

TENNESSEE WASTEWATER SYSTEMS, INC.

AN ADENUS UTILITY

October 28, 2008

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

filed electronically in docket office on 10/28/08

RE: Docket 08-00202 Refiling

Dear Mrs. Dillon:

Tennessee Wastewater Systems, Inc. wishes to submit the following pages to the petition filed in Docket 08-00202 to declassify certain exhibits and pages of testimony. This filing replaces the one filed on October 20th in its entirety.

Sincerely,



Matt Pickney, Operations Manager
Tennessee Wastewater Systems, Inc.

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

TENNESSEE WASTEWATER SYSTEMS, INC.
AN ADENUS UTILITY

PETITION OF TENNESSEE WASTEWATER SYSTEMS, INC.
FOR APPROVAL TO AMEND ITS RATES AND CHARGES

DOCKET # 08-00202
FILE DATE: 10-20-2008

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

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

October 20, 2008

**IN RE: PETITION OF TENNESSEE WASTEWATER SYSTEMS,
INC. TO CHANGE AND INCREASE CERTAIN RATES
AND CHARGES SO AS TO PERMIT IT TO RECOVER
COSTS ASSOCIATED WITH FURNISHING
WASTEWATER SERVICE TO ITS CUSTOMERS**

DOCKET No.08-00202

Petition of Tennessee Wastewater Systems, Inc.
To Change and Increase Certain Rates and Charges

Tennessee Wastewater Systems, Inc. ("TWSI"), a Tennessee corporation authorized to conduct and conducting a public utility business in the State of Tennessee, does hereby simultaneously file with the Tennessee Regulatory Authority ("TRA") this Petition and a revised schedule of tariffs to become effective one (1) month after date of issue and requests that the TRA, pursuant to T.C.A. § 65-5-201, et seq., investigate TWSI's present and projected earnings and hear and determine that the increased rates as reflected in its Tariffs that it has filed to become effective December 1, 2008, are just and reasonable. In support of this request, TWSI avers that:

1. TWSI is a public utility as defined in T.C.A. § 65-4-101 and is engaged in providing residential and commercial wastewater collection, treatment, and dispersal to customers in over 20 counties across the state, with a customer base of 1,746 as of September 1, 2008, subject to the jurisdiction and supervision of the Authority pursuant to Chapter 4 and Chapter 5 of Title 65 of Tennessee Code Annotated.

2. TWSI is a wholly-owned subsidiary of Adenus Group, LLC ("AG"). AG is a holding company presently providing wastewater utility service in four southeastern states as well as design engineering, construction, project management, product fulfillment, and maintenance services for the decentralized wastewater industry. TWSI's existing rates and charges will not provide, and cannot be made to provide, sufficient

revenues to cover all the costs incurred in providing adequate quality wastewater service including its cost of capital.

3. TWSI has the responsibility to its customers to provide them with the best wastewater service available. This responsibility includes meeting the present and future requirements of customers, and ensuring that adequate funding is available for maintaining system plant and equipment at an efficient operating level. As this Authority knows, TWSI, like all regulated utilities, must have customer rates approved that will permit it to cover its expenses and provide an incentive for the business to continue operation.

4. In TWSI's most recent Rate Case (filed in 1999), there was insufficient operating experience to include several important expenses necessary for proper operation of the Utility. General & Administrative expenses categories were completely left out, with no allowance for rent, office utilities, salaries, Tennessee One-Call line marking, etc. Due to the highly decentralized nature of our business, fuel costs and travel time have grown significantly as our customer base has expanded. Equipment replacement costs have risen sharply due to the rise in the cost of materials manufactured from petroleum (PVC) and copper.

5. Under the present rates, TWSI is operating at a significant loss and the business cannot continue to exist without changing the revenue structure to meet expenses of providing necessary service.

6. It is essential and in the public interest that TWSI's rates and charges be revised and increased to cover the expenses of providing needed wastewater service to its customers and allow it to earn an income sufficient to incentivize company ownership to continue with the business.

7. As will be testified to and shown by the accounting exhibit filed by its witness, Charles Hyatt, TWSI selected as the historical test period as the twelve months ended December 31st, 2007, and has adjusted the test period for a reflection of true cost. The attrition period was selected as the twelve months ended March 31, 2009. The resulting increases in revenue projected for the attrition period will allow the company to cover its expenses, provide for component replacements, and provide TWSI with the means to offer quality service to its customers.

8. TWSI has filed simultaneously with this petition revised tariffs effective December 1, 2008 designed to produce the additional revenues needed. The testimony of various company witnesses and the exhibits that Mr. Hyatt and Mr. Matt Pickney will present will show how these additional revenues will be obtained. The tariffs filed will produce a total increase in annual revenue of approximately \$349,485 by increasing rates.

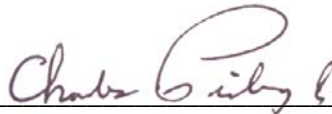
9. TWSI avers that the above proposed charges are necessary and proper and designed to allow the company to continue to provide for the wastewater needs of its customers in an economically feasible manner. TWSI's tariffs as filed in the requested rate increases are fair and reasonable and in the best interest of the company and the customers it serves and therefore should be approved.

WHEREFORE, the Company requests the Tennessee Regulatory Authority to:

1. Schedule a hearing upon proper notice for the presentation of evidence as to the present income and expenses and the additional revenues required for future operations.
2. Enter an order approving TWSI's revised schedule of rates filed with the Commission designed to increase TWSI's annual revenues by approximately \$349,485 and adopt the Tariffs filed to become effective December 1, 2008, or as soon thereafter as lawfully permitted.
3. Grant such other relief as may be required in light of the evidence to be produced at the hearing.

This the 17th day of October, 2008.

TENNESSEE WASTEWATER SYSTEMS, INC.



By: Charles Pickney, Jr.
Title: Vice President

Henry Walker
BOULT, CUMMINGS, CONNERS & BERRY PLC
1600 Division Street, Ste. 700
Nashville, TN 37203
(615) 252-2302

Attorneys for Petitioner

TENNESSEE WASTEWATER SYSTEMS, INC.
CASE NO. _____
DIRECT TESTIMONY
CHARLES R. HYATT

1. Q. Will you please state your name and business address for the record?

A. My name is Charles R. Hyatt and my business address is 849 Aviation Parkway, Smyrna, TN 37167.

2. Q. By whom are you employed and in what capacity?

A. I am employed by Adenus Group, LLC and my title is Chief Executive Officer.

3. Q. What are your responsibilities in that position?

A. I am responsible for the day-to-day operation and financial functions of Adenus Group which includes Adenus Operations and Tennessee Wastewater. My responsibilities include financial statement preparation and analysis.

4. Q. Would you please describe your educational background and business experience?

A. I earned a Bachelor's degree in Business Administration, with a major in Accounting, from The Ohio State University in 1993. I have worked in many areas in Accounting and General Management since 1984 and have serviced in various roles within fortune 500 food companies before joining Adenus Group in November of 2007. In these roles, I was responsible for various accounting duties including budget preparation, account reconciliation, and financial statement preparation and analysis.

5. Q. Were the Company's Accounting Exhibits prepared by you or under your supervision?

A. Yes, they were.

6. Q. What is the source of the information used in the Company's Accounting Exhibits?

A. The information contained in the Accounting Exhibits was prepared from the financial and operational records of the Company.

1 7. Q. Please explain the increase in rates that the Company is seeking in this
2 proceeding.
3

4 A. The Company is seeking a rate increase that would produce additional
5 annual revenues of \$349,485 or 43%. The Company last filed for a rate
6 increase in June 1999.
7

8 8. Q. What is the purpose of your testimony in this case?
9

10 A. My testimony will sponsor the Company's Accounting Exhibits 1-A
11 through 5-A. Exhibit 1-A is a Test Period Profit and Loss Statement that
12 demonstrates that, under the current rate structure, operating revenues are
13 insufficient to cover expenses. Exhibit 1-A also shows detailed
14 adjustments made to the test period by line item. Explanation for these
15 adjustments are covered in the working papers labeled Test01-Test04.
16 Exhibit 2-A is a detailed Profit and Loss Statement for the attrition period
17 that shows all adjustments made to the normalized test period, as well as
18 estimates for this period. Detailed breakdowns of AG and AUG
19 Management Fees are covered in Exhibits 3-A and 4-A. I have also
20 included a copy of the current inflation rate based on the GDP according
21 to the U.S Department of Commerce, Bureau of Economic Analysis in
22 Exhibit 5-A. The exhibit shows that inflation currently resides at 2.46%
23 for the middle of the attrition period (September 2008).
24

25 9. Q. What is the test period reflected in this case?
26

27 A. The Company used a test period of the twelve months ended December
28 31, 2007. The test period was normalized to eliminate any non-recurring
29 expenses. The test period was also adjusted to include expenses that
30 previously were subsidized by other entities. These expenses include
31 salaries, testing and reporting, grass and weed maintenance, electric bills,
32 and line marking. As Exhibit 2-A demonstrates, with total revenues of
33 \$813,489 and expenses of \$1,005,058 the Company is experiencing a loss
34 of (\$191,570). It is important to note that this amount includes Sewer
35 Access Fee income and expense. As Exhibit 2-A demonstrates, the net
36 utility loss (after removing net income from Sewer Access Fees) is
37 (\$304,070).
38

39 10. Q. What adjustments were made to the test period?
40

41 A. The actual transactions from our Accounting records were adjusted to
42 reflect what actual expenses would have been if all expenses incurred
43 were paid by Tennessee Wastewater Systems directly. For example, a
44 (\$75,084) adjustment was made to the test period for purchased waste
45 treatment expense that will be eliminated with the addition of the lagoon
46 treatment for Southridge subdivision. Similarly, bioxide expense was

1 eliminated in the test period by (\$14,991) because this expense was also
2 associated with outsourcing the wastewater treatment of the Southridge
3 subdivision to the city of Clarksville.
4

5 The test period was also normalized to reflect current expenses that
6 Tennessee Wastewater Systems did not have for all of 2007. For example,
7 until the second quarter of 2007, the Company did not pay rent. The test
8 period was also adjusted to include \$78,057 (\$6,504 per month) for
9 Corporate Management Fees which includes rent.
10

11 Finally, \$37,000 in income tax expense was removed from the test and
12 attrition periods because income tax is no longer an includible component
13 of the rate. It is now addressed in the Revenue Conversion Factor
14 Calculations found in Exhibit 7-B and the Excise and Federal Tax
15 Calculations found in Exhibit 2-B.
16

17 11. Q. What attrition period did the Company choose for this case?
18

19 A. The Company chose the twelve months ending March 31, 2009 for the
20 attrition period. Exhibit 7-A demonstrates that, if the proposed rate
21 increase is approved, operating revenues will exceed operating expenses
22 of \$1,013,809, resulting in operating income of \$141,831. As Exhibit 7-C
23 shows, \$104,880 of this income is derived from Sewer Access Fees. The
24 projected net utility income for the attrition period is \$36,951.
25

26 12. Q. Please explain how the revenue percentages were developed for the
27 allocation of Adenus Utilities Group management fees to Tennessee
28 Wastewater and other members of AUG as referenced in Exhibit 4-A.
29

30 A. The revenue-based allocation is tied to the overall revenue generated by
31 Tennessee Wastewater, Alabama Wastewater, Georgia Wastewater, and
32 Adenus Operations in 2007, which was just over \$2.24 million. Tennessee
33 Wastewater contributed nearly \$1.05 million in 2007 revenues which
34 provided us with the 45.86% number used to weigh 2008 overhead
35 expenses. In preparing the expense exhibits for this case, we recognized
36 that the 45.86% number included revenues not directly attributable to the
37 customer base and have adjusted the attrition period expenses accordingly.
38 Please see Exhibits 3-A and 4-A for more detail.
39

40 13. Q. Does this conclude your direct testimony?
41

42 A. Yes.
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I swear that the foregoing testimony is true and correct to the best of my knowledge.

Charles R. Hyatt
Charles R. Hyatt
CEO
Adenus Group, LLC

Subscribed and sworn to me this 17th day of October, 2008.

