

TENNESSEE WASTEWATER SYSTEMS, INC.

A PUBLIC UTILITY CO.

November 9, 2006

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

filed electronically in docket office on 11/09

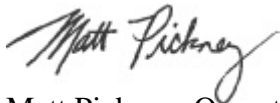
DOCKET NO. 06-00275

RE: Petition to amend Certificate of Convenience and Necessity

Dear Chairman Kyle:

Tennessee Wastewater Systems, Inc. desires to expand its service area to include a portion of Rhea County in Tennessee, known as Piney Bay. The attached Petition is in support of our request.

Sincerely,



Matt Pickney, Operations Manager
Tennessee Wastewater Systems, Inc.

7638 River Road Pike Nashville TN 37209-5733
(615) 356-2880 Fax (615) 356-7295

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

_____, 2006

**IN RE: PETITION OF TENNESSEE WASTEWATER SYSTEMS,
 INC. TO AMEND ITS CERTIFICATE OF
 CONVENIENCE AND NECESSITY**

DOCKET No._____

Petition of Tennessee Wastewater Systems, Inc.
To amend its Certificate of Convenience and Necessity

Tennessee Wastewater Systems, Inc. ("TWSI") petitions the Tennessee Regulatory Authority ("TRA") to amend TWSI's Certificate of Convenience and Necessity to expand its service area to include a portion of Rhea County known as Piney Bay. The project is located on Piney Point Road in Rhea County. The property includes parcels 55, 55.01, and 59.01 shown in orange on the enclosed tax map 32 provided by Rhea County (see attached "Exhibit A"). These parcels encompass approximately 10 acres.

We are proposing to provide wastewater service to approximately 14 residential and commercial lots at Piney Bay. The wastewater system will be designed and constructed to serve 14 lots (approximately 4,000 gallons per day) and can be expanded if needed. The TDEC application for a permit is being prepared. No contracts have been signed at this point. It is the intention of the parties that TWSI will own the collection, treatment, and dispersal system and will own a permanent easement on the property that the system occupies.

Also enclosed, are letters from the City of Spring City and the Rhea County Government stipulating that none of these entities will provide sewer service for these parcels. We have also enclosed a letter from the developer, TCB Properties, GP., requesting TWSI to be the public sewer utility provider for the project.

After approval, the construction of the system, which is comprised of watertight effluent collection, fixed film treatment, and subsurface drip dispersal, will take approximately 60 days to complete. The estimated value of the contribution in aid of construction is approximately \$90,000.00.

Respectfully Submitted,



Matt Pickney
Tennessee Wastewater Systems, Inc.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

PETITION OF TENNESSEE WASTEWATER) Docket No.
SYSTEMS, INC. TO AMEND ITS)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY)

PINEY BAY
PRE-FILED DIRECT TESTIMONY OF MATT PICKNEY

Q. State your name for the record and your position with the Petitioner, Tennessee Wastewater Systems, Inc.

A. Matt Pickney. I am the Operations Manager of Tennessee Wastewater Systems, Inc.

Q. What is the business of Tennessee Wastewater Systems, Inc. (the Company)?

A. Providing affordable wastewater service in communities where it is presently unavailable.

Q. When did the Company receive its first certificate from the Authority to operate a sewer system in Tennessee?

A. April 4, 1994.

Q. How many certificates has the Company received from the Authority to provide sewer service across the State of Tennessee?

A. Over 70.

Q. Will Tennessee Wastewater Systems comply with all applicable Tennessee Regulatory rules and regulations?

A. Tennessee Wastewater Systems will comply with all applicable Tennessee Regulatory Authority rules and regulations.

Q. Does the Company have the management, technical and financial ability to provide wastewater service in the area in Rhea County sought in this Petition?

1 A. Yes.

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3 Q. Is there a stated public need for wastewater service in this area?

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5 A. The public need for this service is reflected in the letter from Chris Conner of
6 TCB Properties, GP.

