

2007 APR -3 AM 9:50

March 28, 2007

T.R.A. DOCKET ROOM

Mrs. Darlene Standley,  
Chief Utilities Division  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

**RE: Data Request (Docket No. 07-00063),**  
To Determine The Reserve/Escrow Requirement For Tennessee Wastewater Systems, Inc.  
Pursuant To TRA Rule 1220-4-12-.07(8)

Dear Mrs. Standley:

Tennessee Wastewater Systems, Inc. provides the following information per your request dated March 13<sup>th</sup>, 2007.

**Wastewater Utilities Staff Data Request Regarding Escrows**

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.

Response: See Attached

2. Provide the following information that would be considered currently pending:

- a. Lawsuits or any known financial exposure;

Response: None

- b. Notices of Noncompliance from any source;

Response: None

- c. Notices of Violation from any source;

Response: None

- d. Orders or Moratoriums from any source; and/or

Response: None

e. Any other compliance issues related to wastewater service.

Response: None

3. Does the Company currently maintain an escrow account to accumulate funds dedicated to plant replacement or non-routine operation and maintenance? If yes,

Response: Yes

a. Provide funding source;

Response: Customer Payments

b. Provide an Excel spreadsheet (by email to [ronl.fraham@state.tn.us](mailto:ronl.fraham@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.

Response: Monthly records since inception are not available.  
We have annual amounts of the account balances. (See attached)

c. Provide a copy of the legal document establishing this escrow account.

Response: We have changed banks over time. The documents establishing the accounts that we currently have are attached.

d. Is the account separately recorded on the Company's financial statements?

Response: Yes

e. What is the account number and where on the Company's annual 12/31/06 report to the TRA is the account disclosed?

Response: We have escrow accounts at two banks. The accounts are:  
AmSouth # 52302202 (\$46,468.83) and Prime Trust # 01294705  
(\$109,125.40).  
The amounts in the escrow accounts are listed on page F-4, line 14 - Cash

f. For what purposes can funds from this account be used?

Response: Tank pumping and equipment component replacement .

g. Provide internal procedures for deposits and disbursements to this account?

Response: As customer payments are received, deposits are made to the escrow accounts. East Tennessee payments go to AmSouth, all others go to Prime Trust.

When invoices are received from maintenance providers for tank pumping and equipment component replacement, they are paid out of the escrow accounts. (East Tennessee providers are paid out of the AmSouth account).

h. Who is (are) the person(s) responsible for carrying out these procedures?

Response: The administrative services manager is responsible for handling the deposits and disbursements.

i. Who is the person that is authorized to approve disbursements?

Response: Checks are prepared by the administrative services manager and approved and signed by the president of the company.

j. How were the escrow rates determined?

Response: Historical data from the industry and maintenance experiences of Pickney Bros.

k. Is an adjustment needed in the escrow rates? If so, why and how much?

Response: No

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.

Response: N/A

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.

Response: Yes



7638 River Road Pike  
Nashville, TN 37209

Sincerely,

Charles Pickney, Jr.  
President