Notary Public

Ammon M. Ogle

State of Tennessee

County of Rutherford

My Commission Expires

My Commission Expires on
April 22, 2012



Tennessee Wastewater Systems, Inc.
Profit & Loss
January through December 2007

	Test Period (2007)	Test Period Adjustments	Normalized Test Period	Comment ID
Ordinary Income/Expense				
Income				
400 - Operating Revenues				
521 - Flat Rate Revenues				
521.1 - Residential-Flat Sewer	217,000.24	437,568.54	654,568.78	Test01
521.2 - Commercial Sewer	46,420.72	0.00	46,420.72	Test01
536 - Other Wastewater Revenues				
536.1 - Sewer Access Fees	112,499.51	0.00	112,499.51	
536.3 - Operations & Maintenance	323,400.66	(323,400.66)	0.00	Test01
536.4 - Billing & Collections	28,520.42	(28,520.42)	0.00	Test01
536.5 - Bonding	66,544.04	(66,544.04)	0.00	Test01
536.6 - Franchise Income	1,791.44	(1,791.44)	0.00	Test01
536.7 - Bioxide	8,194.96	(8,194.96)	0.00	Test01
536.9 - Penalty Fees	4,717.02	(4,717.02)	0.00	Test01
536 - Other Wastewater Revenues - Other	4,400.00	(4,400.00)	0.00	Test01
419 - Interest Earned	4,070.23	(4,070.23)	0.00	Test02
421 - Nonutility Income			0.00	Test02
421.3 - Utility Fee	11,200.00	(11,200.00)	0.00	Test02
421.5 - Developer Income	216,400.00	(216,400.00)	0.00	Test02
421 - Nonutility Income - Other	3,096.77	(3,096.77)	0.00	Test02
Total Income	1,048,256.01		813,489.01	
Expense				
401 - Operating Expenses				
703 - Salaries and Wages - Officers	51,261.24		51,261.24	
710 - Purchased Wastewater Treatment	75,084.30		75,084.30	
715 - Purchased Power	21,353.96		21,353.96	
716 - Telemetry Monitoring	8,403.21		8,403.21	
718 - Bioxide	14,990.55		14,990.55	
720 - Materials and Supplies	2,101.66		2,101.66	
731 - Contractual Svc - Professional	98,702.43	(77,274.39)	21,428.04	Test03
735 - Contractual Svc - Testing	11,551.50		11,551.50	
736 - Contractual Services				
736.01 - Sign-up Costs	960.00		960.00	
736.02 - Contract Maintenance	391,584.77		391,584.77	
736.03 - Contractual Svc	80,167.45		80,167.45	
736.04 - Subcontract Work	200.00		200.00	
736.05 - Access Fees	23,471.40		23,471.40	
736.10 - One-Call Expenses	5,338.85		5,338.85	
736.11 - Contractual Profit Sharing	18,775.29		18,775.29	
736.12 - AUG - MGMT Fees	57,898.40		57,898.40	
736.9 - Adenus Group - MGMT Fees	56,555.27		56,555.27	
740 - Rent	9,171.89		9,171.89	
755.8 - Auto Insurance	382.00		382.00	
765 - Regulatory Commission Exp.				
765.2 - Filing Fee	100.00		100.00	
765.3 - Inspection Fee	2,626.90		2,626.90	
765 - Regulatory Commission Exp. - Other	292.50		292.50	
770 - Bad Debt	15.00		15.00	
775 - Miscellaneous Expenses				
775.1 - Telephone	1,467.32		1,467.32	
775.10 - Office Supplies	2,327.94		2,327.94	
775.11 - Letter of Credit - Fees	50,271.50		50,271.50	
775.12 - Depreciation Expense	2,778.82		2,778.82	
775.18 - Interest Expense	66.80		66.80	
775.2 - Postage	16.52		16.52	
775.20 - Software Licenses	2,971.68		2,971.68	
775.23 - Maintenance Agreements	1,990.80		1,990.80	
775.3 - Licenses & Permits	17,520.00	(2,520.00)	15,000.00	Test04
775.4 - Membership Dues	335.00		335.00	
775.5 - Deed Registration	16.00		16.00	
775.6 - Franchise Fees	1,269.59		1,269.59	
775.8 - Interest on Customer Deposits	526.50		526.50	
775.9 - Billing Costs	6,790.42		6,790.42	
408 - Taxes Other than Income				
408.1 - Property Taxes	59,094.57	(29,094.57)	30,000.00	Test04
408.3 - Franchise & Excise	84,948.00	(56,676.00)	28,272.00	Test04
408.4 - Labor & Workforce Dev.	199.00		199.00	
408.7 - Tax Penalties	790.83		790.83	
409 - Income Tax	37,000.00	(37,000.00)	0.00	Test04
426 - Misc. Nonutility Expenses			0.00	
426.1 - Dues and Subscriptions	1,500.00		1,500.00	
426.2 - Bank & NSF Fees	2,614.43		2,614.43	
426.3 - Miscellaneous	2,129.64		2,129.64	
426.4 - Parking	10.00		10.00	
426.5 - Developer Income Reimbursement	17,500.00	(17,500.00)	0.00	Test02
427 - Interest Expense	2,667.00	(2,667.00)	0.00	Test02
Total Expense	1,227,790.93		1,005,058.97	
Net Income	(179,534.92)		(191,569.96)	

Tennessee Wastewater Systems, Inc.

Profit & Loss

April 2008 - March 2009

	Test Period (2007)	Adjustments	Attrition Period (4/1/08 - 3/31/09)	Attrition Period at Proposed Rates	Comment ID	Comments	Inflation Factor
Ordinary Income/Expense							0.0246
Income							
400 · Operating Revenues							
521 · Flat Rate Revenues							
521.1 · Residential Sewer	654,568.78		289,160.65	579,578.05		Attrition revenue projections from Exhibit 6-A	
521.2 · Commercial Sewer	46,420.72	*	437,348.41	448,358.32		Test Period Commercial Sewer is split between Residential & Commercial due to an accounting quirk.	
536 · Other Wastewater Revenues							
536.1 · Sewer Access Fees	112,499.51		73,416.00	104,880.00		Access Fee Revenues Projected off December 2008 Billing based on 874 lots	
536.9 · Penalty Fees			5,587.31	8,846.82		Increased penalty fees by projected overall revenue % increase	
536.13 · Customer Sign-Up Fees			0.00	13,980.00			
419 · Interest Earned		-	0.00	0.00			
421 · Nonutility Income							
421.2 · Gain/Loss on Sale of Assets		-	0.00	0.00			
421.3 · Utility Fee		-	0.00	0.00			
421.4 · Professional Services		-	0.00	0.00			
421 · Nonutility Income - Other		-	0.00	0.00			
Total Utility Income	813,489.01		805,512.37	1,155,643.19			
Expense							
401 · Operating Expenses							
703 · Salaries and Wages - Officers	51,261.24	(51,261.24)	0.00	0.00	Attrition01	Beginning January 2008, Tennessee Wastewater has no direct salaries expense. Salaries will be included in AUG MGMT Fees	
710 · Purchased Wastewater Treatment	75,084.30	(75,084.30)	0.00	0.00	Attrition02	Assumed that Southridge subdivision will be on Adenus lagoon by attrition period (the lagoon will eliminate this expense)	
715 · Purchased Power	21,353.96	1,494.78	22,848.74	22,848.74		Adjusted test period actual expenses to reflect anticipated 7% increase in electrical costs	
716 · Telemetry Monitoring	8,403.21	5,036.79	13,440.00	13,440.00		Projected cost for 32 facilities at \$35 each per month	
718 · Bioxide	14,990.55	(14,990.55)	0.00	0.00	Attrition02	Assumed that Southridge subdivision will be on Adenus lagoon by attrition period (bioxide will no longer be needed)	
720 · Materials and Supplies	2,101.66	(2,101.66)	0.00	0.00	Attrition03	All materials and supplies should be invoiced through Adenus Operations or Southeast Environmental Engineering	
736 · Contractual Services							
731 · Contractual Svc - Professional	21,428.04	31,209.03	52,637.07	52,637.07	Attrition04	Actual avg. of expenses incurred in 2006 and 2007 less \$52,094.14 of Boult & Cummings invoice 22433 for East TN Commercial Conversion. Also added estimate of ASG/Pickney Bros. payments here	
735 · Contractual Svc - Testing	11,551.50	1,174.50	12,726.00	12,726.00		Total based on 19 systems.	
736.1 · Sign-up Costs	960.00	23.62	983.62	983.62			
736.2 · Contract Maintenance	391,584.77	116,045.26	507,630.03	507,630.03		Please see detailed breakdown in Exhibit 2-C.	
736.3 · Contractual Services	80,167.45	(80,167.45)	0.00	0.00	Attrition01	Beginning January 2008, internal (AUG), contractual services will be included in AUG MGMT Fees	
736.04 · Subcontract Work	200.00	4.92	204.92	204.92			
736.5 · Access Fees	23,471.40	8,145.60	31,617.00	31,617.00	Attrition06	Estimate of East TN access fees to be paid to Southeast Environmental Engineering	
736.8 · Lawn Mowing		-	0.00	0.00		Adenus Operations is responsible for lawn mowing	
736.10 · One-Call Expenses	5,338.85	161.15	5,500.00	5,500.00		2007's actual expense = \$5,338.85	
736.11 · Contractual Profit Sharing	18,775.29	5,899.52	24,674.81	24,674.81	Attrition05	Estimate of fees to be paid to subcontractor based on revenue estimates	
736.12 · Adenus Utilities Group MGMT Fees	57,898.40	45,205.60	103,104.00	103,104.00	Attrition01	Please see breakdown in Exhibit 3-A. Also, see detailed explanation in Working Papers.	
736.9 · Adenus Group MGMT Fees	56,555.27	21,501.73	78,057.00	78,057.00	Attritiion01	Please see breakdown in Exhibit 4-A. Also, see detailed explanation in Working Papers.	
740 · Rents	9,171.89	(1,838.89)	7,333.00	7,333.00		Beginning January 2008, rent for 849 Aviation Parkway is included in Adenus Group MGMT Fees. \$7,333 is for Muddy Branch Property (East Montomgery lagoon site)	
755 · Insurance			0.00	0.00			
755.8 · Auto Insurance	382.00		382.00	382.00			
765.1 · Rate Case Work	0.00	25,304.00	25,304.00	25,304.00		This line item represents staff time spent on Rate Case Preparation. Deducted from Adenus Utilities Group MGMT Fees for presentation purposes only.	
765.2 · Filing Fee	100.00	2.46	102.46	102.46			
765.3 · Inspection Fee	2,626.90	64.62	2,691.52	2,691.52			
765 · Regulatory Commission Exp. - Other	292.50		292.50	292.50			
770 · Bad Debt	15.00	(15.00)	0.00	0.00			
775 · Miscellaneous Expenses			0.00	0.00			
775.1 · Telephone	1,467.32	(687.32)	780.00	780.00		TNWW only pays (directly) for one phone line. It is located at the old, River Road location and only costs approx. \$65 per month	
775.2 · Postage	16.52	(16.52)	0.00	0.00		Now included in AUG Management Fees.	
775.3 · Licenses & Permits	15,000.00		15,000.00	15,000.00		Used permits paid in 2007 as an estimate	
775.4 · Membership Dues	335.00	8.24	343.24	343.24			
775.5 · Deed Registration	16.00	0.39	16.39	16.39			
775.6 · Franchise Fees	1,269.59	31.23	1,300.82	1,300.82			
775.8 · Interest on Customer Deposits	526.50		526.50	526.50			
775.9 · Billing Costs	6,790.42	(2,790.42)	4,000.00	4,000.00	Attrition01/07	Beginning January 2008, internal, billable hours spent on Billing/Collecting are included in Adenus Utilities Group MGMT Fees	
775.10 · Office Supplies	2,327.94	57.27	2,385.21	2,385.21		Remaining Billing/Collecting costs comprised of invoices paid to CUSI (bill post cards) and KAL Software (tnrealestate.com)	
775.11 · Letter of Credit - Fees	50,271.50	(45,972.50)	4,299.00	4,299.00	Attrition08		
775.12 · Depreciation Expense	2,778.82		2,778.82	2,778.82			
Amortization Expense		13,023.79	13,023.79	13,023.79	Attrition09	Legal Fees related to East Tennessee Commercial Customer Reclassification, amortized over four years (have not actually recorded in Accounting Software)	
775.18 · Interest Expense	66.80	-	66.80	66.80		Interest expense (other than interest on customer deposits) included in Adenus Group MGMT Fees	
775.20 · Software Licenses	2,971.68	(2,971.68)	0.00	0.00		Beginning January 2008, now included in AUG MGMT Fees	
775.23 · Maintenance Agreements	1,990.80	(1,990.80)	0.00	0.00		Beginning January 2008, now included in AUG MGMT Fees	
775 · Miscellaneous Expenses - Other	0.00	-	0.00	0.00			
408 · Taxes Other than Income			0.00	0.00			
408.1 · Property Taxes	30,000.00		30,000.00	30,000.00			
408.3 · Franchise & Excise	28,272.00	14,881.00	43,153.00	52,368.18	Attrition10	Attrition Period at Proposed Rates includes \$43,153 in Franchise and \$9,218.24 in Excise Taxes. See Exhibit 2-B for calculation	
408.4 · Labor & Workforce Dev.	199.00		199.00	199.00			
408.7 · Tax Penalties	790.83	(790.83)	0.00	0.00		Should not be a recurring expense	
409 · Income Tax	0.00		0.00	44,399.56	Attrition10	\$45,084.30 in calculated Federal Taxes minus the Error Margin of \$640.73. See Exhibit 2-B for calculation.	
426 · Misc. Nonutility Expenses			0.00	0.00			
426.1 · Dues and Subscriptions	1,500.00	36.90	1,536.90	1,536.90			
426.2 · Bank & NSF Fees	2,614.43	64.31	2,678.74	2,678.74			
426.3 · Miscellaneous	2,129.64	52.39	2,182.03	2,182.03			
426.4 · Parking	10.00	0.25	10.25	10.25			
Total Expense	1,005,058.97		1,013,809.16	1,067,423.90			
Net Income	-191,569.96		-213,884.10	88,219.29			

Excise and Federal Tax Calculations

	Amount
Net Income Before Taxes	\$141,772.06
Excise Tax on Net Income @ 6.5%	\$9,215.18
Balance	\$132,556.88
Federal Taxes @ 34%	\$45,069.34
Balance	\$87,487.54
Net Income after Tax, Exhibit 7-A	\$88,157.32
Error Margin	\$669.78

East TN Customer Totals

East TN Commercial Revenues*	\$1,494	\$1,494	\$1,494	\$1,494	\$1,494	\$1,494	\$1,494	\$1,494	\$1,494	\$1,494	\$1,494	\$1,494
East TN Cabin Customers	717	718	720	721	737	744	752	760	768	778	783	791
East TN Residential Customers	177	178	178	178	180	183	186	189	193	196	199	203

*Due to the potential wide range of commercial rates it is more accurate to track by revenues

East TN Contract Maintenance Fees

Commercial Maintenance Fee @ 78.7% of non-escrowed revenues	\$1,175.78	\$1,175.78	\$1,175.78	\$1,175.78	\$1,175.78	\$1,175.78	\$1,175.78	\$1,175.78	\$1,175.78	\$1,175.78	\$1,175.78	\$1,175.78	\$14,109.34
Cabin Maint. Fee @ \$30.25/customer	\$21,689.25	\$21,719.50	\$21,780.00	\$21,810.25	\$22,294.25	\$22,506.00	\$22,748.00	\$22,990.00	\$23,232.00	\$23,534.50	\$23,685.75	\$23,927.75	\$271,917.25
Residential Maintenance Fee @ \$18.90/customer	\$3,345.30	\$3,364.20	\$3,364.20	\$3,364.20	\$3,402.00	\$3,458.70	\$3,515.40	\$3,572.10	\$3,647.70	\$3,704.40	\$3,761.10	\$3,836.70	\$42,336.00
	\$26,210.33	\$26,259.48	\$26,319.98	\$26,350.23	\$26,872.03	\$27,140.48	\$27,439.18	\$27,737.88	\$28,055.48	\$28,414.68	\$28,622.63	\$28,940.23	\$328,362.59