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8 Q. How many customers will be served in this development?

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10 A. Our company expects to serve approximately 14 residential and commercial lots.

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12 Q. Does this conclude your pre-filed testimony?

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14 A. Yes.

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22 I swear that the foregoing testimony is true and correct to the best of my knowledge.

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Subscribed and sworn to me this 9th day of November, 2006.

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Notary Public Lora M. Klein

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State of Tennessee

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County of Davidson

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My Commission Expires My Commission Expires July 25, 2009

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the above and foregoing Pre-Filed Direct Testimony of Matt Pickney has been served upon the Tennessee Regulatory Authority, 460 James Robertson Parkway, Nashville, TN 37243-0505 on this 9th day of November 2006 and delivered by hand.


MATT PICKNEY

**Tennessee Wastewater Systems, Inc.
Sewer Service Billing Summary
Residential Sewer Rates**

System	Monthly Charge
Oakwood Subdivision – Maury County – 99-00393 - Sheet 1	\$35.55
Southridge Subdivision – Montgomery County – 97-01104 - Sheet 2	\$24.24 + actual costs
Swan Harbor – Roane County – 97-01003 – Sheet 3	\$35.55
River Road Utility District – Cheatham County – 97-01394 – Sheet 4	\$31.54
Milcrofton Utility District – Williamson County – 97-01393 – Sheet 5	\$46.55
Tall Oaks Subdivision – Blount County – 98-00790 - Sheet 6	\$35.55
Yoakum Hollow Dev. (Windsor Pt) – Campbell County – 98-00881 – Sheet 7	\$35.55
Shreibman Development – Cannon County – 98-00880 – Sheet 8	\$35.55
Cornerstone of Mitchell Creek – Overton County – 99-00357 – Sheet 9	\$35.55
Bolton Area – Shelby County - 99-00724 – Sheet 10	\$32.68
Ussery #1- Sevier County – 00-00198 – Sheet 11	\$35.55
Harbor Pointe – Dekalb County – 00-00149 - Sheet 12	\$35.55
Hidden Springs Resort – Sevier County – 00-00379 - Sheet 13	\$35.55
Eagle Crest Development – Sevier County – 01-00234 – Sheet 14	\$35.55
Legacy Bay – Hawkins County – 00-00622 - Sheet 15	\$35.55
Dollywood Project (Dream Catcher Ridge) - Sevier County – 01-00424 – Sheet 16	\$35.55
Homestead Subdivision – Sevier County – 01-00423 – Sheet 17	\$35.55
Rice Property (Blue Water Bay) – DeKalb County – 01-00425 – Sheet 18	\$35.55
Fees: Nonpayment – 5%, Disconnection - \$10, Reconnection - \$15, Return Check - \$20, Access - \$84/yr	

**Tennessee Wastewater Systems, Inc.
Sewer Service Billing Summary
Residential Sewer Rates**

System	Monthly Charge
East Stewart – Stewart County – 01-00229	Lagoon – Sheet 19 \$31.36
	Fixed Film Treatment – Sheet 20 \$35.55
Eagle Springs Subdivision – Sevier County – 01-00445 – Sheet 21	\$35.55
Jackson Bend Subdivision – Blount County - 01-00221 – Sheet 22	\$35.55
Browning Subdivision – Knox County – 01-00492 – Sheet 23	\$35.55
Starr Crest II – Sevier County - 01-00755 – Sheet 24	\$35.55
City of Coopertown - Robertson County - 00-01128	
	Lagoon – Sheet 25 \$31.36 +
	3% Franchise fee
	Fixed Film Treatment – Sheet 26 \$35.55 +
	3% Franchise fee
Horseshoe Bend – Bedford County – 01-01025 – Sheet 27	\$35.55
Eagle Crest II - Sevier County – 01-01128 – Sheet 28	\$35.55
Eagle Crest Resort – Sevier County – 01-00183 – Sheet 29	\$35.55
Gnatty Branch Retreat – Sevier County – 02-00055 – Sheet 30	\$35.55
Airbase Road Condominiums – Blount County – 02-00478 - Sheet 31	\$35.55
Goose Creek Area -Williamson County – 02-00172 – Lagoon - Sheet 32	\$51.33
	Fixed Film Treatment – Sheet 33 \$55.46
Falling Waters – Sevier County – 02-00782 – Sheet 34	\$35.55
Stewart County West – Stewart County – 02-00477 - Sheet 35	\$35.55
Lighthouse Point Condominiums – Jefferson County – 02-00732 – Sheet 36	\$35.55

