

# TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman  
Eddie Roberson, Director  
Pat Miller, Director  
Ron Jones, Director



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

## Corrected Request – Replaces TRA Request dated March 6, 2007

March 13, 2007

Mr. Charles Pickney, Jr.  
Tennessee Wastewater Systems, Inc.  
7638 River Road Pike  
Nashville, TN 37209-5733

RE: Docket 07-00063,  
To Determine The Reserve/Escrow Requirement For Tennessee Wastewater Systems,  
Inc. Pursuant To TRA Rule 1220-4-12-.07(8)

Dear Mr. Pickney, Jr.:

This docket was opened pursuant to TRA Rule 1220-4-13-.07(8). This Rule requires the Authority to determine, on a case by case basis, whether there exists a need for a wastewater utility to maintain a reserve/escrow account for non-routine operation and maintenance which would include certain plant replacement. The data request attached to this letter will assist the Authority in its financial review of Tennessee Wastewater Systems, Inc. Also attached is a copy of the TRA Wastewater Regulations 1220-4-13-.07.

Pursuant to TRA 1220-1-1-.03, the response should contain the original and thirteen (13) copies addressed to Chairman Sara Kyle c/o Docket Room and should be provided no later than **Monday, March 26, 2007**. Should you have questions regarding any item number on the attached request, please contact Ron Graham at (615) 741-2904 (extension 164) for clarification before responding.

Sincerely,

Darlene Standley  
Chief, Utilities Division

Enclosure

Cc: Docket No. 07-00063

### **Wastewater Utilities Staff Data Request Regarding Escrows**

When responding to the following data requests, please repeat the item number and question followed by the Company's response.

1. Provide a narrative that includes the age of major plant assets (by account number) at December 31, 2006, depreciation rates on those assets, and plant replacements or major repairs made during the last five (5) years.
2. Provide the following information that would be considered currently pending:
  - a. Lawsuits or any known financial exposure;
  - b. Notices of Noncompliance from any source;
  - c. Notices of Violation from any source;
  - d. Orders or Moratoriums from any source; and/or
  - e. Any other compliance issues related to wastewater service.
3. Does the Company currently maintain an escrow account to accumulate funds dedicated to plant replacement or non-routine operation and maintenance? If yes:
  - a. Provide funding source;
  - b. Provide an Excel spreadsheet (by email to [ronl.graham@state.tn.us](mailto:ronl.graham@state.tn.us) or on CD) that details monthly deposits and withdrawals since inception through December 31, 2006. For withdrawals, include a brief description of the purpose.
  - c. Provide a copy of the legal document establishing this escrow account.
  - d. Is the account separately recorded on the Company's financial statements?
  - e. What is the account number and where on the Company's annual 12/31/06 report to the TRA is the account disclosed?
  - f. For what purposes can funds from this account be used?
  - g. Provide internal procedures for deposits and disbursements to this account?
  - h. Who is (are) the person(s) responsible for carrying out these procedures?
  - i. Who is the person that is authorized to approve disbursements?
  - j. How were the escrow rates determined?
  - k. Is an adjustment needed in the escrow rates? If so, why and how much?
4. If the Company does not maintain an escrow account to fund plant replacement and non-routine operation and maintenance expenses, please explain and justify why an escrow is not necessary. Provide a copy of the latest bank statement showing the Company's cash reserves and a financial statement showing the financial viability of the Company.
5. Is Contribution in Aid of Construction (CIAC) amortized at the same rate that plant is depreciated? If no, explain and provide CIAC amortization rates by plant account.