Mid TN Customer Totals

Mid TN Commercial Revenues*	\$5,201	\$5,040	\$5,040	\$5,040	\$5,142	\$5,196	\$5,418	\$6,386	\$6,386	\$6,461	\$6,461	\$6,514
Mid TN Residential Customers	734	742	745	761	782	800	810	820	831	841	852	862

*Due to the potential wide range of commercial rates it is more accurate to track by revenues

Mid TN Contract Maintenance Fees

Commercial Maintenance Fee @ 58.4% of non-escrowed revenues	\$3,037.38	\$2,943.36	\$2,943.36	\$2,943.36	\$3,002.93	\$3,034.46	\$3,164.11	\$3,729.42	\$3,729.42	\$3,773.22	\$3,773.22	\$3,804.18	\$39,878.44
Residential Maintenance Fee @ \$14.55/customer	\$10,679.70	\$10,796.10	\$10,839.75	\$11,072.55	\$11,378.10	\$11,640.00	\$11,785.50	\$11,931.00	\$12,091.05	\$12,236.55	\$12,396.60	\$12,542.10	\$139,389.00
	\$13,717.08	\$13,739.46	\$13,783.11	\$14,015.91	\$14,381.03	\$14,674.46	\$14,949.61	\$15,660.42	\$15,820.47	\$16,009.77	\$16,169.82	\$16,346.28	\$179,267.44

Attrition Total \$507,630.03

CONFIDENTIAL

Exhibit 3-A

CONFIDENTIAL

Exhibit 4-A

E-GDP**ANALYSIS OF THE GROSS DOMESTIC PRODUCT ("GDP") CHAINED PRICE DEFLATOR**

YEAR	QUARTER				ATTR YR GDP IDP
	1/1 - 3/31	4/1 - 6/30	7/1 - 9/30	10/1 - 12/31	
2003	105.724	106.062	106.611	107.190	106.3968
2004	108.175	109.178	109.793	110.671	109.4543
2005	111.726	112.446	113.405	114.389	112.9915
2006	115.357	116.347	117.026	117.522	116.5630
2007	118.745	119.519	119.826	120.542	119.6580
2008	121.313				
AVERAGE GDP DEFLATOR FOR YEAR 2004					2.87%
AVERAGE GDP DEFLATOR FOR YEAR 2005					3.23%
AVERAGE GDP DEFLATOR FOR YEAR 2006					3.16%
AVERAGE GDP DEFLATOR FOR YEAR 2007					2.66%
AVERAGE GDP DEFLATOR FOR 12 MTD MARCH 2008					2.46%

Source: CAPD Work Paper E-GDP, Index of Work Papers pg. 290
TAWC Rate Case Docket #08-00039

TENNESSEE WASTEWATER SYSTEMS, INC.
CASE NO. _____
DIRECT TESTIMONY
MATT PICKNEY

1. Q. Will you please state your name and business address for the record?

A. My name is Matt Pickney and my business address is 851 Aviation Parkway, Smyrna, TN 37167.

2. Q. By whom are you employed and in what capacity?

A. I am employed by Adenus Utilities Group, LLC and my title is Operations Manager.

3. Q. What are your responsibilities in that position?

A. I am responsible for overseeing the day-to-day operations of the Adenus Utilities Group and Tennessee Wastewater. My responsibilities include customer base management, regulatory interfacing, business development, IT/infrastructure consulting, and public relations.

4. Q. Would you please describe your educational background and business experience?

A. I earned a Bachelor's degree in Computer Engineering from Mississippi State University in 2004. I have been employed by Adenus (formerly Pickney Brothers, Inc.) in some capacity since 1995, and have been working full-time for the utility division of Adenus since January of 2006. In addition to overseeing the business interests of Tennessee Wastewater, I also am responsible for similar duties for Alabama Wastewater, Commonwealth (Kentucky) Wastewater, Georgia Wastewater, Adenus Operations, and Adenus Utilities Group.

5. Q. Were the Company's Revenue and Rate Design Exhibits prepared by you or under your supervision?

A. Yes, they were.

6. Q. What is the source of the information used in the Company's Revenue Component Exhibit?

A. The information contained in the Revenue Component Exhibit was acquired from reports out of our in-house billing software and invoices from Southeast Environmental Engineering.

1 7. Q. Please explain the increase in rates that the Company is seeking in this
2 proceeding.
3

4 A. The Company is seeking modest rate increases in the cost components that
5 were initially included in the 1999 rate case. The primary source of the
6 rate increase comes from components that were entirely left out of the
7 original rate structure due to inexperience in the industry.
8

9 8. Q. What is the purpose of your testimony in this case?
10

11 A. My testimony will sponsor the Company's Revenue Summary (6-A), the
12 Rate Design sheet and supporting exhibits (7-A through 7-E), a sheet
13 detailing adjustments made from the 2007 Annual Report to the Test
14 Period Revenues (8-A), and a breakout of the calculations supporting the
15 Contract Maintenance (736.2) account on the attrition period P&L found
16 on Exhibit 2-A (2-C).
17

18 9. Q. What is the Revenue Component Summary Page comprised of?
19

20 A. The Revenue Component Summary Page shows the monthly breakdown
21 of Tennessee Wastewater's residential, commercial, cabin, and access fee
22 customer totals and revenues during the test period as well as projected
23 residential, commercial, cabin, and access fee customer totals and
24 revenues during the attrition period.
25

26 10. Q. How were the projected revenues calculated for the attrition period in
27 Exhibit 6-A?
28

29 A. Projected revenues were based upon the 19-month customer growth
30 percentages of each customer class from January 2007-August 2008.
31 These customer totals were then multiplied by their respective rates to
32 arrive at the projected monthly attrition revenue totals.
33

34 11. Q. What are the test and attrition periods defined as?
35

36 A. The test period is a 12-month window from January 1, 2007 through
37 December 31, 2007. The attrition period runs from April 1, 2008 through
38 March 31, 2009.
39

40 12. Q. What cost components were missing from the original rate structure filed
41 in the 1999 case?
42

43 A. When the original rate case was filed, Tennessee Wastewater had only 2
44 systems active and less than 25 total customers. Costs to cover Tennessee
45 one-call line marking, grass/weed maintenance, and remote telemetry
46 monitoring had yet to surface. Further, there was no accounting for

1 general & administrative overhead costs. The company was operating out
2 of an old country store, rent-free, at the time and was being heavily
3 subsidized by Pickney Bros., Inc. Beginning in January 1, 2007, the start
4 of the test period, Tennessee Wastewater has incurred all operating
5 expenses without third-party subsidy. The company has sustained
6 substantial operating losses over the last 20 months.
7

8 13. Q. Please justify the 70% proposed residential rate increase.
9

10 A. Tennessee Wastewater's active customer base consists of residential,
11 cabin, and commercial customers. Due to a settlement agreement reached
12 with Starr Crest in Docket #06-00259, we are unable to propose a rate
13 increase to our cabin customers as part of this case. Considering that as of
14 August 1, 2008, our active customer base consists of 42.34% cabin
15 customers, 1.63% commercial customers, and 56.03% residential
16 customers, we had no option but to place the majority of the burden on our
17 residential customers.
18

19 14. Q. Please explain the proposed flat \$30 rate increase for commercial
20 customers.
21

22 A. Internal cost analysis has indicated that Tennessee Wastewater provides
23 service to individual commercial customers with minimum usage at a
24 significant loss, particularly due to the inability to defray testing costs and
25 the remote location of many of these customers. Increasing the minimum
26 commercial bill from \$75 to \$105 will effectively offset most of these
27 costs, and will allow Tennessee Wastewater to continue to grow this
28 particular sector of our customer base. This is a 40% increase on the
29 minimum commercial bill. Internal cost analysis has also indicated that
30 our larger commercial customers' rates are appropriate and are not in need
31 of a major adjustment, indicating that a flat \$30 rate increase would be the
32 most equitable method of assessment.
33

34 15. Q. Your 2007 Annual Report lists Total Gross Revenues of \$813,489, yet the
35 test period on your Revenue Components Summary lists Gross Revenues
36 of \$611,424. Please explain the discrepancy.
37

38 A. Several adjustments were made from the annual report to more accurately
39 reflect the true test period revenues as well as to provide a more realistic
40 platform from which to project the attrition revenues. A detailed listing of
41 the adjustments can be found in exhibit 8-A.
42

43 16. Q. Explain the proposed access fee increase from \$84 to \$120.
44

45 A. The Access Fee was established to help Tennessee Wastewater recover the
46 up-front costs associated with running a fledgling treatment plant that

1 serves only a few customers initially. This fee was instituted in 1999 and
2 has not been increased in spite of the rising costs associated with
3 subsidizing a new system. The proposed increase equates to an extra \$3
4 per month charge to our access fee customers.
5

6 17. Q. Explain the increase in penalty fee revenues from the test to the attrition
7 period.
8

9 A. The projected penalty fees in the attrition period are based on the penalty
10 fee ratio of 0.7656% as established in the test period and are directly tied
11 to the projected revenues in the attrition period.
12

13 18. Q. Explain the proposed fee structure changes to the disconnect/reconnect
14 fees and customer deposits.
15

16 A. Tennessee Wastewater's current disconnect/reconnect fee is far below the
17 industry standard for centralized utility districts (see Exhibit 7-E). Given
18 the dispersed nature of our customer base, we are currently losing a
19 significant amount on any one disconnect or reconnect work order. We
20 have also found that due to the widely dispersed nature of our customers
21 and the significant corresponding additional expense that comes with
22 identifying and maintaining a current customer database of this nature, our
23 business model would be better served by discontinuing the deposit
24 system and replacing it with a customer sign-up fee. This will allow us to
25 use the sign-up fee as an additional revenue stream that can help keep the
26 monthly rates at a lower level.
27

28 19. Q. Explain why the escrow reserve account is not being petitioned for an
29 increase when preliminary research has shown an increase is necessary.
30

31 A. Tennessee Wastewater recognizes the need to increase the monthly
32 amount each customer contributes to the escrow reserve due to the rising
33 cost of component replacement and labor over the past ten years. While
34 this is an important component of the overall rate structure, time is of the
35 essence on receiving a rate increase that will allow our company to
36 continue to operate. Our escrow reserve account is adequately funded to
37 handle any near-term operational problem that may arise. It is anticipated
38 that a separate filing will be made to address the escrow reserve account
39 after this case is settled.
40

41 20. Q. Explain the proposed change to your tariff that enables pass-through lawn
42 care costs.
43

44 A. Tennessee Wastewater is committed to maintaining the aesthetics of our
45 treatment facilities, pump stations, and drip dispersal sites at a standard
46 level and including the associated cost as part of the expenses that

1 comprise this rate case. However, we feel that more frequent lawn
2 maintenance and associated labor expense, as is mandated by certain
3 Homeowners Associations of developments we serve, comes at a
4 premium. This aesthetic premium should be paid by the residents of that
5 development rather than being spread across the entire customer base.
6
7

8 20. Q. Explain what causes Tennessee Wastewater's "decentralized wastewater
9 utility model" to be a higher business risk to the owners as opposed to
10 owning a traditional utility district.
11

12 A. Tennessee Wastewater's mission statement is "to provide quality
13 wastewater service at an affordable cost in areas where it is currently
14 unavailable". That mission has been the driving force which has brought
15 wastewater infrastructure to developments in over 20 counties across the
16 state. Many of these developments have flourished and built out; others
17 have not. Tennessee Wastewater currently has several plants operating at
18 less than 20% of capacity due to slow buildout. Regardless of whether a
19 development's customer buildout reaches critical mass or not, as their
20 public wastewater provider we are obligated to cover all operational costs
21 associated with the system serving that development. Our treatment
22 systems are by and large designed to serve individual developments,
23 creating isolated pockets of treatment capacity (and associated operating
24 expense) that cannot be transferred elsewhere. This poses a significant
25 business risk to the owners of Tennessee Wastewater every time it agrees
26 to operate and maintain a new treatment facility. If the development does
27 not reach critical mass, we stand to operate at a loss for the life of the
28 development.
29

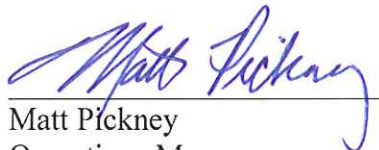
30 Another significant risk factor surrounds the distance our maintenance
31 staff is expected to cover. As a decentralized utility, we inherently have a
32 far greater travel expense component than a typical utility district, and
33 have been hit hard by the recent surge in fuel prices. While we depend
34 heavily on remote monitoring capabilities to limit travel expense,
35 significant travel is unavoidable. Rapidly increasing fuel costs are an
36 example of a risk that could easily put us out of business before we could
37 obtain relief.
38

39 Another significant risk lies in the fact that the utility holds over 100 state
40 operating permits. Significant changes in fee structure, monitoring
41 requirements, or testing and reporting costs could have an enormous
42 impact on the costs of providing services. Compared with a typical utility
43 district that holds one or two permits, the financial impact on Tennessee
44 Wastewater would be exponentially greater.
45

1 Further, municipal utilities such as utility districts and wastewater
2 authorities are granted immunity from most types of lawsuits. As a
3 private company, Tennessee Wastewater has no such shield. Our
4 exposure to litigation is far greater.
5

6 Finally, it should not be overlooked that while Tennessee Wastewater is a
7 public utility company, it is privately owned. We believe that by
8 establishing the decentralized wastewater industry in Tennessee, we have
9 helped create jobs, raised awareness of an alternative, environmentally
10 superior development tool, and ultimately have had a positive and
11 significant impact on the state's economy. Without proper incentive for
12 the owners to continue to invest in new wastewater infrastructure locally,
13 opportunities to continue to grow and strengthen the decentralized
14 wastewater industry in Tennessee will be passed over in favor of other
15 regional opportunities.
16
17
18
19
20
21