**Fees: Nonpayment – 5%, Disconnection - \$10,
Reconnection - \$15, Return Check - \$20, Access - \$84/yr**

Issued: Nov. 9, 2006
Issued By: Charles Pickney, Jr./President

Effective: Dec. 9, 2006

**Tennessee Wastewater Systems, Inc.
Sewer Service Billing Summary
Residential Sewer Rates**

System	Monthly Charge
The Highlands – Sevier County – 02-00781 – Sheet 37	\$35.55
Highland Cove – Dekalb County – 03-00242 – Sheet 38	\$35.55
Tims Ford State Park Area-Franklin County - 03-00286 - Lagoon – Sheet 39	\$31.36+
Fixed Film Treatment – Sheet 40	bonding costs \$35.55+
	bonding costs
Black Bear – Sevier County – 03-00192 – Sheet 41	\$35.55
Sunnybrook – Robertson County – 03-00307 – Sheet 42	\$35.55
Sevier County – Sevier County – 03-00045	Lagoon – Sheet 43 \$31.36
Fixed Film Treatment – Sheet 44	\$35.55
Smoky Cove Subdivision – Sevier County – 03-00377 – Sheet 45	\$35.55
King Branch Road – Sevier County – 03-00386 – Sheet 46	\$35.55
Paris Landing - Henry County – 03-00544 – Lagoon Treatment – Sheet 47	\$31.36
Fixed Film Treatment – Sheet 48	\$35.55
Walnut Grove – Giles County - 04-00054 – Sheet 49	\$35.55
Turner’s Landing – Hamblen County – 04-00053 – Sheet 50	\$35.55
Spring Creek Ranch – Shelby County – 04-00123 - Sheet 51	\$35.55
Marion Womack Property (Creekview Estates) – Sumner County – 04-00170 – Sheet 52	\$35.55
Arbor Crest Subdivision – Davidson County – 04-00171 – Sheet 53	\$35.55
Merril Taylor Subdivision – Blount County - 04-00274 – Sheet 54	\$35.55
Black Bear Ridge Expansion – Sevier County – 04-00045 – Sheet 55	\$35.55
Fees: Nonpayment – 5%, Disconnection - \$10, Reconnection - \$15, Return Check - \$20, Access - \$84/yr	

**Tennessee Wastewater Systems, Inc.
Sewer Service Billing Summary
Residential Sewer Rates**

System	Monthly Charge
Legacy Laurel Branch – Sevier County – 04-00045 – Sheet 56	\$35.55
Legacy Mountain – Sevier County – 04-00045 – Sheet 57	\$35.55
Legacy the Preserve – Sevier County – 04-00045 – Sheet 58	\$35.55
Starr Crest II Phase 4 – Sevier County – 04-00045 – Sheet 59	\$35.55
Trailhead – Sevier County – 04-00045 – Sheet 60	\$35.55
Wyndsong Subdivision – Blount County – 04-00395 – Sheet 61	\$35.55
Huffines Development – Robertson County – 04-00393 – Sheet 62	\$35.55
Williamson County West - Williamson County – 04-00394-Lagoon –Sheet 63	\$35.50
Fixed Film Treatment –Sheet 64	\$40.71
Trillium Cove Condominiums – Blount County – 05-00030 – Sheet 65	\$35.55
Marvin Keys RV Park – Cocke County – 05-00071- Sheet 66	\$35.55
Blackberry Ridge Subdivision – Bedford County – 05-00111 – Sheet 67	\$35.55
Steve Jones Subdivision – Union County – 05-00116 – Sheet 68	\$35.55
Grainger’s Landing Condominiums – Grainger County – 05-00117 – Sheet 69	\$35.55
German Creek Marina and Resort – Grainger County – 05-00138 – Sheet 70	\$35.55
Smoky Village Subdivision – Sevier County - 05-00145 – Sheet 71	\$35.55
Fentress Service Area – Fentress County – 05-00162 – Lagoon – Sheet 72	\$31.36
Fixed Film Treatment – Sheet 73	\$35.55
Emerald Pointe –Cocke County – 05-00200 – Sheet 74	\$35.55

