



Cost of Service & Regulatory Oversight

Tennessee American Water customers play an important role in their water service. Every time they pay their bill, customers help support infrastructure investments that ensure reliable, quality service today and in the future.

Cost of Service

Tennessee American Water's rates are based on the cost of providing water service to our customers. Rates can vary by community and are not subsidized with other sources of revenue such as taxes and fees.

Typically, municipal system rates do not reflect the cost of water as their rates, system maintenance and infrastructure improvements are subsidized by other sources of revenue.



“Generally, the lack of funding for utility improvements from financial agencies and governmental programs may not be the biggest obstacle for most utilities. Instead, setting reasonable rates sufficient to meet financial obligations and stay compliant with state law appears to be a greater challenge.”

—From the 2016 Tennessee Report Card on the State of Infrastructure, American Society of Civil Engineers.

The need to upgrade water and sewer systems is a national challenge.

The American Society of Civil Engineers says that an estimated \$2.7 billion in capital spending will be needed across Tennessee by 2030 to replace thousands of miles of pipe, upgrade treatment plants and comply with stricter water quality standards.



Charging the cost of service ensures funds for periodic maintenance and replacing the pumps, pipes and plants needed to provide high-quality water and reliable wastewater service.

True cost pricing is endorsed by the Environmental Protection Agency and National Association of Water Companies.



Regulatory Oversight

Tennessee American Water is regulated by the Tennessee Public Utility Commission (TPUC).

Municipalities are able to increase water and sanitary sewer base rates without regulatory oversight and approval. Investor-owned utilities like Tennessee American Water must go through a thorough review process with the TPUC that may include thousands of pages of evidence, testimony and public input.

The transparent and comprehensive process used protects customers. Thousands of pages of documentation are reviewed. The Consumer Advocate Protection Division of the Attorney General intervenes on behalf of all customers. Any customer may provide input during a rate filing. This regulatory oversight and transparent process ensures that all customers have an opportunity to be heard and that Tennessee American Water's rates reflect the true cost of service.

TPUC and Tennessee Department of Environment and Conservation (TDEC) oversee operations. The TPUC and TDEC regulate operational requirements that include items such as routine inspection of fire hydrants, regular operation of valves, water pressure and quality, water

availability for fighting fires, marking of utility lines, operation of water treatment facilities, security, service installations, meter installations, testing and periodic replacement of water meters, meter reading, billing, customer service and customer communications.

Tennessee American Water routinely tests and inspects every hydrant in its system – about 5,000 hydrants.

Improved fire protection can result in a higher rating from the Insurance Service Office (ISO) and reduced insurance rates. The company routinely scores at the highest level on ISO reviews.

Helping Customers in Need

Project Water Help is an assistance program created by Tennessee American Water and administered by the United Way. The program helps provide supplemental funding to Tennessee American Water customers who would otherwise have trouble paying their bills. Customers who want to help their neighbors may make a voluntary donation to the program on their water bills.

Check the box on the back of your bill.