22 I swear that the foregoing testimony is true and correct to the best of my knowledge.
23
24
25

26
27 
28 Matt Pickney
29 Operations Manager
30 Adenus Utilities Group, LLC
31
32
33

34 Subscribed and sworn to me this 17th day of October, 2008.

35 Notary Public 

36
37 State of Tennessee

38
39 County of Rutherford

40
41 My Commission Expires on **April 22, 2012**
42



Tennessee Wastewater Revenue Projections by Rate Category - January 2007-March 2009

	Date	Total Cust.	East TN	Mid TN	RSF	DCP	RSF Rev	DCP Rev	Res. Revenues	Cabin	Cabin Revenues	Com.Cabin	Com.Cabin Rev	Com-ET	Comm-ET Rev	Com-MT	Comm-MT Rev	Comm	Comm. Revenues	Access Lots	Access Fee	Revenue
1	Jan 1 2007	1324	718	606	424	292	\$10,753	\$6,696	\$32,182.36	590	\$0.00	9	\$483.30	7	\$1,034	11	\$3,841	27	\$5,359	892	\$6,244	\$43,785
2	Feb 1 2007	1348	728	620	435	295	\$11,032	\$6,764	\$32,707.63	597	\$0.00	9	\$483.30	7	\$1,034	14	\$4,530	30	\$6,048		\$6,244	\$44,999
3	Mar 1 2007	1379	747	632	447	299	\$11,336	\$6,856	\$33,433.35	610	\$0.00	9	\$483.30	8	\$1,088	15	\$4,744	32	\$6,315		\$6,244	\$45,992
4	Apr 1 2007	1400	758	642	457	303	\$11,590	\$6,948	\$33,905.47	617	\$0.00	11	\$590.70	8	\$1,383	15	\$4,744	34	\$6,718		\$6,244	\$46,868
5	May 1 2007	1417	766	651	471	302	\$11,945	\$6,925	\$34,313.66	621	\$0.00	12	\$644.40	8	\$1,330	15	\$4,744	35	\$6,718		\$6,244	\$47,276
6	Jun 1 2007	1433	775	658	477	302	\$12,097	\$6,925	\$34,465.82	628	\$0.00	19	\$1,020.30	9	\$1,455	17	\$5,108	45	\$7,583		\$6,244	\$48,293
7	Jul 1 2007	1463	792	671	488	309	\$12,376	\$7,085	\$34,981.37	640	\$0.00	28	\$1,503.60	9	\$1,455	17	\$5,108	54	\$8,067		\$6,244	\$49,292
8	Aug 1 2007	1490	808	682	493	318	\$12,502	\$7,292	\$35,415.98	653	\$0.00	37	\$1,986.90	9	\$1,455	17	\$5,108	63	\$8,550		\$6,244	\$50,210
9	Sep 1 2007	1524	816	708	510	329	\$12,934	\$7,544	\$36,175.41	659	\$0.00	40	\$2,148.00	9	\$1,339	17	\$5,108	66	\$8,595		\$6,244	\$51,014
10	Oct 1 2007	1560	842	718	525	330	\$13,314	\$7,567	\$20,880.90	677	\$26,339.24	9	\$483.30	9	\$1,432	19	\$5,134	37	\$33,389		\$6,244	\$60,514
11	Nov 1 2007	1589	857	732	541	332	\$13,720	\$7,613	\$21,332.52	687	\$26,733.54	9	\$483.30	10	\$1,504	19	\$5,134	38	\$33,855		\$6,244	\$61,431
12	Dec 1 2007	1600	865	735	547	333	\$13,872	\$7,636	\$21,507.61	691	\$26,930.69	8	\$429.60	10	\$1,504	19	\$5,134	37	\$33,998		\$6,244	\$61,750
	Test Period Totals								\$371,302.08										\$165,194.08		\$74,928.00	\$611,424.16
13	Jan 1 2008	1627	875	752	563	336	\$14,278	\$7,704	\$21,982.16	699	\$27,206.70	9	\$483.30	10	\$1,504	19	\$5,134	38	\$33,845			\$55,827
14	Feb 1 2008	1634	880	754	563	338	\$14,278	\$7,750	\$22,028.02	703	\$27,364.42	9	\$483.30	10	\$1,504	20	\$5,598	39	\$34,466			\$56,494
15	Mar 1 2008	1644	888	756	572	337	\$14,506	\$7,727	\$22,233.33	704	\$27,443.28	8	\$429.60	10	\$1,504	21	\$5,362	39	\$34,309			\$56,542
16	Apr 1 2008	1646	894	752	575	336	\$14,582	\$7,704	\$22,286.48	707	\$27,482.71	10	\$537.00	10	\$1,494	18	\$5,201	38	\$34,714.61	874	\$6,118	\$63,119
17	May 1 2008	1655	896	759	582	338	\$14,760	\$7,750	\$22,509.86	708	\$27,522.14	10	\$537.00	10	\$1,494	17	\$5,040	37	\$34,593.20		\$6,118	\$63,221
18	Jun 1 2008	1660	898	762	586	337	\$14,861	\$7,727	\$22,588.37	710	\$27,601.00	10	\$537.00	10	\$1,494	17	\$5,040	37	\$34,672.06		\$6,118	\$63,378
19	Jul 1 2008	1677	899	778	597	342	\$15,140	\$7,842	\$22,981.98	711	\$27,640.43	10	\$537.00	10	\$1,494	17	\$5,040	37	\$34,711.49		\$6,118	\$63,811
20	Aug 1 2008	1717	917	800	607	355	\$15,394	\$8,140	\$23,533.67	727	\$28,271.31	10	\$537.00	10	\$1,494	18	\$5,142	38	\$35,444.14		\$6,118	\$65,096
21	Sep 1 2008	1746	927	819	614	369	\$15,574	\$8,461	\$24,034.88	734	\$28,516.19	11	\$590.70	10	\$1,494	19	\$5,196	40	\$35,796.35		\$6,118	\$65,949
22	Oct 1 2008	1770	938	832	624	372	\$15,821	\$8,540	\$24,361.07	741	\$28,803.32	11	\$590.70	10	\$1,494	22	\$5,418	43	\$36,306.07		\$6,118	\$66,785
23	Nov 1 2008	1792	948	843	634	376	\$16,072	\$8,620	\$24,691.94	749	\$29,093.30	11	\$590.70	10	\$1,494	23	\$6,386	44	\$37,563.45		\$6,118	\$68,373
24	Dec 1 2008	1813	959	854	644	379	\$16,327	\$8,700	\$25,027.56	756	\$29,346.73	12	\$644.40	10	\$1,494	23	\$6,386	45	\$37,870.58		\$6,118	\$69,016
25	Jan 1 2009	1835	970	865	654	383	\$16,586	\$8,782	\$25,367.98	764	\$29,642.48	12	\$644.40	10	\$1,494	24	\$6,461	46	\$38,241.26		\$6,118	\$69,727
26	Feb 1 2009	1856	981	876	664	387	\$16,850	\$8,864	\$25,713.29	771	\$29,941.18	12	\$644.40	10	\$1,494	24	\$6,461	46	\$38,539.96		\$6,118	\$70,371
27	Mar 1 2009	1879	992	887	675	390	\$17,117	\$8,947	\$26,063.56	779	\$30,242.83	12	\$644.40	10	\$1,494	25	\$6,514	47	\$38,895.24		\$6,118	\$71,077
	Attrition Period Totals								\$289,160.65										\$437,348.41		\$73,416.00	\$799,925.07

Customer Base Makeup as of 8/1/08

42.34% Cabin
56.03% Res
1.63% Comm

Test Avg #	1461
Attrn Avg #	1730
Difference	269
% Growth	18.45%

Cabin 19 Month Monthly Growth %
0.992%

Penalty Fees 6,171.26

Tennessee Wastewater Revenue Projections by Rate Category - January 2007-March 2009
Proposed Attrition Period Rates

	Date	Total Cust.	East TN	Mid TN	RSF	DCP	RSF Rev	DCP Rev	Res. Revenues	Cabin	Cabin Revenues	Com.Cabin	Com.Cabin Rev	Com-ET	Comm-ET Rev	Com-MT	Comm-MT Rev	Comm	Comm. Revenues	Access Lots	Access Fee	Revenue
1	Jan 1 2007	1324	718	606	424	292	\$10,753	\$6,696	\$32,182.36	590	\$0.00	9	\$483.30	7	\$1,034	11	\$3,841	27	\$5,359	892	\$6,244	\$43,785
2	Feb 1 2007	1348	728	620	435	295	\$11,032	\$6,764	\$32,707.63	597	\$0.00	9	\$483.30	7	\$1,034	14	\$4,530	30	\$6,048		\$6,244	\$44,999
3	Mar 1 2007	1379	747	632	447	299	\$11,336	\$6,856	\$33,433.35	610	\$0.00	9	\$483.30	8	\$1,088	15	\$4,744	32	\$6,315		\$6,244	\$45,992
4	Apr 1 2007	1400	758	642	457	303	\$11,590	\$6,948	\$33,905.47	617	\$0.00	11	\$590.70	8	\$1,383	15	\$4,744	34	\$6,718		\$6,244	\$46,868
5	May 1 2007	1417	766	651	471	302	\$11,945	\$6,925	\$34,313.66	621	\$0.00	12	\$644.40	8	\$1,330	15	\$4,744	35	\$6,718		\$6,244	\$47,276
6	Jun 1 2007	1433	775	658	477	302	\$12,097	\$6,925	\$34,465.82	628	\$0.00	19	\$1,020.30	9	\$1,455	17	\$5,108	45	\$7,583		\$6,244	\$48,293
7	Jul 1 2007	1463	792	671	488	309	\$12,376	\$7,085	\$34,981.37	640	\$0.00	28	\$1,503.60	9	\$1,455	17	\$5,108	54	\$8,067		\$6,244	\$49,292
8	Aug 1 2007	1490	808	682	493	318	\$12,502	\$7,292	\$35,415.98	653	\$0.00	37	\$1,986.90	9	\$1,455	17	\$5,108	63	\$8,550		\$6,244	\$50,210
9	Sep 1 2007	1524	816	708	510	329	\$12,934	\$7,544	\$36,175.41	659	\$0.00	40	\$2,148.00	9	\$1,339	17	\$5,108	66	\$8,595		\$6,244	\$51,014
10	Oct 1 2007	1560	842	718	525	330	\$13,314	\$7,567	\$20,880.90	677	\$26,339.24	9	\$483.30	9	\$1,432	19	\$5,134	37	\$33,389		\$6,244	\$60,514
11	Nov 1 2007	1589	857	732	541	332	\$13,720	\$7,613	\$21,332.52	687	\$26,733.54	9	\$483.30	10	\$1,504	19	\$5,134	38	\$33,855		\$6,244	\$61,431
12	Dec 1 2007	1600	865	735	547	333	\$13,872	\$7,636	\$21,507.61	691	\$26,930.69	8	\$429.60	10	\$1,504	19	\$5,134	37	\$33,998		\$6,244	\$61,750
	Test Period Totals								\$371,302.08										\$165,194.08		\$74,928.00	\$611,424.16
13	Jan 1 2008	1627	875	752	563	336	\$14,278	\$7,704	\$21,982.16	699	\$27,206.70	9	\$483.30	10	\$1,504	19	\$5,134	38	\$33,845			\$55,827
14	Feb 1 2008	1634	880	754	563	338	\$14,278	\$7,750	\$22,028.02	703	\$27,364.42	9	\$483.30	10	\$1,504	20	\$5,598	39	\$34,466			\$56,494
15	Mar 1 2008	1644	888	756	572	337	\$14,506	\$7,727	\$22,233.33	704	\$27,443.28	8	\$429.60	10	\$1,504	21	\$5,362	39	\$34,309			\$56,542
16	Apr 1 2008	1646	894	752	575	336	\$28,491	\$16,649	\$45,140.05	707	\$27,482.71	10	\$547.00	10	\$1,794	18	\$5,741	38	\$35,564.61	874	\$8,740	\$89,445
17	May 1 2008	1655	896	759	582	338	\$28,838	\$16,748	\$45,586.00	708	\$27,522.14	10	\$547.00	10	\$1,794	17	\$5,550	37	\$35,413.20		\$8,740	\$89,739
18	Jun 1 2008	1660	898	762	586	337	\$29,036	\$16,698	\$45,734.65	710	\$27,601.00	10	\$547.00	10	\$1,794	17	\$5,550	37	\$35,492.06		\$8,740	\$89,967
19	Jul 1 2008	1677	899	778	597	342	\$29,581	\$16,946	\$46,527.45	711	\$27,640.43	10	\$547.00	10	\$1,794	17	\$5,550	37	\$35,531.49		\$8,740	\$90,799
20	Aug 1 2008	1717	917	800	607	355	\$30,077	\$17,590	\$47,667.10	727	\$28,271.31	10	\$547.00	10	\$1,794	18	\$5,682	38	\$36,294.14		\$8,740	\$92,701
21	Sep 1 2008	1746	927	819	614	369	\$30,429	\$18,284	\$48,712.87	734	\$28,516.19	11	\$601.70	10	\$1,794	19	\$5,766	40	\$36,677.35		\$8,740	\$94,130
22	Oct 1 2008	1770	938	832	624	372	\$30,912	\$18,455	\$49,366.57	741	\$28,803.32	11	\$601.70	10	\$1,794	22	\$6,078	43	\$37,277.07		\$8,740	\$95,384
23	Nov 1 2008	1792	948	843	634	376	\$31,402	\$18,627	\$50,029.56	749	\$29,093.30	11	\$601.70	10	\$1,794	23	\$7,076	44	\$38,564.45		\$8,740	\$97,334
24	Dec 1 2008	1813	959	854	644	379	\$31,901	\$18,801	\$50,701.97	756	\$29,346.73	12	\$656.40	10	\$1,794	23	\$7,076	45	\$38,872.58		\$8,740	\$98,315
25	Jan 1 2009	1835	970	865	654	383	\$32,407	\$18,977	\$51,383.94	764	\$29,642.48	12	\$656.40	10	\$1,794	24	\$7,181	46	\$39,273.26		\$8,740	\$99,397
26	Feb 1 2009	1856	981	876	664	387	\$32,922	\$19,154	\$52,075.62	771	\$29,941.18	12	\$656.40	10	\$1,794	24	\$7,181	46	\$39,571.96		\$8,740	\$100,388
27	Mar 1 2009	1879	992	887	675	390	\$33,444	\$19,333	\$52,777.15	779	\$30,242.83	12	\$656.40	10	\$1,794	25	\$7,264	47	\$39,957.24		\$8,740	\$101,474
	Attrition Period Totals								\$585,702.93										\$448,489.41		\$104,880.00	\$1,139,072.34

