

September 4, 2007

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Docket 06-00259

Dear Chairman Kyle:

Thank-you for your recent notice providing us the opportunity to comment on docket 06-00259, the "Petition of Tennessee Wastewater Systems (TWS), Inc to Reclassify Specific Resort Areas in Sevier County from Residential to Commercial." We own a one bedroom cabin in the Preserve, which we use as a vacation home, but like many individual cabin owners, we also rent our cabin out to individuals and families visiting this beautiful part of the country. As many of your constituents have pointed out, this petition offered by TWS is designed to provide the company with a substantial increase in revenue, without having to supply data that would support a formal rate increase. While I understand that this Authority approved a settlement agreement between TWS and Starr Crest Resorts, I humbly ask you and the Authority to resist TWS' well-financed circular arguments tempting to you to make this a blanket policy for all overnight rental properties in Sevier County. Their reasoning and recent arguments are seriously flawed and inconsistent on many levels.

First, it is wrong to suggest that most of these cabins are monster water dumping facilities worthy of a commercial wastewater classification. While many cabins are still owned by development companies, ultimately, most will be owned by individuals who use them for their own use, and those of their extended family and friends, in addition to overnight rentals. These people use water and generate waste just like a normal residence, which pay a "residential" water rate. People do not come to the Smoky Mountain Area to flush the toilet in their cabins 40 times a day or take 7 showers a day. They in fact, don't spend all that much time in their cabins; they are too busy visiting the myriad of man-made tourist attractions, going to restaurants, and enjoying nature. Indirect evidence that TWS secretly knows this is that the minimum they want to charge people is \$55.00 a month, even if the average daily discharge were 50-100 gallons (hmmmm). Second, despite what has been suggested by TWS legal counsel, most of the people who own these cabins are not wealthy land barons, who can afford exorbitant wastewater charges. The only groups that can currently count on making a decent profit from cabins in the area are the builders/developers, the management companies, Sevier County, and the State of Tennessee. Third, please don't buy TWS' argument that overnight renters tend to damage septic systems or have water discharging parties. I have not been able to find a single, independently conducted or analyzed study that suggests that overnight renters are any worse than "residential" families with toddlers and small children.

From my research, TWS appears to be a company founded on sound moral and engineering principles, and no one wants to see them go bankrupt if maintaining their

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originally designed systems has proven more costly than they had anticipated. However, the solution to their problem should not be some backdoor rate hike disguised in clever legal semantics. TWS should install individual waste-water flow meters (this is a key provision to any solution as many cabins share a septic tank system) and charge customers for the amount of water discharged. For discharge rates that are well within that expected for a typical "residential" individual or family, they should be charged at a residential rate. When consumption goes above this, charge a reasonable surcharge (this is done in many, if not most large cities). If the amount of discharge is higher still (as one would expect might occur from the large, multiple family/large group sort of cabins-some resembling small apartment houses), then perhaps a commercial rate is warranted. This approach is by far the most fair to all concerned. Importantly, implementation of this policy would empower TWS to generate the information important for the TRA to assess the need for future rate adjustments and equipment updates to minimize the risk of negative environmental impact.

Again, I humbly request that you and the Authority avoid be lured into approving a one-size-fits-all solution to this issue, as fervently desired by TWS. They are a good company founded on worthy principles that has temporarily lost its way. We are counting on you to find a solution that preserves their right to make a reasonable profit, while not unduly burdening individual cabin owners.

Thank you for taking the time to consider this.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "R. Ilaria, Jr.", with a stylized, cursive script.

Robert Ilaria, Jr.

317-433-4759