

# TENNESSEE REGULATORY AUTHORITY

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



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

## NOTICE OF OFFICIAL NOTICE

**DOCKET NO.:** 07-00195

**IN RE:** *Petition of Tennessee Wastewater System, Inc. to Expand its Service Area to Include a Portion of Blount County in Tennessee, Known as The Reserve on the Tennessee River*

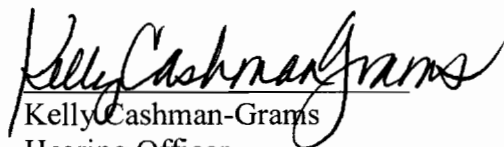
**DATE:** October 30, 2007

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Docket No. 07-00195 is currently scheduled for Hearing and deliberations during the November 6, 2007 Authority Conference. This notice is provided for the purpose of informing interested parties that pursuant to Tennessee Code Annotated §§ 4-5-313(6) and 65-2-109(2) and (4), the voting panel of Directors will take official notice of the following documents, which are not part of the administrative record:

- Certain portions of Tennessee Wastewater Systems, Inc. 2006 Annual Report;
- A Letter of Credit issued March 28, 2007 by PrimeTrust Bank on behalf of Tennessee Wastewater Systems, Inc.;
- Confirmation of the active business license registration of Tennessee Wastewater Systems, Inc., obtained online from the Tennessee Secretary of State website.

Tennessee Wastewater Systems, Inc. may file a written response to rebut or contest the material so noticed prior to the November 6, 2007 Authority Conference, offer oral comments at the Authority Conference, or request at the Authority Conference additional time in which to file a written response to rebut or contest the material so noticed.

  
Kelly Cashman-Grams  
Hearing Officer

Original in Docket File  
cc: Parties of Record

**Class C Water Annual Report  
for the  
Tennessee Regulatory Authority**

**Tennessee Wastewater Systems**

**2006**

Prepared for  
The Energy and Water Division

Name of Respondent		This Report is:		Date of Report	Year of Report
Tennessee Wastewater Systems, Inc.		(1) <input checked="" type="checkbox"/> An Original		(Mo, Da, Yr) 3/30/07	Dec. 31, 2006
		(2) <input type="checkbox"/> A Resubmission			
INCOME STATEMENT					
Account Name (a)	Ref Page (b)	Water (c)	Sewer (d)	Other (e)	Total (f)
<b>Gross Revenue:</b>					
Residential		-	539,634	-	539,634
Commercial		-	50,541	-	50,541
Industrial		-	-	-	-
Multi-Family		-	-	-	-
Access Fees		-	63,182	-	63,182
Other (Please Specify)		-	81,459	-	81,459
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
<b>Total Gross Revenue</b>			<b>734,816</b>		<b>734,816</b>
Operation & Maint. Expense	W3/S3	-	647,441	-	647,441
Depreciation Expense	F-5	-	286,175	-	286,175
Amortization Expense		-	(286,132)	-	(286,132)
Miscellaneous Expenses		-	19,999	-	19,999
Other Expense (Please Specify)		-	-	-	-
Taxes Other Than Income	F-7	-	57,635	-	57,635
Income Taxes	F-7	-	16,952	-	16,952
<b>Total Operating Expenses</b>			<b>742,070</b>		<b>742,070</b>
<b>Net Operating Income</b>			<b>(7,254)</b>		<b>(7,254)</b>
<b>Other Income:</b>					
Nonutility Income		-	-	-	-
Developer Income		-	118,600	-	118,600
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
<b>Total Other Income</b>			<b>118,600</b>		<b>118,600</b>
<b>Other Deductions:</b>					
Misc. Nonutility Expenses		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
<b>Total Other Deductions</b>			<b>-</b>		<b>-</b>
<b>Net Income</b>			<b>111,346</b>		<b>111,346</b>