Customer Base Makeup as of 8/1/08
42.34% Cabin
56.03% Res
1.63% Comm

Test Avg #	1461
Attrn Avg #	1730
Difference	269
% Growth	18.45%

Cabin 19 Month Monthly Growth %
0.992%

Penalty Fees 8,847.28
Sign Up Fees \$13,980.00

Operating Ratio Calculations

		Attrition Year	
	Gross Expenses	1,013,809.16	
	Net Expenses	1,013,809.16	
Divided By	Operating ratio	92.0%	*See Exhibit 7-D for reference to 8% Operating Ratio in 1999 Rate Case
	Subtotal	1,101,966.48	
Subtract	Net Expenses	1,013,809.16	
	Net Income After Tax	88,157.32	
Times	Revenue Conversion Factor	1.608171163	*See Exhibit 7-B for a breakdown of the Revenue Conversion Factor.
	Net Income Before Tax	141,772.06	
			Total Federal and Excise Tax
Plus	Net Expenses	1,013,809.16	\$53,614.74
	Revenue Requirement	1,155,581.22	

Revenue Conversion Factor Calculations

	Amount	Balance
Operating Revenues		1
Add: Penalty Fee Ratio	0.007656	0.00765574
Balance		1.00765574
Balance		1.00766
State Excise Tax	0.06500	0.06550
Balance		0.94216
Federal Income Tax	0.34	0.32033
Balance		0.6218
Revenue Conversion Factor (Line 1 / Line 9)		\$ 1.608171

Proposed Rate Design

	2007 Test Period		2008-09 Attrition Period (Current)		2008-09 Attrition Period (Proposed)
Empty Lot	892		874		874
Commercial	25		31		31
Residential	779		985		985
Cabins	639		738		738
Total Avg # of Customers	1,443		1,754		1,754
Empty Lot Rate	84.00		84.00		120.00
Commercial Rate(Blend)	248.17	(16.42)	231.75	13.17	261.34
Residential Rate	24.98	-	24.98	24.57	49.55
Cabins Rate	39.43	-	39.43	-	39.43
Empty Lot Revenue	74,928.00		73,416.00		104,880.00
Commercial Revenue	74,451.00		86,210.00		97,220.00
Residential Revenue	371,302.08		289,160.65		579,578.05
Cabin Revenue	90,743.47		351,138.32		351,138.32
Sign-Up Fees					13,980.00
Other (Penalty Fees)	4,717.02		6,171.26		8,846.82
Total Revenue	616,141.57		806,096.23	43%	1,155,643.19
Operating Ratio Revenue Req't			1,155,581.22		1,155,581.22
			Difference (349,484.99)		61.98
Expenses	1,085,675.93		970,656.16	-11%	970,656.16
Pre-tax Earnings	(469,534.36)		(164,559.93)		184,987.03
% of Revenue	-76%		-20%		16%
Franchise Tax			43,153.00		43,153.00
Excise Tax			-		9,215.18
Federal Tax	37,000.00		-		44,399.56
After Tax Earnings	(506,534.36)		(207,712.93)		88,219.29
% Revenue	-82%		-26%		8%
Net Worth	15,535,079		16,500,000		16,500,000
Real Property			3,800,000		3,800,000
Franchise Base	15,535,079		20,300,000		20,300,000

	2007 Base Rate		2007 Total Rate	2009 Base Rate		2009 Total Rate	% Change
Access Fee	84.00	Escrow -	84.00	120.00	-	120.00	43%
Commercial	248.17		248.17	261.34		261.34	5%*
Residential	24.98	10.13	35.11	49.55	10.13	59.68	70%
Cabin	39.43	15.95	55.38	39.43	15.95	55.38	0%
Disconnect			10.00			40.00	300%
Reconnect			15.00			50.00	233%

*\$30 increase on base comm. Rate

Minimum comm. bill to increase by 40%

0.7656% 6,171.26

1999 Rate Structure

	Monthly Charge	Escrow
Collection System O&M	\$8.95	\$6.35
Treatment System Costs - RSF	\$6.23	\$2.90
Utilities/Power costs - RSF & Pump Station	\$1.30	\$0.00
Drip Dispersal System Costs	\$1.53	\$0.88
Sampling/Testing Costs	\$7.00	\$0.00
Billing & Collection Costs	\$1.50	\$0.00
Miscellaneous Costs	\$0.40	\$0.00
TDEC Annual Fee Expense	\$0.52	\$0.00
Bonding Costs	\$0.00	\$0.00
Franchise - Excise Taxes	\$0.82	\$0.00
Public Utility Ad Valorem Tax	\$0.95	\$0.00
Federal Tax	\$1.11	\$0.00
Local Management Fee	\$2.00	\$0.00
Corporate Mgmt. Fee (Operating Ratio)	\$2.80	\$0.00
Total	\$35.11	\$10.13

<u>Operating Ratio</u>	<u>\$2.80</u>
Total	\$35.11
Equals	8.0%

Utility	Disconnect Rate	Description
MTEMC	\$50	Disconnection Fee
NES	\$45	Disconnection Fee
Nashville Gas	\$55	Feb-Aug
Nashville Gas	\$85	Sept-Jan
Wilson Water & Wastewater Authority	\$50	Reconnection Fee
City of Durham, NC (water/sewer)	\$50	if service left on
City of Durham, NC (water/sewer)	\$250	if disconnection is performed
City of Franklin, TN (water/sewer)	\$50	After hours Reconnection Fee
City of Gallatin, TN (water/sewer/gas)	\$50	After hours Reconnection Fee
City of Lapeer, MI (water/sewer)	\$250	Disconnection Fee
Stillwater (OK) Electric Utility	\$40	Disconnection Fee
Stillwater (OK) Electric Utility	\$50	Reconnection Fee
Sullivan Island, SC (water/sewer)	\$50	Disconnection Fee
Sullivan Island, SC (water/sewer)	\$100	Reconnection Fee
Three Lake Water & Sanitation District	\$100	plus costs of disconnection

Tennessee Wastewater Systems, Inc.
Adjustments Summary
Test Period Revenues vs. 2007 Annual Report Revenues

	\$815,522.59	Total Adjusted Revenues
1	\$611,424.16	January - December 2007 Test Period Revenues listed on Exhibit A-6
2	\$31,755.34	To add back Williamson County bonding not included in Exhibit A-6
3	\$37,572.00	2006 Access fee income included in 2007's AR (P&L = \$112,500 - \$74,928 from Test Period)
4	\$78,466.14	SR Consumption Cost Component
5	\$4,717.02	Penalty Fees not in Exhibit 6-A
6	\$4,400.00	SEE Utility Fees, should be non-utility income
7	\$25,054.99	Mid TN December 2006 residential revenues (13 months of revenue were recorded in 2007 b/c we switched to accrual ACG mid-year)
8	\$9,741.46	Mid TN December 2006 commercial revenues and other Mid TN commercial backcharged 2006 revenues booked in 2007
9	\$1,693.17	Franchise Fees not in Priceout
10	\$24,907.56	Williamson County Developer Bonding Payments - Aug 07
11	\$1,708.81	Adjustments to revenues not included on Annual Report
12	-\$15,918.06	Over-collected revenue from SR customers on Exhibit 6-A - Test Period
	\$813,489.00	2007 Annual Report Revenues
	-\$2,033.59	(revenue comparison)

TENNESSEE WASTEWATER SYSTEMS, INC.
CASE NO. _____
DIRECT TESTIMONY
CHARLES L. PICKNEY JR.

1. Q. Will you please state your name and business address for the record?

A. My name is Charles L. Pickney Jr. and my business address is 851 Aviation Parkway, Smyrna, TN 37167.

2. Q. By whom are you employed and in what capacity?

A. I am employed by Adenus Group, LLC. I serve as the Vice President of Tennessee Wastewater Systems, Inc.

3. Q. What are your responsibilities in that position?

A. I provide management support for the company.

4. Q. Would you please describe your educational background and business experience?

A. I earned a bachelor's degree in Mechanical Engineering from Tennessee Technological University in 1973 and a master's degree in Business Administration from the University of North Alabama. I am a professional engineer, licensed to practice in Tennessee, Kentucky, and Alabama. After working in the industry and the consulting engineering field for over twenty years, I became the President of On-Site Systems Inc. (later to be re-named Tennessee Wastewater Systems, Inc.) in 1994. For the last 14 years I have been actively involved in the management of Tennessee Wastewater and have seen substantial growth as it has expanded from one service area in 1994 to over 100 today.

5. Q. Please explain the increase in rates that the company is seeking in this proceeding.

A. The company is seeking a rate increase that would produce additional revenues that will allow the company to eliminate losses that are currently being incurred and enable it to continue in business. The company last filed for a rate increase in June of 1999. Because the decentralized wastewater industry was new and the company had very limited operating experience (we only had 21 paying customers at the time), there was insufficient operating experience to include several important expenses necessary for the proper operation of the Utility. No costs were included for rent, office utilities, salaries, general and administrative expenses,

1 vegetation trimming or Tennessee One call line marking. Other expenses
2 were based on estimates made in 1999.

3
4 With the rate structure presently in place, Tennessee Wastewater is
5 operating at a significant loss and cannot continue to be a viable business
6 without changing the revenue structure to meet the expenses of providing
7 wastewater service to our customers.

8
9 6. Q. Do you have other information that would be useful in evaluating this
10 case?

11
12 A. Tennessee Wastewater relies heavily on support services from Adenus
13 Utilities Group, law and accounting firms and subcontractors. The small
14 size of the subdivisions being served (average 33 customers) and the wide
15 dispersion of the subdivisions (in more than 20 counties across the state)
16 presents some unique challenges. It is not practical at this time to have
17 full time staff that would spend most of their time traveling to the widely
18 dispersed wastewater systems. Locating, training and managing reliable
19 and efficient subcontractors is very important and particularly
20 challenging.

21
22 Providing reliable service to a widely dispersed customer base requires
23 unique business processes and specialized management skills that enable
24 the company to effectively provide service to customers when it is not
25 feasible to have a local office in the many small communities we serve.

26
27 Tennessee Wastewater is also very dependant on Adenus Group for
28 support. Managerial oversight, financial analysis, marketing, relations
29 with financial institutions and governmental relations are key areas. For
30 example, Tennessee Wastewater is heavily dependant on corporate
31 support when working with local community leaders as we seek to serve
32 new areas across the state.

33
34 7. Q. Could you briefly describe the following companies:
35 Adenus Group, LLC; Adenus Utilities Group, LLC; Adenus Technologies,
36 LLC; Adenus Solutions Group, LLC; Adenus Capacity, LLC; Tennessee
37 Wastewater System, Inc.; Alabama Wastewater Systems, Inc.; Georgia
38 Wastewater Systems, LLC; Commonwealth Wastewater Systems, LLC;
39 and Adenus Operations, LLC.

40
41 A. Adenus Group, LLC is a limited liability holding company that owns all
42 of the other Adenus companies (see Exhibit 9-A for more detail)

43
44 Adenus Utilities Group, LLC is a subsidiary limited liability holding
45 company that owns the utility companies as well as Adenus Operations.
46

1 Adenus Technologies, LLC is a company that manufactures, distributes
2 and sells equipment and products to the wastewater industry.

3
4 Adenus Solutions Group, LLC is a company that provides wastewater-
5 related engineering and technical services as well as construction services.

6
7 Adenus Capacity, LLC is a company that manages the creation of large
8 scale wastewater treatment facilities.

9
10 Tennessee Wastewater Systems, Inc. is a utility company that owns,
11 operates and maintains wastewater treatment systems across the state of
12 Tennessee.

13
14 Alabama Wastewater Systems, Inc. is a utility company that owns,
15 operates and maintains wastewater treatment systems in the state of
16 Alabama.

17
18 Commonwealth Wastewater Systems, LLC is a utility company that owns,
19 operates and maintains wastewater treatment systems in the state of
20 Kentucky.

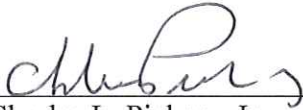
21
22 Georgia Wastewater Systems, LLC is a utility company that operates and
23 maintains wastewater treatment systems in the state of Georgia.

24
25 Adenus Operations, LLC is a company that provides operation and
26 maintenance services to cities, water/wastewater authorities, commercial
27 customers, and public utility companies.

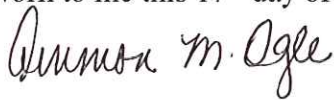
28
29
30 8. Q. Please provide a listing of all Adenus employees, and indicate whether
31 their salary is allocated or not.