**Fees: Nonpayment – 5%, Disconnection - \$10,
Reconnection - \$15, Return Check - \$20, Access - \$84/yr**

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**Tennessee Wastewater Systems, Inc.
Sewer Service Billing Summary
Residential Sewer Rates**

System	Monthly Charge
Elk Springs Resort – Sevier County –05-00211 – Sheet 75	\$35.55
Cedar Hill Area – Robertson County - 05-00212 – Sheet 76	\$35.55
Brigadoon Resort – Roane County – 05-00241 – Sheet 77	\$35.55
Cross Plains – Robertson County – 05-00293 – Sheet 78	Lagoon \$31.36
Lowe’s Ferry Landing – Blount County – 05-00339 – Sheet 79	\$35.55
Riversedge Subdivision Phase II – Decatur County – 05-00340 – Sheet 80	\$35.55
Keene’s Island – Jefferson County – 06-00021 – Sheet 81	\$35.55
Sugarloaf Ridge – Sevier County – 06-00022 – Sheet 82	\$35.55
Griffitts Mill – Blount County – 06-00076 – Sheet 83	\$35.55
Parott’s Bay – Jefferson County – 06-00077 – Sheet 84	\$35.55
Summit View – Sevier County – 06-00078 – Sheet 85	\$35.55
Settlers Ridge – Sevier County – 06-00081 – Sheet 86	\$35.55
Happy Creek – Sevier County – 06-00104 – Sheet 87	\$35.55
Richland – Humphreys County – 06-00179 – Sheet 88	\$35.55
East Montgomery – Montgomery County (Pending) – 06-00184	\$24.24 + Actual Costs
Providence Hills – Sevier County – 06-00198 – Sheet 89	\$35.55
Sharondel Estates – Blount County – 06-00204 – Sheet 90	\$35.55
Villages at Norris Lake – Campbell County (Pending)	\$35.55

**Fees: Nonpayment – 5%, Disconnection - \$10,
Reconnection - \$15, Return Check - \$20, Access - \$84/yr**

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**Tennessee Wastewater Systems, Inc.
Sewer Service Billing Summary
Residential Sewer Rates**

System	Monthly Charge
Piney Bay – Rhea County	\$35.55 (N)

**Fees: Nonpayment – 5%, Disconnection - \$10,
Reconnection - \$15, Return Check - \$20, Access - \$84/yr**

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Tennessee Wastewater Systems, Inc.
Sewer Systems with Commercial Customers

System	County
Townsend Town Square – 99-00659	Blount County
Coopertown - 00-01128	Robertson County
Topside Business Park – 01-00220	Blount County
East Stewart – 01-00229	Stewart County
Highway 31 Project (Herndon's BP) - 01-00446	Robertson County
Lyles Texaco - 01-00756	Hickman County
Stewart County West - 02-00477	Stewart County
Sevier County - 03-00045	Sevier County
Tims Ford Area – 03-00286	Franklin County
Cedar Hill Baptist Church – 03-00287	Robertson County
Sunnybrook - 03-00307	Robertson County
King Branch Road – 03-00386	Sevier County
Weigel's Convenience Store – 03-00519	Roane County
Paris Landing Area – 03-00544	Henry County
Black Bear Ridge Expansion – 04-00045	Sevier County
Legacy Laurel Branch - 04-00045	Sevier County
Legacy Mountain – 04-00045	Sevier County
Legacy the Preserves – 04-00045	Sevier County
Starr Crest II Phase 4 – 04-00045	Sevier County
Timber Tops Rental Center – 04-00045	Sevier County
Trailhead – 04-00045	Sevier County

