u>
<u>WP 4</u>	<u>Supporting Workpapers for Rate Making Adjustments on Schedule 5.2</u>

Issued: November 18, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective:

**ANNUAL REVIEW MECHANISM (“ARM”)**

**CURRENT ARM SURCHARGE CALCULATION**

0.00%                   ≡           Current ARM Surcharge Percentage

ARM Surcharge Percentage   ≡    $\frac{\text{Total ARM Revenue Deficiency (Surplus)}}{\text{Base Revenue Forecast}}$

**ARM Surcharge Percentage:**

This shall be applied as an equal percentage to customer bills in the form of a separate line-item surcharge or credit amount. The ARM surcharge shall apply to total water service charges and exclude miscellaneous service fees.

**Total ARM Revenue Deficiency (Surplus):**

The revenue adjustment necessary to credit or recover any operating income surplus or deficiency in the test period, based on the methodologies approved by the Commission.

**Base Revenue Forecast:**

The revenue forecast for the Effective Rate Period calculated using the Company’s base tariff rates, updated billing determinants, and normalized customer usage. The purpose of the Base Revenue Forecast is to accurately calculate the ARM Surcharge Percentage and minimize remaining Total ARM Revenue Deficiency (Surplus) amounts.

Issued: November 18, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective:

**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

**"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 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.

Issued: May 1, 2024

Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: May 31, 2024

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

**"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, and TPUC inspection fees, as adjusted for the Commission's water loss policies.

### **3. General Description**

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, 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:

Accounts 510000000 - 510999999 - Purchased Water Expense;  
Accounts 515100000 - 515999999 - Purchased Power Expense;  
Accounts 518000000 - 518999999 - Purchased Chemical Expense;  
Accounts 511100000 - 511150000 - Waste Disposal Expense; and  
Account 685450000 - 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

$$\begin{aligned}
 & \frac{\text{Divided by Relevant Rate Order Sales Volume in 100 Gallons}}{\text{Adjusted Review Period PCOP Costs per 100 Gallons}} \\
 & \text{Incremental Change in PCOP Costs per 100 Gallons} \\
 & \frac{\text{Multiplied by Relevant Rate Order Sales Volumes in 100 Gallons}}{\text{PCOP Net Deferred Cost}} \\
 & \text{Less Forfeited Discount Rate} \\
 & \text{Plus Uncollectible Expense Rate} \\
 & \frac{\text{Plus Gross Receipts Tax Rate}}{\text{Total Deferred PCOP Costs}} \\
 & \frac{\text{Divided by Relevant Rate Order Water Sales Revenue}}{\text{PCOP Percentage Rate}}
 \end{aligned}$$

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.

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

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**

Issued: May 1, 2024

Issued by: Grant A. Evitts, President  
109 Wiehl Street

Chattanooga, Tennessee 37403

Effective: May 31, 2024

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.

(T) Denotes Change in Text

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.

**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.

Map: Attached

## 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

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

- 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 will 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 the 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 maybe 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.

- 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 hundredgallons 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.

Issued: January 21, 2025

Effective: January 21, 2025

Issued by: Grant A. Evitts, President

109 Wiehl Street

Chattanooga, Tennessee 37403

- 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 on 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 is 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

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

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 Curtailement 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 His 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 H 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 Pres\dent 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 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.

Issued: January 21, 2025  
Issued by: Grant A. Evitts, President  
109 Wiehl Street  
Chattanooga, Tennessee 37403

Effective: January 21, 2025

**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:

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE

PETITION OF TENNESSEE-AMERICAN )  
WATER COMPANY TO ADOPT ANNUAL )  
REVIEW MECHANISM AND ARM )  
TARIFF PURSUANT TO TENN. CODE )  
ANN. § 65-5-103(d)(6) )

DOCKET NO. 25-00089

---

VERIFICATION

---

STATE OF Illinois )  
COUNTY OF Cook )

I, PHILIP J. DRENNAN, being duly sworn, state that I am authorized to testify on behalf of Tennessee-American Water Company in the above-referenced docket, that if present before the Commission and duly sworn, my testimony would be as set forth in my pre-filed testimony in this matter, and that my testimony herein is true and correct to the best of my knowledge, information, and belief.

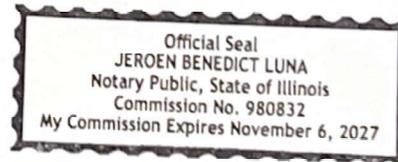


PHILIP J. DRENNAN

Sworn to and subscribed before me  
this 19<sup>th</sup> day of February, 2026.

  
Notary Public

My Commission Expires: 11/6/27



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

Shilina Brown, Esq.  
Senior Assistant Attorney General  
Office of the Tennessee Attorney General  
Consumer Advocate Division  
P.O. Box 20207  
Nashville, TN 37202-0207  
[Shilina.Brown@ag.tn.gov](mailto:Shilina.Brown@ag.tn.gov)

Phillip Noblett, Esq.  
City of Chattanooga  
300 City Hall Annex  
East 11<sup>th</sup> Street  
Chattanooga, TN 37403  
[noblett@chattanooga.gov](mailto:noblett@chattanooga.gov)

Frederick L. Hitchcock  
Cecilia Y. Garrett  
Chambliss, Bahner & Stophel, P.C.  
Suite 1700, Liberty Tower  
605 Chestnut Street  
Chattanooga, TN 37450  
[rhitchcock@chamblisslaw.com](mailto:rhitchcock@chamblisslaw.com)  
[cgarrett@chamblisslaw.com](mailto:cgarrett@chamblisslaw.com)

This the 19<sup>th</sup> day of February 2026.

  
\_\_\_\_\_  
Melvin Malone