32
33 A. Please see Exhibit 10-A.
34
35
36
37
38
39
40
41
42
43
44
45
46

1
2 I swear that the foregoing testimony is true and correct to the best of my knowledge.
3
4
5

6
7 
8
9 Charles L. Pickney Jr.
10 Vice President
11 Tennessee Wastewater Systems, Inc.
12
13
14

15 Subscribed and sworn to me this 17th day of October, 2008.

16 Notary Public 
17
18

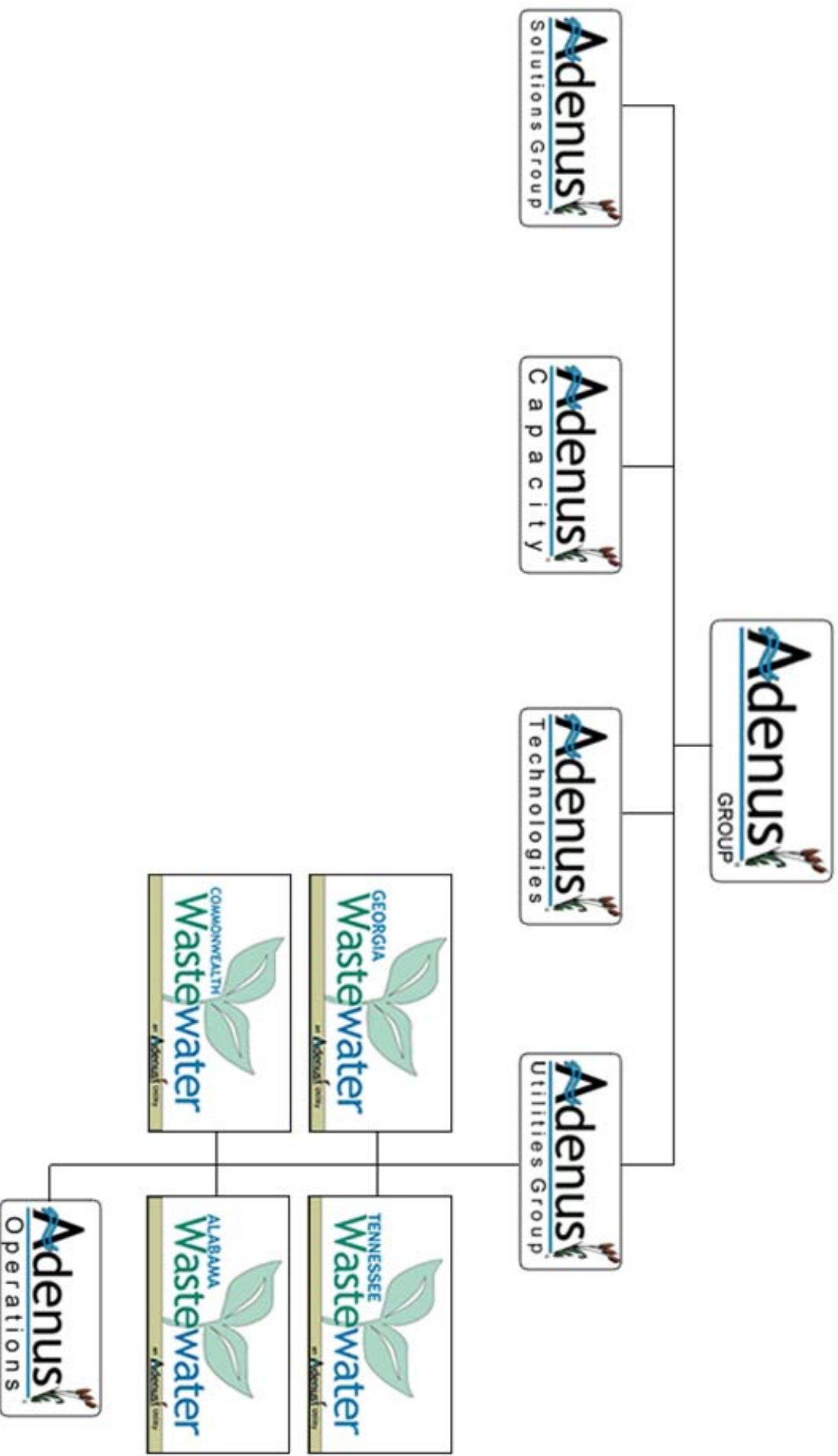
19 State of Tennessee

20
21 County of 
22

23 My Commission Expires My Commission Expires on
April 22, 2012



ADENUS CORPORATE STRUCTURE



Adenus Group, LLC

Title	Salary Allocated?
CEO	Yes
CTO	Yes
Manager	Yes
Accountant	Yes
Receptionist	Yes

Adenus Technologies, LLC

Title	Salary Allocated?
Operations Manager	No
Production/Warehouse	No
Warehouse	No
Sales Mgr.	No
Production	No
Production	No

Adenus Solutions Group, LLC

Title	Salary Allocated?
VP	No
Construction Field Mgr.	No
Foreman	No
Construction	No
Construction	No
Equipment Manager	No
Construction	No
Design Manager	No
Project Manager	No
Equipment Maintenance	No

Adenus Operations, LLC

Title	Salary Allocated?
Manager	No
Maintenance	No
Maintenance	No

Tennessee Wastewater Systems, Inc.
(No Employees)

Alabama Wastewater Systems, Inc.

Title	Salary Allocated?
Utility Support	No

Georgia Wastewater Systems, LLC

Title	Salary Allocated?
Maintenance Support	No

Commonwealth Wastewater Systems, LLC
(No Employees)

Adenus Utilities Group, LLC

Title	Salary Allocated?
VP	Yes
Operations Manager	Yes
Field Officer	Yes
Customer Service	Yes
Account Specialist	Yes
Admin. Services	Yes

WASTEWATER UTILITY SERVICE

TITLE PAGE

**REGULATION AND SCHEDULE OF CHARGES GOVERNING THE PROVISION OF
WASTEWATER UTILITY SERVICE TO RESIDENCES AND BUSINESSES WITHIN THE
STATE OF TENNESSEE**

This tariff contains the descriptions, regulation and rates applicable to the furnishing of wastewater utility service provided by Tennessee Wastewater Systems, Inc. within the State of Tennessee. This tariff is on file with the Tennessee Regulatory Authority. Copies may be inspected during normal business hours at the Company's principal place of business at 851 Aviation Parkway, Smyrna, TN 37167.

Issued: June 29, 2007

**Issued By: Charles Pickney, Jr.
President**

Effective: June 30, 2007

WASTEWATER UTILITY SERVICE**CHECK SHEET**

Sheets of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

SECTION	SHEET	REVISION	SECTION	SHEET	REVISION
1	1	1 st Revised	5	3	4 th Revised
1	2	5 th Revised*	5	4	1 st Revised*
1	3	1 st Revised	6	1	3 rd Revised*
1	4	Original	6	2	3 rd Revised*
1	5	Original	6	3	1 st Revised*
1	6	Original			
1	7	Original			
2	1	Original			
2	2	Original			
2	3	1 st Revised*			
2	4	1 st Revised*			
2	5	Original			
2	6	1 st Revised*			
2	7	1 st Revised*			
2	8	Original			
2	9	2 nd Revised*			
3	1	1 st Revised*			
3	2	1 st Revised*			
3	3	1 st Revised*			
3	4	2 nd Revised*			
3	5	3 rd Revised			
4	1	6 th Revised*			
4	2	5 th Revised*			
5	1	Original			
5	2	Original			

Effective: October 17, 2008

Issued By: Charles Pickney, Jr.
President

Effective: December 1, 2008

WASTEWATER UTILITY SERVICE

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WASTEWATER UTILITY SERVICE

SYMBOLS

The following symbols are used for the purposes indicated below:

- C To signify changed regulation or rate structure.
- D To signify discontinued material.
- I To signify an increased rate.
- M To signify a move in the location of text.
- N To signify a new rate or regulation.
- R To signify a reduced rate.
- S To signify reissued material.
- T To signify a change in text but no change in rate or regulation.

WASTEWATER UTILITY SERVICE

TARIFF FORMAT

A. Sheet numbering – Sheet numbers appear in the upper right corner of the sheet. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 12 and 13 would be 12.1.

B. Sheet Revision Numbers – Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file with the TRA. For example, the 4th revised Sheet 12 cancels the 3rd revised Sheet 12. Because of various suspension periods, deferrals, etc., that the TRA follows in its tariff approval process, the most current sheet number on file with the TRA is not always the sheet in effect. Consult the Check Sheet for the sheet currently in effect.

C. Paragraph Numbering Sequence – There are nine levels of paragraph coding. Each level of coding is subservient to the next higher level:

2.
2.1
2.1.1
2.1.1.A
2.1.1.A.1
2.1.1.A.1.(a)
2.1.1.A.1.(a).1
2.1.1.A.1.(a).1.(i)
2.1.1.A.1.(a).1.(i).(1)

D. Check Sheets – When a tariff filing is made with the TRA, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross-reference to the current revision number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some sheets.) The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on file with the TRA.

WASTEWATER UTILITY SERVICE

DEFINITIONS

Certain terms used generally throughout this tariff for the Utility Services of this Company are defined below.

1. Company - The word Company shall mean Tennessee Wastewater Systems Inc.
2. Engineer - The word Engineer shall mean the consulting engineer of Tennessee Wastewater Systems Inc.
3. Customer - The word Customer shall mean any person, firm, corporation, association or government unit furnished sewage services by the Company.
4. Residential Property – The words Residential Property shall mean property that is an established residence for a single family that is intended solely for that family’s use.
5. Commercial Property – The words Commercial Property shall mean property that is used for commercial, overnight rental or institutional purposes.
6. Facilities- The word facilities shall mean all equipment owned and operated by the Company.
7. TRA - The letters TRA shall mean the Tennessee Regulatory Authority.
8. Interceptor Pump Tank - The words Interceptor Pump Tank shall mean the interceptor tank located near a customer’s building which accepts waste and contains a pump vault.
9. Interceptor Gravity Tank - The words Interceptor Gravity Tank shall mean the interceptor tank located near a customer’s building which accepts waste and contains an effluent filter.

WASTEWATER UTILITY SERVICE

10. Service Line - The words Service Line shall mean the line from the Interceptor Pump/Interceptor Gravity Tank to a Collector Line.
11. Collector Line - The words Collector Line shall mean the line from the Service Line to the Main Line.
12. Main Line- The words Main Line shall mean the line from the Collector Line to the treatment facility.
13. Building Outfall Line - The words Building Outfall Line shall mean the customer owned line that carries waste from the building to the Interceptor Pump/Interceptor Gravity Tank.
14. Pumping Station - The words Pumping Station shall mean a tank that contains pumps and receives effluent from Interceptor Gravity Tanks and / or Collector Lines.
15. Premises – shall mean customer’s private property.
16. Service connection – shall mean the point at which the service line to the wastewater system components at the customer’s building is connected to the main wastewater collection system.

WASTEWATER UTILITY SERVICE

SECTION 2 - RULES AND REGULATIONS

Governing the sewage collection and treatment systems of Tennessee Wastewater Systems, Inc.

Statement of Purpose

The general purpose of these rules and regulations is:

1. To establish procedures for furnishing sewage collection and treatment services on a uniform basis to customers within the Company's service area.
2. To provide standards and procedures for:
 - a. Acceptable sewage characteristics
 - b. Protection of the integrity of the water tight system
 - c. Engineering design standards
 - d. Construction standards and inspection requirements
 - e. Quality of materials

Authorization of Rules and Regulations

Tennessee Wastewater Systems, Inc. is a corporation organized and engaged in business as a public utility in the State of Tennessee. The Company is regulated Under a Certificate of Convenience and Necessity issued by the Tennessee Public Service Commission (PSC) on April 6th, 1994, under Docket No. 93-09040, and subsequent certificates issued by the PSC and the TRA.

WASTEWATER UTILITY SERVICE

Effect of Rules and Regulations

All provisions of these rules and regulations shall be incorporated
in each contract with each sewage system customer of the Company.

Utility Facilities on Private Property

The Company shall maintain all Interceptor Pump and Interceptor Gravity tanks, control
systems and service lines required to provide sewer service on the Customer's premises.

The Customer must execute an agreement granting an easement to the
Company for maintenance of the sewer system. The building plumbing and
Building Outfall Line shall be maintained by the Customer.

Discontinuance of Service

Service under any application may be discontinued for the following reasons:

1. Non-payment of bill as hereinafter set forth below
2. For misrepresentation in the application
3. For adding to the property or fixtures without notice to the Company
4. For tampering any service pipe, tank, control system, filter or any other facilities of the
Company in any way whatsoever
5. For violation of any rules of the Company
6. For disconnecting or re-connecting service by any party, other than a duly authorized agent
of the Company, without the consent of the Company

WASTEWATER UTILITY SERVICE

Non-payment penalties

A non-payment penalty of five percent (5%) of the monthly charge will be due after the due date shown on the bill. If payment is not received within fifteen days after the due date, a registered letter will be sent to the customer. If payment is not received within 30 days, service will be turned off from the customer's property as per the Sewer Subscription Contract (Attachment #1) executed by the customer with no additional notice being sent. No service shall be reconnected if discontinued for non-payment (or any other valid reason) until all charges have been paid, including disconnection and reconnection fees. The disconnection fee is \$40 and the reconnection fee is \$50. The customer will bear the cost of collection of unpaid sewer fees, including all applicable attorney's fees.

Returned Checks

A check returned by the bank will incur a fee of \$25.00.

Changes in Ownership, Tenancy of Service

A new application and contract must be made and approved by the Company on any change in ownership of property, or in tenancy, or in the service as described in the application. In the event of failure of a new owner or tenant to make such application, the Company shall have the right to discontinue service until such new application is made and approved.

WASTEWATER UTILITY SERVICE

Sign-Up Fee

Each new Customer, before connection of the service, will be required to pay a \$60 fee to cover administrative sign-up costs associated with tracking and maintaining current customer records.

Winter Water Usage Rates

Winter Water Usage shall mean the average amount of water used, as stated on the customer's sewer bill for the months of November, December, January and February. When customer's bills are based on water usage, customers will receive summer bills (for June, July, August and September) that are based on the average winter water usage. New customers that have not established winter water usage will be charged up to a maximum bill of \$125.00 until a winter water usage is established.