Tennessee Wastewater Systems, Inc.
Sewer Systems with Commercial Customers

System	County
Turner's Landing – 04-00053	Hamblen County
Spring Creek Ranch – 04-00123	Shelby County
Marion Womack Property (Creekview Estates) – 04-00170	Sumner County
Arbor Crest Subdivision – 04-00171	Davidson County
Merril Taylor Subdivision - 04-00274	Blount County
Huffines Development – 04-00393	Robertson County
Williamson County West - 04-00394	Williamson County
Wyndsong Subdivision – 04-00395	Blount County
Trillium Cove Condominiums – 05-00030	Blount County
Tennessee State Bank-Wears Valley Branch - 05-00042	Sevier County
Marvin Keys RV Park – 05-00071	Cocke County
Brownlee Commercial Building – 05-00078	Blount County
Grainger's Landing Condominiums – 05-00117	Grainger County
German Creek Marina and Resort – 05-00138	Grainger County
Fentress Service Area - 05-00162	Fentress County
Emerald Pointe – 05-00200	Cocke County
Elk Springs Resort – 05-00211	Sevier County
Cedar Hill Area – 05-00212	Robertson County
Brigadoon Resort 05-00241	Roane County
Cross Plains – 05-00293	Robertson County
Keene's Island - 06-00021	Jefferson County

**Tennessee Wastewater Systems, Inc.
Sewer Systems with Commercial Customers**

System	County
Sugarloaf Ridge – 06-00022	Sevier County
Griffitts Mill – 06-00076	Blount County
Parrott’s Bay –06-00077	Jefferson County
Summit View – 06-00078	Sevier County
Settlers Ridge – 06-00081	Sevier County
Happy Creek – 06-00104	Sevier County
Providence Hills – 06-00198	Sevier County
Sharondel Estates – 06-00204	Blount County
Ussery #1 – 06-00259 (Pending)	Sevier County
Hidden Springs – 06-00259 (Pending)	Sevier County
Eagle Crest – 06-00259 (Pending)	Sevier County
Starr Crest II – 06-00259 (Pending)	Sevier County
The Highlands – 06-00259 (Pending)	Sevier County
Falling Waters – 06-00259 (Pending)	Sevier County
Black Bear Ridge Resort – 06-00259 (Pending)	Sevier County
Smokey Cove – 06-00259 (Pending)	Sevier County
Villages at Norris Lake (Pending)	Campbell County
Piney Bay	Rhea County (N)

Piney Bay

Projected Subdivision Build-Out

		<u>Total # of customers</u>	
		Residential	Commercial
2008	-	3 customers	3 customers
2009	-	6 customers	6 customers
2010	-	7 customers	7 customers
2011	-	7 customers	7 customers
2012	-	7 customers	7 customers

Estimated System Costs and Revenues for Five Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Costs	\$3,661	\$7,323	\$8,544	\$8,544	\$8,544
Revenues	\$3,980	\$7,960	\$9,287	\$9,287	\$9,287

Tariff Rate Sheet

Commercial Sewer Rates – without food service

The monthly sewer charge per customer is based on the design daily flow expected from the type of establishment being served. A minimum of \$75 per month will be charged for up to the first 300 gallons per day of design flow expected. (Except off-site which will have a \$73.00 minimum plus pass through costs.) For each additional 100 gallons per day of design flow expected, up to a total of 1,000 gallons per day, an additional charge of \$15.00 per month per 100 gallons will be levied. For design flows expected over 1,000 gallons per day, up to 3,000 gallons per day, the following monthly charges per 1,000 gallons of daily flow will apply.

