

TENNESSEE WASTEWATER SYSTEMS, INC.

AN ADENUS UTILITY

January 25, 2008

Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

filed electronically in docket office on 01/28/08

RE: Docket 08-00013

Dear Mrs. Dillon:

Tennessee Wastewater Systems, Inc. wishes to add the following pages to the petition filed in Docket 08-00013 to include certain portions of TWSI's 2006 Annual Report, a letter of credit from PrimeTrust Bank satisfying the bonding requirements, and confirmation of the active business license registration from the Tennessee Secretary of State, which was errantly left out of the original petition.

Sincerely,



Matt Pickney, Operations Manager
Tennessee Wastewater Systems, Inc.

851 Aviation Parkway Smyrna, TN 37167
(615) 220-7202 Fax (615) 220-7209

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

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 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		
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
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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

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)			
	Common Stock	Preferred Stock	
(a)	(b)	(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)			
	Appropriated	Unappropriated	
(a)	(b)	(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)			
	Proprietor	Partner	
NONE	(b)	(c)	
(a)			
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)			
	Interest Rate	Year End Balance	
Obligation including Issue & Maturity Dates	(b)	(c)	
(a)			
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	

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
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TAXES ACCRUED (236)

Description (a)	Water (b)	Sewer (c)	Other (d)	Total (e)
Balance First of year	-	-	-	0
Accruals Charged:				
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
Total Taxes Accrued	0	27,768	0	27,768
Taxes Paid				
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
Total Taxes Paid	0	46,275	0	46,275
Balance End of Year	0	(18,507)	0	(18,507)

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

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
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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	