Sewer System Access Fee

The owner of each property parcel which is provided a service connection when the sewer system is built, will be required to pay a sewer access fee of \$120.00 per year. This fee will be payable each year by December 15th, for owners of record, as of December 1st. As each customer attaches to the service connection and signs up for service, they will pay a pro-rated access fee for that year and thereafter the fee will not be charged.

WASTEWATER UTILITY SERVICE

Engineering, Materials and Construction Standards

1. General - This specification covers the type of sewer system required for various design conditions of sewers constructed by developers. The requirements called for are minimum in all cases. Bedding conditions, material specifications, sealing requirements and installation methods are the responsibility of the design engineer and must be approved by the Company Engineer. Design and construction of sewer lines shall meet the requirements of the State of Tennessee Department of Environment. Any conflicts between company and state requirements shall be resolved so that the more restrictive shall govern.
2. All sewage collection system components are to be watertight. This includes Building Outfall Lines, all tanks, Collector Lines, Service Lines and Main Lines. Collector Lines and Main Lines are to be tested to 100 pounds per square inch of water pressure. Risers and lids are to be watertight.
3. Interceptor Pump and Interceptor Gravity Tanks are to be installed near the customer's building to be served. The tanks are to be set in a level condition and tested for water tightness before backfilling.
4. All pipe is to be PVC. Classes and sizes will be per Engineer's design and in all cases SDR 21 class 2000 will be the minimum allowable.
5. Only wastewater drains are to be connected to the sewer system. No water sources such as roof drains, sump pumps, condensate lines and swimming pools shall be connected to the sewer system.
6. Sewer Poppers shall be installed on cleanouts near the home close to the tank.

WASTEWATER UTILITY SERVICE

Special Pretreatment Sewage Requirements

For all sewage connections the Company reserves the right to require any non-residential user to provide special pre-treatment for any high strength effluent before discharge into its sewage system. The Company may, upon the basis of recognized engineering standards and treatment costs, increase the rate charged to cover the cost of treatment of high strength effluent or industrial waste, and may impose recognized engineering standards as to the maximum size of solids and constituents in such waste discharged into its sewage system.

Additionally, if excessive volumes of sewage are received, the Company may require the Customer to monitor flow volume and increase surge holding capacity at the Customer's expense. All customers will be required to follow the Do's and Don'ts list for an Effluent collection system, supplied to them by the Company. (Attachment No.2). These requirements prohibit the dumping of any toxic chemicals that kill tank bacteria and disposal of an excessive amount of grease, among other things. All requirements (and notification of repair costs associated with system abuse) are established in the Customer's Sewer Subscription Contract with the Company.

Vegetation Control

Any expense for mowing or vegetation control of a system's treatment plant and dispersal areas required by a development's homeowners association that exceeds the standard allowance will be passed through to the customers of that development.

WASTEWATER UTILITY SERVICE

Damages

The company shall in no event be responsible for maintaining any building outfall line owned by the customer, nor for damages created by sewage escaping there from, nor for defects in Customer's building lines or fixtures. The customer shall at all times comply with all regulations of the Tennessee Regulatory Authority and of the Company.

All leaks in any building pipe or fixture on the premises of the Customer shall be immediately repaired by the Customer. On failure to repair any such leak, the service may be discontinued until repairs are made. Any customer found introducing prohibited substances into the wastewater system is liable to pay the full cost of cleanup and the repair of any damage caused.

Inspection

All pipes, valves and fixtures shall at all reasonable hours, be subject to inspection by the Company or its duly authorized agent.

In Event of Emergency

The Company shall not be liable to the Customer for interruption in service, or for damages or inconvenience as a result of any interruption, stoppage, etc., which was beyond the reasonable control of the Company. In case of an emergency, contact the Adenus Maintenance Hotline at 877-669-0786.

Service Area

The Company will provide service within its current service area. Additions to the service area must be approved by the Tennessee Regulatory Authority.

WASTEWATER UTILITY SERVICE

Extension Plan

The Company may furnish sewer service to property owners whose lands abut the Main Line of existing sewer systems. The sewer service charges listed in the sewer billing monthly rates do not include costs for constructing extensions to the sewer system. Any sewer system facilities required to service such abutting properties shall be constructed at the cost of those parties desiring same, and these facilities shall become the property of the Company, to be credited to the account for Contributions in Aid of Construction. In addition, treatment system facility costs will be paid by the Customer desiring to connect onto the system. Sewer service to new areas within a service territory will be made available where it is technically feasible and the developer or property owner is willing to bear the expense of designing and building the sewer system.

Contributions in Aid of Construction

Sewer system facilities furnished by developers and property owners to the Company will be recognized as Contributions in Aid of Construction in the amount of the actual cost of construction. Capital contributions from developers will be treated in a like manner.

Contracts for Service

Each customer before installation of service shall be required to execute, on the appropriate forms furnished by the Company, a Sewer Subscription Contract.

WASTEWATER UTILITY SERVICE

Customer Billing Forms

Customer billings will vary by location. Where the local water provider is willing to do joint billing, that will be the method. In most instances, monthly bills will be sent to customers for payment of a flat monthly fee. In cases where pass through treatment costs are involved, a monthly bill will be sent to the customer and be based on the gallons of water used.

Public Contact

Charles Pickney, Jr.
851 Aviation Parkway
Smyrna, TN 37167
Phone - 615-220-7202

Tennessee Regulatory Authority Regulations

The Company, in its operation, shall conform to all the applicable rules and regulations promulgated from time to time by the Tennessee Regulatory Authority. The TRA can be reached by phone at 1-800-342-8359 or 615-741-2904.

WASTEWATER UTILITY SERVICE**SECTION 3 – RESIDENTIAL SEWER SERVICE TERRITORIES**

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket #</u>	<u>Rate Class</u>
Oakwood Subdivision*	Maury	93-09040	RATE CLASS 1
Swan Harbor	Roane	97-01003	RATE CLASS 1
Southridge Subdivision	Montgomery	97-01104	RATE CLASS 5
Milcrofton Utility District	Williamson	97-01393	RATE CLASS 3
River Road Utility District	Cheatham	97-01394	RATE CLASS 1
Tall Oaks Subdivision	Blount	98-00790	RATE CLASS 1
Shreibman Development	Cannon	98-00880	RATE CLASS 1
Yoakum Hollow Dev. (Windsor Pt)	Campbell	98-00881	RATE CLASS 1
Cornerstone of Mitchell Creek	Overton	99-00357	RATE CLASS 1
Bolton Area	Shelby	99-00724	RATE CLASS 1
Harbor Pointe	DeKalb	00-00149	RATE CLASS 1
Ussery #1	Sevier	00-00198	RATE CLASS 1
Hidden Springs Resort	Sevier	00-00379	RATE CLASS 1
Legacy Bay	Hawkins	00-00622	RATE CLASS 1
City of Coopertown	Robertson	00-01128	RATE CLASS 2
Eagle Crest Resort	Sevier	01-00183	RATE CLASS 1
Jackson Bend Subdivision	Blount	01-00221	RATE CLASS 1
East Stewart	Stewart	01-00229	RATE CLASS 1
Eagle Crest Development	Sevier	01-00234	RATE CLASS 1

Rate change in Docket 99-00393*Effective: October 17, 2008****Issued By: Charles Pickney, Jr.
President****Effective: December 1, 2008**

WASTEWATER UTILITY SERVICE

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket #</u>	<u>Rate Class</u>
Homestead Subdivision	Sevier	01-00423	RATE CLASS 1
Dollywood Proj. (Dream Catcher Ridge)	Sevier	01-00424	RATE CLASS 1
Rice Property (Blue Water Bay)	DeKalb	01-00425	RATE CLASS 1
Eagle Springs Subdivision	Sevier	01-00445	RATE CLASS 1
Browning Subdivision	Knox	01-00492	RATE CLASS 1
Starr Crest II	Sevier	01-00755	RATE CLASS 1
Horseshoe Bend	Bedford	01-01025	RATE CLASS 1
Eagle Crest II	Sevier	01-01128	RATE CLASS 1
Gnatty Branch Retreat	Sevier	02-00055	RATE CLASS 1
Goose Creek Area	Williamson	02-00172	RATE CLASS 4
Stewart County West	Stewart	02-00477	RATE CLASS 1
Airbase Road Condominiums	Blount	02-00478	RATE CLASS 1
Lighthouse Point Condominiums	Jefferson	02-00732	RATE CLASS 1
The Highlands	Sevier	02-00781	RATE CLASS 1
Falling Waters	Sevier	02-00782	RATE CLASS 1
Sevier County	Sevier	03-00045	RATE CLASS 1
Black Bear	Sevier	03-00192	RATE CLASS 1
Highland Cove	Dekalb	03-00242	RATE CLASS 1
Tims Ford State Park Area	Franklin	03-00286	RATE CLASS 1
Sunnybrook (Sunnydale Farms)	Robertson	03-00307	RATE CLASS 1
Smoky Cove Subdivision	Sevier	03-00377	RATE CLASS 1

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Issued By: Charles Pickney, Jr.
President

Effective: December 1, 2008

WASTEWATER UTILITY SERVICE

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket #</u>	<u>Rate Class</u>
King Branch Road	Sevier	03-00386	RATE CLASS 1
Paris Landing	Henry	03-00544	RATE CLASS 1
Black Bear Ridge Expansion	Sevier	04-00045	RATE CLASS 1
Legacy Laurel Branch	Sevier	04-00045	RATE CLASS 1
Legacy Mountain	Sevier	04-00045	RATE CLASS 1
Legacy the Preserve	Sevier	04-00045	RATE CLASS 1
Starr Crest II Phase 4	Sevier	04-00045	RATE CLASS 1
Trailhead	Sevier	04-00045	RATE CLASS 1
Turner's Landing	Hamblen	04-00053	RATE CLASS 1
Walnut Grove	Giles	04-00054	RATE CLASS 1
Spring Creek Ranch	Shelby	04-00123	RATE CLASS 1
Marion Womack Property (Creekview Estates)	Sumner	04-00170	RATE CLASS 1
Arbor Crest Subdivision	Davidson	04-00171	RATE CLASS 1
Merril Taylor Subdivision	Blount	04-00274	RATE CLASS 1
Huffines Development	Robertson	04-00393	RATE CLASS 1
Williamson County West	Williamson	04-00394	RATE CLASS 4
Wyndsong Subdivision	Blount	04-00395	RATE CLASS 1
Trillium Cove Condominiums	Blount	05-00030	RATE CLASS 1
Marvin Keys RV Park	Cocke	05-00071	RATE CLASS 1
Blackberry Ridge Subdivision	Bedford	05-00111	RATE CLASS 1
Steve Jones Subdivision	Union	05-00116	RATE CLASS 1

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President

Effective: December 1, 2008

WASTEWATER UTILITY SERVICE

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket #</u>	<u>Rate Class</u>
Grainger's Landing Condominiums	Grainger	05-00117	RATE CLASS 1
German Creek Marina and Resort	Grainger	05-00138	RATE CLASS 1
Smoky Village Subdivision	Sevier	05-00145	RATE CLASS 1
Fentress Service Area	Fentress	05-00162	RATE CLASS 1
Emerald Pointe	Cocke	05-00200	RATE CLASS 1
Elk Springs Resort	Sevier	05-00211	RATE CLASS 1
Cedar Hill Area	Robertson	05-00212	RATE CLASS 1
Brigadoon Resort	Roane	05-00241	RATE CLASS 1
Cross Plains	Robertson	05-00293	RATE CLASS 2
Lowe's Ferry Landing	Blount	05-00339	RATE CLASS 1
River's Edge Subdivision Phase II	Decatur	05-00340	RATE CLASS 1
Keene's Island	Jefferson	06-00021	RATE CLASS 1
Sugarloaf Ridge	Sevier	06-00022	RATE CLASS 1
Griffitts Mill	Blount	06-00076	RATE CLASS 1
Parrott's Bay (Peninsula on Lake Douglas)	Jefferson	06-00077	RATE CLASS 1
Summit View	Sevier	06-00078	RATE CLASS 1
Settlers Ridge	Sevier	06-00081	RATE CLASS 1
Happy Creek	Sevier	06-00104	RATE CLASS 1
Richland	Humphreys	06-00179	RATE CLASS 1
East Montgomery	Montgomery	06-00184	RATE CLASS 6*

*Applies to Southridge after the new treatment facility is placed in service

Effective: October 17, 2008
Issued By: Charles Pickney, Jr.
President

Effective: December 1, 2008

WASTEWATER UTILITY SERVICE

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket #</u>	<u>Rate Class</u>
Providence Hills	Sevier	06-00198	RATE CLASS 1
Sharondel Estates	Blount	06-00204	RATE CLASS 1
Piney Bay	Rhea	06-00275	RATE CLASS 1
Mountain Folks Community	Sevier	06-00276	RATE CLASS 1
Villages At Norris Lake	Campbell	06-00277	RATE CLASS 1
Blue Sky Bay	Rhea	07-00024	RATE CLASS 1
Shady Cove	Jefferson	07-00055	RATE CLASS 1
Estates at Norton Creek	Sevier	07-00087	RATE CLASS 1
Reserve on the Tennessee River	Blount	07-00195	RATE CLASS 1
Serenity Point	Franklin	07-00233	RATE CLASS 1
Smokey Mountain Reflections RV Park	Sevier	07-00235	RATE CLASS 1
Greenbriar Subdivision	Sevier	08-00013	RATE CLASS 1
Milky Way Farms	Giles	08-00029	RATE CLASS 1
Preserve Condominiums	DeKalb	08-00113	RATE CLASS 1
Tarpley Shop Utility District	Giles	08-00161	RATE CLASS 1
Lakeside Meadows	Monroe	08-00162	RATE CLASS 1
Fairway Vistas	Blount	08-00163	RATE CLASS 1