<u>Treatment</u>	<u>Disposal</u>		
	<u>Drip Irrigation</u>	<u>Point Discharge</u>	<u>Off Site</u>
<u>Sand-Gravel Filter</u>	\$140.00	\$165.00	N/A
<u>Lagoon</u>	\$116.00	\$140.00	N/A
<u>* Off Site</u>	N/A	N/A	Pass through costs & \$73.00

For design daily flows over 3,000 gallons, the monthly charge on all system configurations will be \$116.00 per 1000 gallons of daily flow.

Additional surcharges will apply when customers exceed their expected design flows. For any month that a customer's water meter reading exceeds the expected design flow, the following surcharges will apply:

Excess water usage	Surcharge
1 gallon to 1,000 gallons above expected design flow	\$175.00
1,001 gallons to 2,000 gallons above expected design flow	\$200.00
Over 2,000 gallons above expected design flow	\$200.00/1000 gallons

If the water meter readings exceed the design flow for any three consecutive months, the monthly charge will be revised to reflect the increased usage and any capital costs associated with increasing the capacity of the system will be paid by the customer.

* Off Site means treatment and disposal by another entity such as a city or utility district

Fees: Nonpayment – 5%
 Disconnection - \$10
 Reconnection - \$15
 Returned Check - \$20
 City of Coopertown Franchise Fees: 3%
 Bonding Pass-Through costs of 1.24% will be added to all commercial bills outside of Williamson County

Tariff Rate Sheet

Commercial Sewer Rates – with food service

The monthly sewer charge per customer is based on the design daily flow expected from the type of establishment being served. A minimum of \$100 per month will be charged for up to the first 300 gallons per day of design flow expected. (Except off-site which will have a \$94.00 minimum plus pass through costs.) For each additional 100 gallons per day of design flow expected, up to a total of 1,000 gallons per day, an additional charge of \$18.00 per month per 100 gallons will be levied. For design flows expected over 1,000 gallons per day, up to 3,000 gallons per day, the following monthly charges per 1,000 gallons of daily flow will apply.

<u>Treatment</u>	<u>Disposal</u>			
	<u>Drip Irrigation</u>	<u>Point Discharge</u>	<u>Off Site</u>	
	<u>Sand-Gravel Filter</u>	\$170.00	\$192.00	N/A
	<u>Lagoon</u>	\$142.00	\$163.00	N/A
	<u>* Off Site</u>	N/A	N/A	Pass through costs & \$94.00

For design daily flows over 3,000 gallons, the monthly charge on all system configurations will be \$142.00 per 1000 gallons of daily flow.

Additional surcharges will apply when customers exceed their expected design flows. For any month that a customer's water meter reading exceeds the expected design flow, the following surcharges will apply:

Excess water usage	Surcharge
1 gallon to 1,000 gallons above expected design flow	\$210.00
1,001 gallons to 2,000 gallons above expected design flow	\$220.00
Over 2,000 gallons above expected design flow	\$220.00/1000 gallons

If the water meter readings exceed the design flow for any three consecutive months, the monthly charge will be revised to reflect the increased usage and any capital costs associated with increasing the capacity of the system will be paid by the customer.

* Off Site means treatment and disposal by another entity such as a city or utility district

Fees: Nonpayment – 5%
Disconnection - \$10
Reconnection - \$15
Returned Check - \$20
City of Coopertown Franchise Fees: 3%
Bonding Pass-Through costs of 1.24% will be added to all commercial bills outside of Williamson County

Town of Spring City

Mayor – Kelly Reed
Vice Mayor – Conley McCulley
Commissioner – Mary Sue Garrison
Commissioner – Dwight Mathis
Commissioner – Mike Jolley

City Manager – Walter Evans
City Recorder – Brenda Dodson
Public Works – Dwight Mathis
Police Chief – Jason Yuhas