Name of Respondent		This Report is:	Date of Report	Year of Report
Tennessee Wastewater Systems, Inc.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 3/30/07	Dec. 31, 2006
COMPARATIVE BALANCE SHEET				
Account Name (a)	Ref Page (b)	Current Year (c)	Previous Year (d)	
<b>ASSETS</b>				
Utility Plant in Service (101-105)	F5/W1/S1	10,031,769	7,570,929	
Accum. Depreciation and Amortization (108)	F5/W2/S2	1,243,309	685,521	
<b>Net Utility Plant</b>		<b>8,788,460</b>	<b>6,885,408</b>	
Cash		457,959	287,980	
Customer Accounts Receivable (141)		0	50,113	
Land		1,523,380	1,372,363	
Other Assets (Please Specify)		0	0	
Other Assets (Please Specify)		0	0	
Other Assets (Please Specify)		0	0	
<b>Total Assets</b>		<b>10,769,799</b>	<b>8,595,864</b>	
<b>LIABILITIES AND CAPITAL</b>				
Common Stock Issued (201)	F-6	1,000	1,000	
Preferred Stock Issued (204)	F-6	0	0	
Other Paid-In Capital (211)		0	0	
Retained Earnings (215)	F-6	132,854	305,958	
Capital (Proprietary & Partnership-218)	F-6	0	0	
<b>Total Capital</b>		<b>133,854</b>	<b>306,958</b>	
Long-Term Debt (224)	F-6	99,896	99,896	
Accounts Payable (231)		0	0	
Notes Payable (232)		130,790	150,599	
Customer Deposits (235)		69,159	60,456	
Accrued Taxes (236)		27,768	21,927	
Other Liabilities (Please Specify)		0	0	
Other Liabilities (Please Specify)		0	0	
Other Liabilities (Please Specify)		0	0	
Other Liabilities (Please Specify)		0	0	
Other Liabilities (Please Specify)		0	0	
Advances for Construction		0	0	
Contributions In Aid Of Const.-Net (271-2)	F-8	8,787,477	8,456,553	
<b>Total Liabilities</b>		<b>9,115,090</b>	<b>8,789,431</b>	
<b>Total Liabilities &amp; Capital</b>		<b>9,248,944</b>	<b>9,096,389</b>	

<b>Name of Respondent</b> Tennessee Wastewater Systems, Inc.	<b>This Report is:</b> (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	<b>Date of Report</b> (Mo, Da, Yr) 3/30/07	<b>Year of Report</b> Dec. 31, 2006	
<b>NET UTILITY PLANT</b>				
<b>Plant Accounts (101-107) Inclusive</b> (a)	<b>Water</b> (c)	<b>Sewer</b> (d)	<b>Other</b> (e)	
			<b>Total</b> (f)	
Utility Plant in Service (101)	0	10,031,769	0	10,031,769
Construction Work in Progress (105)	0	0	0	0
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
<b>Total Utility Plant</b>	<b>0</b>	<b>10,031,769</b>	<b>0</b>	<b>10,031,769</b>
<b>ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT</b>				
<b>Account 108</b> (a)	<b>Water</b> (c)	<b>Sewer</b> (d)	<b>Other</b> (e)	<b>Total</b> (f)
<b>Balance First of Year</b>	<b>0</b>	<b>923,492</b>	<b>0</b>	<b>923,492</b>
<b>Credits During Year:</b>				
Accruals charged to Depreciation Account	0	319,817	0	319,817
Salvage	0	0	0	0
Other Credits (Please Specify):	0	0	0	0
Other Credits (Please Specify):	0	0	0	0
Other Credits (Please Specify):	0	0	0	0
Other Credits (Please Specify):	0	0	0	0
<b>Total Credits</b>	<b>0</b>	<b>319,817</b>	<b>0</b>	<b>319,817</b>
<b>Debits During Year:</b>				
Book/Historical Cost of Plant Retired	0	0	0	0
Cost of Removal	0	0	0	0
Other Debits (Please Specify):	0	0	0	0
Other Debits (Please Specify):	0	0	0	0
Other Debits (Please Specify):	0	0	0	0
Other Debits (Please Specify):	0	0	0	0
<b>Total Debits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance End of Year</b>	<b>0</b>	<b>1,243,309</b>	<b>0</b>	<b>1,243,309</b>

