



a community of enchanting log homes, each as unique as the grain of wood it is crafted from

March 7, 2006

The Honorable Sara Kyle
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

2007/03/12 P. 11:05
T.N.A. DOCKET ROOM
RECEIVED

DOCKET FILE NO. 0600259 – CHANGE OF SERVICE CLASSIFICATION FOR
SMOKY COVE SUBDIVISION

Dear Chairman Kyle:

We would like to express our concern on a proposed change to the service classification for Smoky Cove Subdivision in Sevier County. We respectfully request that this letter and enclosure be made a part of Docket File No. 0600259.

We have reviewed the petition submitted to the Tennessee Regulatory Authority by Mr. Charles Pickney, Jr. of Tennessee Wastewater Systems, Inc. (TWSI) in October 2006.

- TWSI has operated the wastewater system at Hidden Springs Resort in Sevier County for over seven years. This resort has over 150 cabins used as overnight rentals. Using the knowledge gained from this experience, TWSI should have been able to accurately predict waste stream flows for other overnight rental cabins in the same county.
- At no time during the planning or construction phases of our sewer system did representatives of TWSI indicate that there might, in the future, be a possibility that the service provided to Smoky Cove homeowners would be reclassified from residential to commercial. There was never any discussion that the “advertised” number of individuals a home could sleep would dictate a change in service classification.
- HP Development, LLC, initially paid over \$200,000 for installation of our on-site wastewater disposal system. Since the completion of this system, TWSI has not been required to remove any waste from Smoky Cove property.
- The majority of homes in Smoky Cove are on overnight rental programs. However, it is important to recognize that the annual occupancy rate of these rental homes is less than 50%.

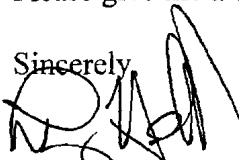
March 7, 2007

- Neither the Smoky Cove homeowners nor the developer were notified of TWSI's "Petition to Amend Certificate of Convenience and Necessity 06-00259" that, when approved, would affect rates paid by these parties.
- In the enclosed undated letter sent by TWSI and received in our office on March 1, 2007, Michael Hines provides a graduated usage chart. Since TWSI is able to monitor and record actual waste stream flow for individual homes, we would like to suggest that the actual waste stream flow of each affected home in Smoky Cove be monitored for 12 consecutive months before a decision is made to reclassify from Residential to Commercial. We predict that the actual waste stream flow recorded during this period of time will be no more or less than a comparable residential home.
- TWSI's usage chart states that any customer with a waste stream flow in excess of 300 gallons per day will pay additional charges above their Commercial usage rate. The following statement is taken directly from the United States Geological Survey web site: "Estimates vary, but each person uses about 80-100 gallons of water per day. " Based on this Government estimate, TWSI has grossly underestimated the water usage for typical residential households.

We appreciate your consideration of the above information before approving TWSI's tariff page issued on January 16, 2007.

Please give me a call if you need clarification on any of the above comments.

Sincerely,



Lynn E. Hedrick
Chief Manager
Smoky Cove Log Home Resort

Enclosure



RECEIVED
MAR 01 2007

P.O. Box 22771
Knoxville, TN 37933-0771

BY: 

Dear Customer-

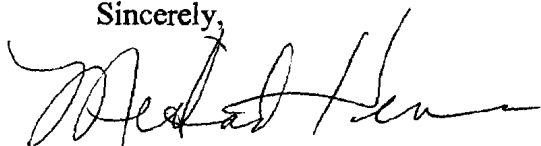
Tennessee Wastewater Systems, Inc. provides sewer service to your resort cabin. For some time, you have been assessed the residential rate for your cabin. According to our tariff on file with the Tennessee Regulatory Authority, however, the appropriate service classification for your resort cabin is the commercial rate.

Effective with the monthly service period beginning on April 1, 2007, your monthly sewer bill will reflect your correct rate classification. Your rate will be based on the waste stream flow from your cabin. The minimum monthly sewer bill will be \$75.93/month for a waste stream flow up to 300 gallons per day (gpd). The following usage chart applies for graduated usage:

Min. gpd	Max. gpd	Rate
301	400	\$91.12
401	500	\$106.30
501	600	\$121.49
601	700	\$136.67
701	800	\$151.86
801	900	\$167.05
901	1,000	\$182.23
1,001	2,000	\$323.97
2,001	3,000	\$465.70

Tennessee Wastewater is committed to continue to provide you with the highest quality public utility sewer service possible. This rate increase will allow us to ensure the necessary level of both preventive and emergency operation and maintenance to your system.

Sincerely,



Michael Hines, M.S., P.E.
Vice President