Effective: October 17, 2008
Issued By: Charles Pickney, Jr.
President

Effective: December 1, 2008

WASTEWATER UTILITY SERVICE

SECTION 4 – RESIDENTIAL RATES SHEET

	<u>Total</u>	<u>Escrow**</u>	
<u>RATE CLASS 1</u>			
Standard Residential Rate, Bonding Rate #1 _____	\$59.68	\$10.13	(I)
<u>RATE CLASS 2</u>			
Standard Residential Rate, Franchise Rate #1, Bonding Rate #1 _____	\$61.47	\$10.13	(I)
<u>RATE CLASS 3</u>			
Standard Residential Rate, Bonding Rate #3 _____	\$69.81	\$10.13	(I)
<u>RATE CLASS 4</u>			
Standard Residential Rate, Bonding Rate #4 _____	\$67.14	\$10.13	(I)
<u>RATE CLASS 5</u>			
Standard base Collection, Pass-through treatment costs _____	\$34.61	\$6.35	
	+ Treatment Costs		
<u>RATE CLASS 6</u>			
DCP Treatment, Drip Dispersal, Loan Costs, Lease Costs, Bonding Rate #1 _____	\$83.68*	\$8.43	

*Applies to Southridge once the new treatment facility is placed in service

**Escrow amount is included in the Total

Effective: October 17, 2008
Issued By: Charles Pickney, Jr.
President

Effective: December 1, 2008

WASTEWATER UTILITY SERVICE**RESIDENTIAL RATE SHEET EXPLANATION**

SRR:	Standard Residential Rate	\$59.30
B1:	Standard bonding charge of \$0.38	\$0.38
B2:	Milcrofton Service Territory Bonding charge	\$10.51
B3:	Goose Creek Service Territory Bonding charge	\$7.84
F1:	3% City of Franchise Fee on the Standard Residential Rate	\$1.79
LC:	Loan amortization costs for the Southridge treatment facility	\$21.33
LL:	Land Lease costs for the Southridge treatment facility	\$2.67
SOU:	Standard base Collection Rate for Southridge Subdivision	\$34.23
TC:	Treatment costs passed through from the city of Clarksville	pass-through amount

SRR.B1	=	\$59.68	=	RATE CLASS 1 (59.30 + .38)	(I)
SRR.B1.F1	=	\$61.47	=	RATE CLASS 2 (59.30 + .38 + 1.79)	(I)
SRR.B2	=	\$69.81	=	RATE CLASS 3 (59.30 + 10.51)	(I)
SRR.B3	=	\$67.14	=	RATE CLASS 4 (59.30 + 7.84)	(I)
SOU.TC.B1	=	\$34.61 + tc	=	RATE CLASS 5 (34.23 + .38)	(I)
SRR.LC.LL.B1=		\$83.68	=	RATE CLASS 6 (59.30 + 21.33 + 2.67 + .38)	(I)

Fees: Non-Payment – 5% of total bill amount

Disconnection – \$40

Reconnection – \$50

Returned Check (NSF Fee) – \$25

Access Fee – \$120/yr (See Rules and Regulations for Explanation)

Effective: October 17, 2008

Effective: December 1, 2008

**Issued By: Charles Pickney, Jr.
President**

WASTEWATER UTILITY SERVICE

SECTION 5– COMMERCIAL SEWER SERVICE TERRITORIES

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket #</u>
Townsend Town Square	Blount	99-00659
Coopertown	Robertson	00-01128
Topside Business Park	Blount	01-00220
East Stewart	Stewart	01-00229
Highway 31 Project (Herndon's BP)	Robertson	01-00446
Lyles Texaco	Hickman	01-00756
Stewart County West	Stewart	02-00477
Sevier County	Sevier	03-00045
Tim's Ford Area	Franklin	03-00286
Cedar Hill Baptist Church	Robertson	03-00287
Sunnybrook	Robertson	03-00307
King Branch Road	Sevier	03-00386
Weigel's Convenience Store	Roane	03-00519
Paris Landing Area	Henry	03-00544
Black Bear Ridge Expansion	Sevier	04-00045
Legacy Laurel Branch	Sevier	04-00045
Legacy Mountain	Sevier	04-00045
Legacy the Preserves	Sevier	04-00045
Starr Crest II Phase 4	Sevier	04-00045

WASTEWATER UTILITY SERVICE

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket #</u>
Timber Tops Rental Center	Sevier	04-00045
Trailhead	Sevier	04-00045
Turner's Landing	Hamblen	04-00053
Spring Creek Ranch	Shelby	04-00123
Marion Womack Property (Creekview Estates)	Sumner	04-00170
Arbor Crest Subdivision	Davidson	04-00171
Merril Taylor Subdivision	Blount	04-00274
Huffines Development	Robertson	04-00393
Williamson County West	Williamson	04-00394
Wyndsong Subdivision	Blount	04-00395
Trillium Cove Condominiums	Blount	05-00030
Tennessee State Bank-Wears Valley Branch	Sevier	05-00042
Marvin Keys RV Park	Cocke	05-00071
Brownlee Commercial Building	Blount	05-00078
Grainger's Landing Condominiums	Grainger	05-00117
German Creek Marina and Resort	Grainger	05-00138
Fentress Service Area	Fentress	05-00162
Emerald Pointe	Cocke	05-00200
Elk Springs Resort	Sevier	05-00211
Cedar Hill Area	Robertson	05-00212
Brigadoon Resort	Roane	05-00241

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President

Effective: February 16, 2007

WASTEWATER UTILITY SERVICE

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket #</u>
Cross Plains	Robertson	05-00293
Keene's Island	Jefferson	06-00021
Sugarloaf Ridge	Sevier	06-00022
Griffitts Mill	Blount	06-00076
Parrott's Bay	Jefferson	06-00077
Summit View	Sevier	06-00078
Settlers Ridge	Sevier	06-00081
Happy Creek	Sevier	06-00104
Providence Hills	Sevier	06-00198
Sharondel Estates	Blount	06-00204
Piney Bay	Rhea	06-00275
Mountain Folks Community	Sevier	06-00276
Villages At Norris Lake	Campbell	06-00277
Blue Sky Bay	Rhea	07-00024
Shady Cove	Jefferson	07-00055
Estates at Norton Creek	Sevier	07-00087
Ussery #1	Sevier	06-00259
Hidden Springs	Sevier	06-00259
Eagle Crest	Sevier	06-00259
Starr Crest II	Sevier	06-00259
The Highlands	Sevier	06-00259

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Issued By: Charles Pickney, Jr.
President

Effective: October 18, 2007

WASTEWATER UTILITY SERVICE

<u>Service Territory</u>	<u>County</u>	<u>TRA Docket #</u>
Falling Waters	Sevier	06-00259
Black Bear Ridge Resort	Sevier	06-00259
Smoky Cove	Sevier	06-00259
Falling Waters	Sevier	06-00259
Lowe's Ferry Landing	Blount	05-00339
Reserve on the Tennessee River	Blount	07-00195
Smokey Mountain Reflections RV Park	Sevier	07-00235
Greenbriar Subdivision	Sevier	08-00013
Milky Way Farms	Giles	08-00029
Tarpley Shop Utility District	Giles	08-00161
Lakeside Meadows	Monroe	08-00162
Fairway Vistas	Blount	08-00163

WASTEWATER UTILITY SERVICE

SECTION 6 – COMMERCIAL RATES SHEET**without food service**

The monthly sewer charge per customer is based on the design daily flow expected from the type of establishment being served. A minimum of \$105 per month will be charged for up to the first 300 gallons per day of design flow expected. (Except off-site which will have a \$73.00 minimum plus pass through costs.) For each additional 100 gallons per day of design flow expected, up to a total of 1,000 gallons per day, an additional charge of \$15.00 per month per 100 gallons will be levied. For design flows expected over 1,000 gallons per day, up to 3,000 gallons per day, the following monthly charges per 1,000 gallons of daily flow will apply.

Disposal

<u>Treatment</u>	<u>Drip Irrigation</u>	<u>Point Discharge</u>	<u>Off Site</u>
<u>Sand-Gravel Filter</u>	\$140.00	\$165.00	N/A
<u>Lagoon</u>	\$116.00	\$140.00	N/A
<u>* Off Site</u>	N/A	N/A	Pass through costs & \$73.00

For design daily flows over 3,000 gallons, the monthly charge on all system configurations will be \$116.00 per 1000 gallons of daily flow.

Additional surcharges will apply when customers exceed their expected design flows.

For any month that a customer's water meter reading exceeds the expected design flow, the following surcharges will apply:

Excess water usage	Surcharge
1 gallon to 1,000 gallons above expected design flow	\$175.00
1,001 gallons to 2,000 gallons above expected design flow	\$200.00
Over 2,000 gallons above expected design flow	\$200.00/1000 gallons

If the water meter readings exceed the design flow for any three consecutive months, the monthly charge will be revised to reflect the increased usage and any capital costs associated with increasing the capacity of the system will be paid by the customer.

* Off Site means treatment and disposal by another entity such as a city or utility district

Fees: Nonpayment – 5%	Reconnection - \$50	City
Disconnection - \$40	Returned Check - \$25	Franchise Fees: 3%
All rates are subject to a \$0.38 bonding fee		

Effective: October 17, 2008
Effective: December 1, 2008
**Issued By: Charles Pickney, Jr.
President**

WASTEWATER UTILITY SERVICE

COMMERCIAL RATES SHEET**with food service**

The monthly sewer charge per customer is based on the design daily flow expected from the type of establishment being served. A minimum of \$130 per month will be charged for up to the first 300 gallons per day of design flow expected. (Except off-site which will have a \$94.00 minimum plus pass through costs.) For each additional 100 gallons per day of design flow expected, up to a total of 1,000 gallons per day, an additional charge of \$18.00 per month per 100 gallons will be levied. For design flows expected over 1,000 gallons per day, up to 3,000 gallons per day, the following monthly charges per 1,000 gallons of daily flow will apply.

Disposal

<u>Treatment</u>	<u>Drip Irrigation</u>	<u>Point Discharge</u>	<u>Off Site</u>
<u>Sand-Gravel Filter</u>	\$170.00	\$192.00	N/A
<u>Lagoon</u>	\$142.00	\$163.00	N/A
<u>* Off Site</u>	N/A	N/A	Pass through costs & \$94.00

For design daily flows over 3,000 gallons, the monthly charge on all system configurations will be \$142.00 per 1000 gallons of daily flow.

Additional surcharges will apply when customers exceed their expected design flows.

For any month that a customer's water meter reading exceeds the expected design flow, the following surcharges will apply:

Excess water usage	Surcharge
1 gallon to 1,000 gallons above expected design flow	\$210.00
1,001 gallons to 2,000 gallons above expected design flow	\$220.00
Over 2,000 gallons above expected design flow	\$220.00/1000 gallons

If the water meter readings exceed the design flow for any three consecutive months, the monthly charge will be revised to reflect the increased usage and any capital costs associated with increasing the capacity of the system will be paid by the customer.

* Off Site means treatment and disposal by another entity such as a city or utility district

Fees: Nonpayment – 5%	Reconnection - \$50	City
Disconnection - \$40	Returned Check - \$25	Franchise Fees: 3%
All rates are subject to a \$0.38 bonding fee		

Effective: October 17, 2008
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Issued By: Charles Pickney, Jr.
President

WASTEWATER UTILITY SERVICE

SECTION 6 – COMMERCIAL RATES SHEET**Overnight Rental Units**

The monthly sewer charge per customer is based on the monthly average daily flow monitored from the unit being served. A minimum of \$55 per month will be charged for up to the first 300 gallons per day of average daily flow. For each additional 100 gallons per day of average daily flow, up to a total of 1,000 gallons per day, an additional charge of \$15.00 per month per 100 gallons will be levied. For average daily flows over 1,000 gallons per day, the following additional monthly charges per 1,000 gallons of average daily flow will apply.

<u>Treatment</u>	<u>Disposal</u>		
	<u>Drip Irrigation</u>	<u>Point Discharge</u>	<u>Off Site</u>
	<u>Fixed Film</u>		
	\$140.00	\$165.00	N/A
<u>Lagoon</u>	\$116.00	\$140.00	N/A

Each customer will be billed the minimum monthly charge unless TWS determines that the customer's measured usage exceeds an average of 300 gallons per day over a thirty day period. Unless otherwise stated in this tariff, measured usage will be based on a customer's actual or estimated usage, averaged over a thirty-day period.

Actual usage may be measured in any of the following ways:

- Effluent flow meter.
- STEP pump. Usage will be measured by multiplying the period of elapsed pumping time shown on the pump times the capacity of the pump.
- In the absence of an effluent flow meter or a STEP pump, usage will be assumed to be equal to the customer's usage of potable water as shown on the customer's potable water meter.

If a customer is charged in excess of the minimum monthly fee, TWS will measure the customer's actual usage at least once every ninety days using one of the methods described above and display on the customer's statement the usage and measurement method used. In any month in which TWS does not measure the company's actual usage, the customer's monthly bill will be based on the customer's estimated monthly usage. No less than once every ninety days TWS will bill (or credit) the customer for any differences between an estimated bill and actual measured usage.

If a customer's usage exceeds the average daily design flow for three consecutive months, the customer may be required to pay any capital costs associated with increasing the capacity of that portion of the system designed and dedicated to serve that customer. For purposes of this section, TWS must measure actual usage for three consecutive months using one of the methods described above.

If TWS determines that a customer's usage meets the criteria described above, TWS will notify the customer in writing of any proposed construction work, the reasons for the work, and the estimated cost to the customer. The notice will also state that if the customer believes that his usage does not meet the criteria described above or that the charge to the customer is unjust and unreasonable, the customer may file a written complaint with the Tennessee Regulatory Authority, located at 460 James Robertson Parkway, Nashville, TN, 37253. Unless the TRA orders otherwise, the filing of a complaint will not delay the proposed construction work but may initiate a proceeding in which the TRA will determine whether, under the terms of this tariff, the customer is responsible for the cost of the construction work.

Fees: Nonpayment – 5% Reconnection - \$50
 Disconnection - \$40 Returned Check - \$25
 All rates are subject to a \$0.38 bonding fee

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