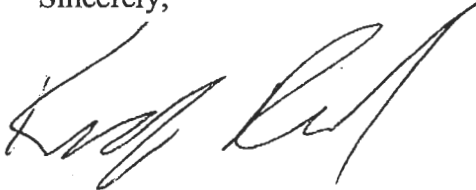
October 19, 2006

Mr. Michael Hines, Vice President
Tennessee Wastewater Systems, Inc.
PO Box 22771
Knoxville, Tn. 37933-0771

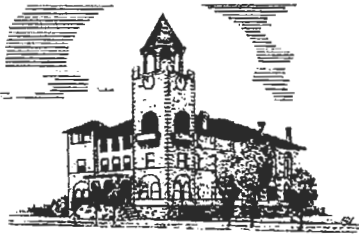
Dear Mr. Hines,

I received your letter containing information about providing sewer service to the Piney Bay Subdivision. The Town of Spring City does not have plans to offer sewer service within the next year to the area in question. We are however at this time making a proposal to expand our Growth Plan into the area of Piney Bay Subdivision. When this occurs the city could possibly have plans to expand utilities and services into the area. We could not provide any services for approximately 7 years. If you have any questions please feel free to call me at 413-8051 or 365-6441.

Sincerely,



Kelly Reed
Mayor, Town of Spring City



RHEA COUNTY COURTHOUSE

BILLY RAY PATTON

RHEA COUNTY EXECUTIVE
PHIL SWAFFORD BUILDING, SUITE 215
375 CHURCH STREET
DAYTON, TN 37321

PHONE 423-775-7801

September 25, 2006

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

Tennessee Wastewater Systems, Inc.
P.O. Box 22771
Knoxville, TN 37933-0771

Dear Hines:

Rhea County will not be providing Sewer Service to the Piney Bay Subdivision within the next 12 months. If you have questions, please feel free to contact me at 423-775-7801.

Sincerely,

Billy Ray Patton
Rhea County Executive

NORTH UTILITY DISTRICT OF RHEA COUNTY

P. O. Box 1089
Spring City, TN 37381

Phone (423) 365-2680

October 14, 2006

Mr. Michael Hines
Tennessee Wastewater Systems, Inc
P.O. Box 22771
Knoxville, TN 37933-0771

Dear Mr. Hines:

The North Utility District of Rhea County is a water distributor and purchases the water from Spring City, Tennessee. In response to your question regarding our intentions for collection, treatment and disposal of sewerage in the Piney Point area and the Piney Bay Subdivision, we will not be providing sewer service to these properties within the next twelve months or at any time in the foreseeable future.

I hope this response fulfills your needs. If you have any further questions, please feel free to call me at 423-365-2680.

Sincerely,



J. Douglas MacEwen
President

TCB Properties, GP
P. O. Box 290
Dayton, TN 37321
Phone: (423) 605-1965
Fax: (423) 570-0214

To Whom It May Concern:

This letter's intent is to request that Tennessee Wastewater Systems, Inc. will provide sewage treatment services at Piney Bay Subdivision in Spring City Tennessee.

Should any questions arise please contact Chris Conner (423) 605-1865, or Jack Arnold (423) 618-3006.

Thanks,

A handwritten signature in black ink, appearing to read 'Chris Conner', with a stylized, flowing script.

