

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.: 07-00233


IN RE: Petition of Tennessee Wastewater to Expand Its Service Area to Include a Portion of Franklin County in Tennessee, Known as Serenity Point

DATE: November 13, 2007

Docket No. 07-00233 is currently scheduled for Hearing and deliberations during the December 3, 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 December 3, 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 A. Cashman-Grams
Hearing Officer

Original in Docket File
cc: Parties of Record

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 black ink, appearing to read "Jimmy Green".

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 |

| | |
|---|-------------|
| Business Type*: | CORPORATION |
| Profit/Nonprofit: | FOR PROFIT |
| Status*: | ACTIVE |
| Date of Formation/Qualification: | 03/16/1993 |
| Domestic/Foreign: | DOMESTIC |
| Place of Incorporation/Organization: | DAVIDSON |
| Duration: | PERPETUAL |
| FYC(Fiscal Year Closing) Month: | 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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**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 (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) 3/30/07 | Dec. 31, 2006 | | |
| INCOME STATEMENT | | | | | |
| Account Name (a) | Ref Page (b) | Water (c) | Sewer (d) | Other (e) | Total (f) |
| Gross Revenue: | | | | | |
| 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) | | - | - | - | - |
| Total Gross Revenue | | - | 734,816 | - | 734,816 |
| Operating Expenses: | | | | | |
| 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 |
| Total Operating Expenses | | - | 742,070 | - | 742,070 |
| Net Operating Income | | - | (7,254) | - | (7,254) |
| Other Income: | | | | | |
| Nonutility Income | | - | - | - | - |
| Developer Income | | - | 118,600 | - | 118,600 |
| Other (Please Specify) | | - | - | - | - |
| Other (Please Specify) | | - | - | - | - |
| Other (Please Specify) | | - | - | - | - |
| Total Other Income | | - | 118,600 | - | 118,600 |
| Other Deductions: | | | | | |
| Misc. Nonutility Expenses | | - | - | - | - |
| Other (Please Specify) | | - | - | - | - |
| Other (Please Specify) | | - | - | - | - |
| Other (Please Specify) | | - | - | - | - |
| Other (Please Specify) | | - | - | - | - |
| Total Other Deductions | | - | - | - | - |
| Net Income | | - | 111,346 | - | 111,346 |

| 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 |
| COMPARATIVE BALANCE SHEET | | | | |
| Account Name (a) | Ref Page (b) | Current Year (c) | Previous Year (d) | |
| ASSETS | | | | |
| 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 | |
| Net Utility Plant | | 8,788,460 | 6,885,408 | |
| 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 | |
| Total Assets | | 10,769,799 | 8,595,864 | |
| LIABILITIES AND CAPITAL | | | | |
| 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 | |
| Total Capital | | 133,854 | 306,958 | |
| 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 | |
| Total Liabilities | | 9,115,090 | 8,789,431 | |
| Total Liabilities & Capital | | 9,248,944 | 9,096,389 | |

| | | | |
|---|--|--|--|
| Name of Respondent Tennessee Wastewater Systems, Inc. | This Report is: (1) <u> X </u> An Original (2) <u> </u> A Resubmission | Date of Report (Mo, Da, Yr) 3/30/07 | Year of Report Dec. 31, 2006 |
|---|--|--|--|

NET UTILITY PLANT

| Plant Accounts (101-107) Inclusive (a) | Water (c) | Sewer (d) | Other (e) | Total (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 |
| Total Utility Plant | 0 | 10,031,769 | 0 | 10,031,769 |

ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

| Account 108 (a) | Water (c) | Sewer (d) | Other (e) | Total (f) |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Balance First of Year | 0 | 923,492 | 0 | 923,492 |
| Credits During Year: | | | | |
| 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 |
| Total Credits | 0 | 319,817 | 0 | 319,817 |
| Debits During Year: | | | | |
| 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 |
| Total Debits | 0 | 0 | 0 | 0 |
| Balance End of Year | 0 | 1,243,309 | 0 | 1,243,309 |

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|--|--|---|---|---------------------------------|
| Name of Respondent Tennessee Wastewater Systems, Inc. | | This Report is: (1) <u>X</u> An Original (2) A Resubmission | Date of Report (Mo, Da, Yr) 3/30/07 | Year of Report Dec. 31, 2006 |
| CAPITAL STOCK (201 - 204) | | | | |
| (a) | | Common Stock (b) | Preferred Stock (c) | |
| 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 | |
| RETAINED EARNINGS (215) | | | | |
| (a) | | Appropriated (b) | Unappropriated (c) | |
| Balance first of year | | - | 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) | | - | - | |
| Changes during year (Please Specify) | | - | - | |
| Balance end of year | | 0 | 132,854 | |
| PROPRIETARY CAPITAL (218) | | | | |
| NONE (a) | | Proprietor (b) | Partner (c) | |
| Balance first of year | | - | - | |
| 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) | | - | - | |
| Changes during year (Please Specify) | | - | - | |
| Balance end of year | | 0 | 0 | |
| LONG-TERM DEBT (224) | | | | |
| Obligation including Issue & Maturity Dates (a) | | Interest Rate (b) | Year End Balance (c) | |
| 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% | - | |
| Total Long-Term Debt | | | 99,896 | |

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| 3 | |
| 4 | |

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]

| | | | |
|--|--|--|--|
| Name of Respondent Tennessee Wastewater Systems, Inc. | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 3/30/07 | Year of Report Dec. 31, 2006 |
| CONTRIBUTIONS IN AID OF CONSTRUCTION (271) | | | |
| Description (a) | Water (b) | Sewer (c) | Total (d) |
| 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 |
| CONDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS) | | | |
| Report below all developers or contractors agreements from which cash or property was received during the year (a) | Indicate "Cash" or "Property" (b) | Water (c) | Sewer (d) |
| 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 | 0 | 2,089,050 |

| | | | | | |
|--|---|---|-----------------------|---|---------------------------------|
| Name of Respondent Tennessee Wastewater Systems, Inc. | | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) 3/30/07 | Year of Report Dec. 31, 2006 |
| SEWER OPERATION & MAINTENANCE EXPENSE | | | | | N/A |
| 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 |
| Total Sewer Operation & Maintenance Expense | | | | | 647,441 |
| SEWER CUSTOMERS | | | | | |
| 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 | |
| Total Customers | 913 | 454 | 0 | 1,367 | |