

# TENNESSEE REGULATORY AUTHORITY

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



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

June 19, 2007

Mr. Tim Huddleston, President  
Cumberland Basin Wastewater Systems, LLC  
150 Construction Drive  
Livingston, Tennessee 38570

RE: Petition of Cumberland Basin Wastewater Systems, LLC for a Certificate of Public Convenience and Necessity to Serve an Area in Putnam County, Tennessee known as the Bluffs at Cumberland Cove. (Docket No. 07-00079)

Dear Mr. Huddleston:

A Petition was filed in this Docket on March 28, 2007. In addition a Data Response was filed in this Docket on May 14, 2007 in response to a Data Request of May 2, 2007. Based on the Data Response, further information is needed to assist the Authority in its review of Cumberland Basin Wastewater, LLC's ("Cumberland Basin") Application for a Certificate of Convenience and Necessity to provide wastewater services at the Bluffs of Cumberland Cove ("Bluffs") development in Putnam County, Tennessee. Please provide the following information:

1. What company/companies currently operate and maintain the other wastewater treatment facilities built by W & O Construction Co. Inc.?
2. Please provide a copy of a bank statement for Cumberland Basin indicating the funds necessary for start-up costs are available.
3. A breakdown of the cost/value of the wastewater facilities by component part was provided in the Data Response of May 14, 2007. Please provide how the value of the land (\$420,000) was calculated.
4. Will the land, valued at \$420,000, be for the sole use of the wastewater facility?
5. Rates are included in the tariff of Cumberland Basin for both Sand/Gravel and Lagoon type systems; however, the engineering report included with the Petition describes a Sand/Gravel type system being built and no mention is made of a Lagoon system. Will both the Sand/Gravel and Lagoon systems be built and initially billed to the 175 lots in Cumberland Basin? Please explain.
6. There is a monthly escrow amount included on Sheet # 1 of Section 1 of the proposed tariff. How was the escrow amount determined? Does the monthly rate of \$35.11 include the escrow amount, or will this be a bill addition for a total bill of

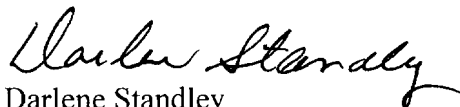
\$45.24 per month? Why is the escrow amount not included in Section 3, Original Sheet # 1?

7. Data Response No. 11 of May 14, 2007 states that the projected commercial establishment at Cumberland Basin will be for non-food service; however, both non-food commercial service and food commercial service rates are included in TRA # 1, but not in TRA # 3. Will both types of commercial service be initially billed to establishments at Cumberland Basin? Please explain.
8. Data Response No. 11 filed May 14, 2007 states that TRA # 3 is for Residential services; however, there is wastewater service requested for one commercial establishment for Cumberland Basin. Please explain.
9. There is no mention of a commercial establishment in the Engineering Report provided with the Petition. Please explain.
10. To determine if funding is available for the first year of operation, it is requested that the following be provided:
  - The pro forma statement of all estimated operating expenses and revenues for the first five years did not include any salary expense, (ex. Mr. Potter) insurance expense, power costs, regulatory fees other than TDEC, etc. Please adjust the pro formas to include all necessary expenses.
  - Please include all supporting documentation and rationale justifying the expenses and revenues.
  - Provide power costs based on local power rates, estimated pumping rates, etc.
  - Please provide a pro forma balance sheet and statement of cash flows.
  - The proposed Pro Forma statement, included with the Petition, includes revenues for all of 2007; however it is stated in the Petition that the system is not expected to be completed until December 31, 2007. Will the first year's proposed 15 lots be connected to the wastewater service to produce revenue by January 2008 or will they be staggered over the course of the year? Please adjust the pro forma income statement accordingly.

Please provide your response no later than 2:00 P.M. on Monday June 25, 2007 and reference Docket No. 07-00079. In accordance with TRA rules, submit either one original and thirteen (13) written copies of your response or an original and four (4) written copies and an electronic version.

Should you have any questions regarding this request, please contact Patsy Fulton at 615-741-2904 ext. 193.

Sincerely,



Darlene Standley  
Chief of Utilities Division

C. Docket File