Chris Conner
TCB Properties, GP

MAP 32

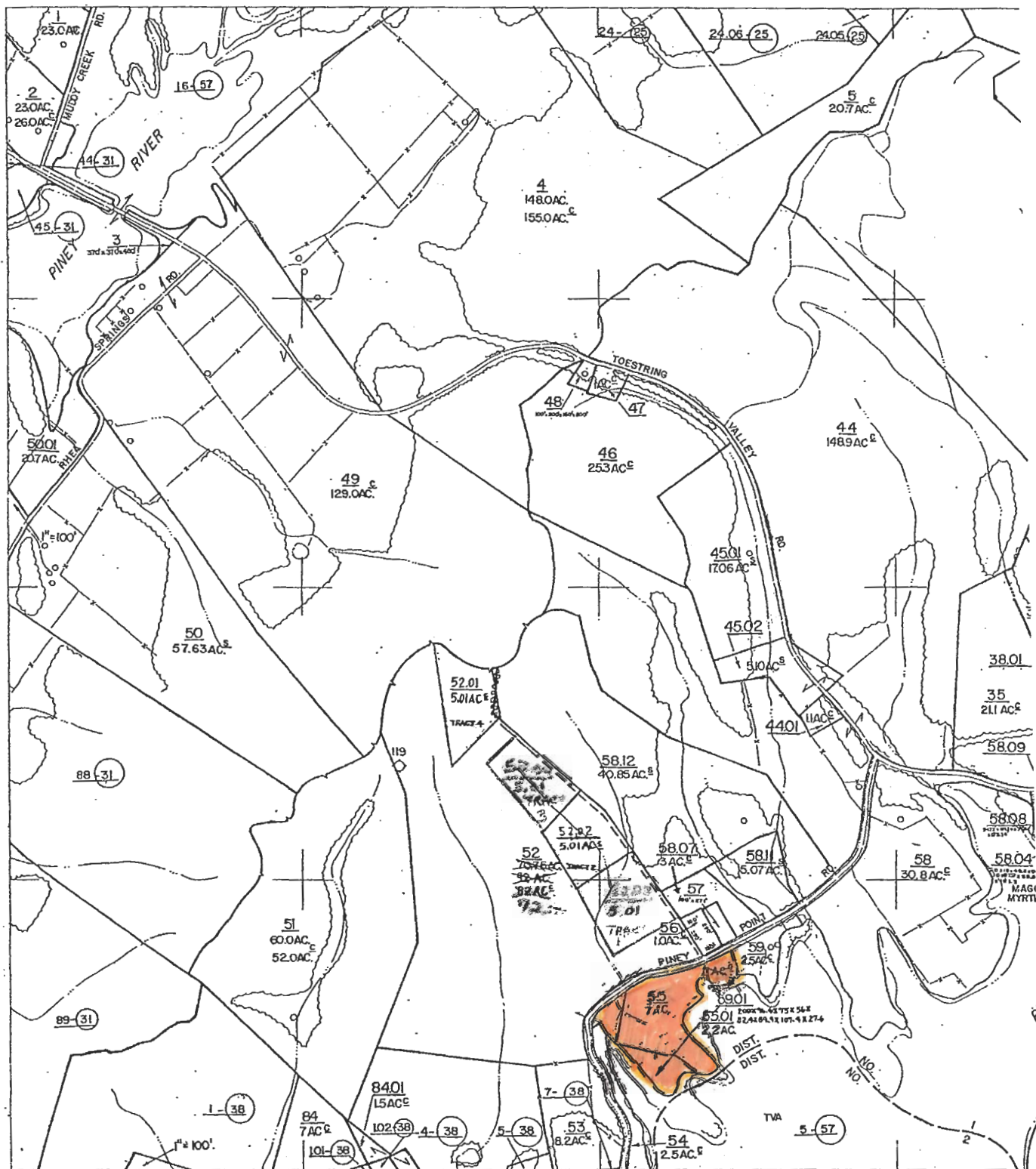


EXHIBIT "A"

UNITED AERIAL MAPPING
SAN ANTONIO, TEXAS

5 PARCEL NUMBER
+ PARCEL HOOK
- INTERIOR TRACT LINE
- DISTRICT LINE
29 SUBD. LOT NO.
- PARCEL OUTLINE
1100 AD TOTAL ACREAGE
SE SECTION CORNERS

37-39 PARCEL & CONTROLLING MAP NO.
O IMPROVEMENT
- FENCE
- CEMETERY
- CHURCH
- SCHOOL
- WOODED AREA
- POND