

August 29, 2007

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

RE: Docket # 07-00063 – To Determine the Reserve/Escrow Requirement for Tennessee Wastewater Systems, Inc. Pursuant to TRA Rule 1220-4-12-.07(8) - Data Response

Dear Mrs. Standley:

Tennessee Wastewater Systems, Inc. provides the following information per your request dated July 30, 2007.

1. Please complete the following table for the composite collection and treatment systems owned by your Company.

See Attachment for escrow tables.

2. Please complete the table below showing the total number of residential wastewater customers at the points in time as indicated.

|                               | Total<br>Currently<br>Served | Total<br>Projected<br>12/31/07* | Total<br>Projected<br>12/31/08 | Total<br>Projected<br>12/31/09 | Max. Projected to<br>serve with existing<br>systems |
|-------------------------------|------------------------------|---------------------------------|--------------------------------|--------------------------------|---|
| # of Residential<br>Customers | 1483                         | 919                             | 1195                           | 1553                           | 6,500   |

\*drop due to the volume of overnight rental customers being reclassified to commercial

3. If the Company's tariff contains a commercial rate, does that commercial rate include an escrow amount for capital plant replacement?

Response: Yes.

4. If the above answer is yes:
  - a. What is the monthly escrow amount?
  - b. How was this amount determined?
  - c. For what purpose can the escrow funds be used?
  - d. Are the escrow funds segregated into a separate account for reporting purposes?

- Response:
- a) The monthly escrow amount is 29% of the pre-bonding total of the calculated commercial rate.
  - b) This amount is established based on the corresponding percentage of escrow expense found inside the residential fixed film rate ( $10.13/35.11 = 28.85\%$ )
  - c) Escrow funds can be used for component replacement in the collection, treatment, and dispersal systems, as well as for pumping of interceptor tanks.
  - d) Yes.

5. How many total commercial customers does the Company have?

Response: This total can be calculated using two methods. Not including the pending reclassification of overnight rental cabins, TWSI currently has 25 commercial customers. Once the reclassification is approved, TWSI will have approximately 725 commercial customers.

If you have any further questions, or need any additional information, please feel free to contact me.

Sincerely,



Charles Pickney, Jr.  
President