<b>Name of Respondent</b> Tennessee Wastewater Systems, Inc.		<b>This Report is:</b> (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	<b>Date of Report</b> (Mo, Da, Yr) 3/30/07	<b>Year of Report</b> Dec. 31, 2006
<b>CAPITAL STOCK (201 - 204)</b>				
		<b>Common Stock</b>	<b>Preferred Stock</b>	
<b>(a)</b>		<b>(b)</b>	<b>(c)</b>	
Par or stated value per share		1	-	
Shares Authorized		1,000	-	
Shares issued and outstanding		1,000	-	
Total par value of stock issued		1,000	-	
Dividends declared per share for year		0	0	
<b>RETAINED EARNINGS (215)</b>				
		<b>Appropriated</b>	<b>Unappropriated</b>	
<b>(a)</b>		<b>(b)</b>	<b>(c)</b>	
<b>Balance first of year</b>		-	21,508	
Changes during year NET INCOME/(NET LOSS)		-	111,346	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
<b>Balance end of year</b>		0	132,854	
<b>PROPRIETARY CAPITAL (218)</b>				
<b>NONE</b>		<b>Proprietor</b>	<b>Partner</b>	
<b>(a)</b>		<b>(b)</b>	<b>(c)</b>	
<b>Balance first of year</b>		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
<b>Balance end of year</b>		0	0	
<b>LONG-TERM DEBT (224)</b>				
<b>Obligation including Issue &amp; Maturity Dates</b>		<b>Interest Rate</b>	<b>Year End Balance</b>	
<b>(a)</b>		<b>(b)</b>	<b>(c)</b>	
Start-up Loan		0.00%	99,896.00	
Debt #2		0.00%	-	
Debt #3		0.00%	-	
Debt #4		0.00%	-	
Debt #5		0.00%	-	
Debt #6		0.00%	-	
Debt #7		0.00%	-	
Debt #8		0.00%	-	
Debt #9		0.00%	-	
Debt #10		0.00%	-	
Debt #11		0.00%	-	
Debt #12		0.00%	-	
<b>Total Long-Term Debt</b>			99,896	

TAXES ACCRUED (236)	
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Description (a)	Water (b)	Sewer (c)	Other (d)	Total (e)
<b>Balance First of year</b>	-	-	-	0
<b>Accruals Charged:</b>				
Federal Income Tax	-	-	-	0
Local Property tax	-	-	-	0
State ad valorem tax	-	27,768	-	27,768
TN State Sales Tax	-	-	-	0
Regulatory Assessment Fee	-	-	-	0
Payroll Tax	-	-	-	0
Other Taxes (Please Specify)	-	-	-	0
Other Taxes (Please Specify)	-	-	-	0
<b>Total Taxes Accrued</b>	<b>0</b>	<b>27,768</b>	<b>0</b>	<b>27,768</b>
<b>Taxes Paid</b>				
Federal Income Tax	-	16,952	-	16,952
Local Property tax	-	-	-	0
State ad valorem tax	-	27,768	-	27,768
TN State Sales Tax	-	-	-	0
Regulatory assessment fee	-	1,555	-	1,555
Payroll Tax	-	-	-	0
Other Taxes (Please Specify)	-	-	-	0
Other Taxes (Please Specify)	-	-	-	0
<b>Total Taxes Paid</b>	<b>0</b>	<b>46,275</b>	<b>0</b>	<b>46,275</b>
<b>Balance End of Year</b>	<b>0</b>	<b>(18,507)</b>	<b>0</b>	<b>(18,507)</b>

[illegible]

Report all info concerning rate, management, construction, advertising, labor relations, or other professional services rendered to the Utility for which total payments during the year to any Corp, Ptnshp, indiv, or organization of any kind, amounted to \$500 or more.

[illegible]

<b>Name of Respondent</b> Tennessee Wastewater Systems, Inc.	<b>This Report is:</b> (1) <u>X</u> An Original (2) A Resubmission	<b>Date of Report</b> (Mo, Da, Yr) 3/30/07	<b>Year of Report</b> Dec. 31, 2006
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION (271)</b>			
<b>Description (a)</b>	<b>Water (b)</b>	<b>Sewer (c)</b>	<b>Total (d)</b>
Balance First of Year	-	8,221,764	8,221,764
Add Credits During Year	-	2,089,050	2,089,050
Less Charges During Year	-	-	-
Balance End of Year	0	10,310,814	10,310,814
Less Accumulated Amortization	-	319,817	319,817
Net Contributions in Aid of Construction	0	9,990,997	9,990,997
<b>ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)</b>			
<b>Report below all developers or contractors agreements from which cash or property was received during the year (a)</b>	<b>Indicate "Cash" or "Property" (b)</b>	<b>Water (c)</b>	<b>Sewer (d)</b>
Legacy Mountain East Collection System		-	65,000
Legacy Mountain East Treatment System		-	285,000
Smoky Village Collection System		-	19,000
Smoky Village Treatment System		-	81,000
Elk Springs Collection System		-	50,800
Elk Springs Treatment System		-	242,200
Grainger's Landing Collection System		-	39,000
Grainger's Landing Treatment System		-	286,000
Womack's Creekview Estates Collection System		-	6,750
Womack's Creekview Estates Treatment System		-	151,000
Womack's Creekview Estates Land		-	264,000
Boswell Road Collection System		-	131,300
Boswell Road Treatment System		-	173,600
Boswell Road Land		-	281,900
Belle Vista Collection System		-	12,500
Contractor or Developer #16		-	-
Contractor or Developer #17		-	-
Contractor or Developer #18		-	-
Contractor or Developer #19		-	-
Contractor or Developer #20		-	-
Contractor or Developer #21		-	-
Contractor or Developer #22		-	-
Contractor or Developer #23		-	-
Contractor or Developer #24		-	-
Contractor or Developer #25		-	-
Contractor or Developer #26		-	-
Contractor or Developer #27		-	-
Contractor or Developer #28		-	-
Contractor or Developer #29		-	-
Contractor or Developer #30		-	-
Total Credits During Year		0	2,089,050



Name of Respondent		This Report is:	Date of Report	Year of Report
Tennessee Wastewater Systems, Inc.		(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	
		(2) <input type="checkbox"/> A Resubmission	3/30/07	Dec. 31, 2006
<b>SEWER OPERATION &amp; MAINTENANCE EXPENSE</b>				<b>N/A</b>
Acct No.	Description (a)	Amount (b)		
701	Salaries & Wages - Employees	-		
703	Salaries & Wages - Officers, Directors & Stockholders	42,787		
704	Employee Pensions & Benefits	-		
710	Purchased Sewage Treatment	67,156		
711	Sludge Removal Expense	-		
715	Purchased Power	-		
716	Fuel for Power Production	-		
718	Chemicals	5,062		
720	Materials & Supplies	-		
730	Contractual Services	376,344		
740	Rents	13,469		
750	Transportation Expense	-		
755	Insurance Expense	-		
765	Regulatory Commission Expense	21,982		
770	Bad Debt Expense	-		
775	Miscellaneous Expenses	120,641		
<b>Total Sewer Operation &amp; Maintenance Expense</b>		<b>647,441</b>		

<b>SEWER CUSTOMERS</b>				
Description (a)	Customers First of Year (b)	Additions (c)	Disconnections (d)	Customers End of Year (e)
Metered Customers:				
5/8 Inch	-	-	-	-
3/4 Inch	158	17	-	175
1.0 Inch	-	-	-	-
1.5 Inch	-	-	-	-
2.0 Inch	-	-	-	-
2.5 Inch	-	-	-	-
3.0 Inch	-	-	-	-
4.0 Inch	-	-	-	-
6.0 Inch	-	-	-	-
8.0 Inch	-	-	-	-
Other (Please Specify)	-	-	-	-
Other (Please Specify)	-	-	-	-
Other (Please Specify)	-	-	-	-
Unmetered Customers	755	437	-	1,192
<b>Total Customers</b>	<b>913</b>	<b>454</b>	<b>0</b>	<b>1,367</b>

IRREVOCABLE STANDBY LETTER OF CREDIT  
NUMBER 1088



DATE: March 28, 2007

BENEFICIARY: Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville TN 37243-050

FOR THE ACCOUNT OF: Tennessee Wastewater Systems, Inc.  
7638 River Road Pike  
Nashville TN 37209

AMOUNT: \$880,632.00

To Whom It May Concern:

You have requested of **PrimeTrust Bank**, (hereinafter called the "Lender") that we establish an irrevocable letter of credit which will remain available on behalf of **Tennessee Wastewater Systems, Inc.**, (hereinafter the "Company") who has applied to the Tennessee Regulatory Authority (the "Authority") for authority to provide public wastewater services in the State of Tennessee. The purpose of this letter is to secure payment of any monetary obligation imposed against the Company, its representatives, successors or assigns, in any contested case proceeding brought under Tenn. Comp. R. & Regs. Chapter 1220-4-13 by or on behalf of the Authority.

We hereby establish and issue, in favor of the Authority, an irrevocable letter of credit in the amount of **\$880,632.00** Dollars lawful money of the United States of America. Upon entry of an Order that finds a monetary obligation pursuant to Chapter 1220-4-13, the Authority may draw upon this letter of credit, at any time and from time to time, by delivering a Letter of Credit Notice, substantially in the form set forth below ("Notice"), which Notice shall specify the amount (the "Draw Amount") to be drawn and the account (the "Bank Account") to which the Draw Amount should be delivered and shall be signed by an official designated and duly authorized by the Authority, to Lender at the address listed below, or to such other address as the Lender shall notify the Authority in writing by certified mail. Promptly after the delivery of each Notice, the Lender hereby covenants and agrees to deliver, by wire transfer of immediately available funds, the Draw Amount to the Bank Account.

This letter of credit shall be deemed automatically renewed without amendment for successive one-year periods and may be canceled by the Lender by giving (30) days advanced written notice by certified mail of such cancellation to the Authority and the Company, it being understood that the Lender shall not be relieved of liability that may have accrued under this letter of credit prior to the date of cancellation.

Failure to renew this letter of credit shall allow the Authority to draw upon it without the necessity of the Authority being required to hold a hearing concerning the Principal's operation or Certificate of Public Convenience and Necessity. In such an event and upon a directive from the Authority, the Lender hereby covenants and agrees to deliver by wire transfer of immediately available funds the maximum sum of this letter of credit to the Bank Account to enable the continued operation of the public wastewater utility.

The Lender Hereby represents and warrants that it is qualified and authorized to issue this letter of credit and is a bank designated by the Treasurer of the State of Tennessee as an authorized depository bank for the deposit of state funds.

Except as otherwise expressly stated, this letter of credit is subject to the Uniform Customs and Practice for Documentary Credit (1993 Revision) International Chamber of Commerce Publication No. 500 or any revisions thereto.

Very Truly Yours,

A handwritten signature in dark ink, appearing to read "Jimmy Green", is written over the name and title of the signatory.

PrimeTrust Bank  
Jimmy Green  
Senior Vice President  
7651 Highway 70 South  
Nashville TN 37221



## Secretary of State Business Information Search

[Secretary of State Web Site](#)[Instructions](#)

Name	I.D. Number
TENNESSEE WASTEWATER SYSTEMS, INC.	0263854

<b>Business Type*:</b>	CORPORATION
<b>Profit/Nonprofit:</b>	FOR PROFIT
<b>Status*:</b>	ACTIVE
<b>Date of Formation/Qualification:</b>	03/16/1993
<b>Domestic/Foreign:</b>	DOMESTIC
<b>Place of Incorporation/Organization:</b>	DAVIDSON
<b>Duration:</b>	PERPETUAL
<b>FYC(Fiscal Year Closing) Month:</b>	DECEMBER

**Principal Office:****Address Line 1:** 7638 RIVER ROAD**Address Line 2:****City:** NASHVILLE**State:** TN**Zip:** 37209**Other than USA:****Registered Agent:****Name:** LARRY R. WILLIAMS**Address Line 1:** 329 UNION STREET**Address Line 2:****City:** NASHVILLE**State:** TN**Zip:** 372190632**Business Filing History**

\* Important Note: Business filing History includes information about (1) the basis for an inactive status and (2) the current true name and filing status of a business with an assumed name or a changed status.

Note: This information is current as of three working days prior to today's date.

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