

# TENNESSEE REGULATORY AUTHORITY

Tre Hargett, Chairman  
Eddie Roberson, Director  
Sara Kyle, Director  
Mary Freeman, Director



2008.11.15 10:16

T.R.A. 460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

November 21, 2008

Mr. Charles L. Pickney Jr., Vice President  
Tennessee Wastewater Systems, Inc.  
851 Aviation Parkway  
Smyrna, Tennessee 37167

RE: Docket No. 08-00202 – PETITION OF TENNESSEE WASTEWATER SYSTEMS, INC.  
FOR APPROVAL TO AMEND ITS RATES AND CHARGES

Dear Mr. Pickney:

To further the Staff's investigation of the reasonableness of the proposed rates filed with this Authority on October 20, 2008, it is requested that you furnish additional information as requested on the attached Staff Data Request #1. Should you have questions regarding any item number in the attached request, please contact Pat Murphy (extension 178) or Paul Greene (extension 156) for clarification before responding.

It is requested that this information be provided no later than Monday, December 15, 2008 and that you reference Docket 08-00202 on the response. In accordance with TRA rules submit either (1) thirteen written copies of your response or (2) four written copies and an electronic version. Thank you for your attention to this matter.

Sincerely,

Darlene Standley, Chief  
Utilities Division

Enclosure

C: Henry Walker

**TRA STAFF DATA REQUEST NO. 1**

**GENERAL:**

1. Provide a Balance Sheet for the test period.
2. Provide a copy of TWS's General Ledger (in electronic format if possible) at December 2007 and September 2008.
3. Provide a copy of the General Ledger (in electronic format if possible) at December 2007 and September 2008 for each of the affiliated companies that allocate costs to TWS.
4. Provide a current Chart of Accounts for TWS.
5. Provide a copy of all contracts between TWS and its affiliated companies and between TWS and any non-affiliated company.
6. How many total customers are currently provided wastewater services in Virginia, in Alabama, in Georgia and in Tennessee?
7. Provide the total customer count in each state, by month, for 2007 and the first nine (9) months of 2008.
8. How many customers are expected to be added in Saddle Ridge (Monroe County) by the end of the attrition period?
9. Provide a schedule showing the calculation of the increase in annual revenue of \$349,485, as requested in your petition. Use the following format and the Company's numbers:

	Attrition Period Revenue at Current Rates
Less:	Attrition Period Operating Expenses
Equals:	Attrition Period Net Operating Income at Current Rates
Times:	Revenue Conversion Factor
Equals:	Additional Revenue Requirement

10. Please explain the type of revenue and expenses booked to the following accounts:

536.3	Operations & Maintenance
536.4	Billing & Collections
536	Other Wastewater Revenues – Other
421.3	Utility Fee
421.5	Developer Income
421	Nonutility Income – Other
736.01	Sign-up Costs
765	Regulatory Commission Exp. – Other
426.3	Miscellaneous

11. Describe TWS' budgeting process.

12. Please provide all documentation supporting, justifying or utilized to calculate the amounts on Exhibits 1-A, 2-A, 2-B, 2-C, 3-A, 4-A, 6-A and 6-B. If available, please provide this in electronic format.

**REVENUES:**

13. Refer to Exhibit 6-A to the testimony of Matt Pickney. Please explain the initials "RSF" and "DCP."
14. Please explain TWS' rationale for excluding the \$800 access fee per lot that is paid by developers from TWS' reported regulated revenue.
15. Provide the dollar amount of access fees paid by developers to TWS for each month from January 2007 through September 2008.
16. Please identify the expenses paid out of the collected access fees by expense type, amount and account number for each month from January 2007 through September 2008. Have these expense amounts been removed from the test period expenses as shown on Exhibit 1-A?
17. Provide the total wastewater revenue amount collected in Virginia, in Georgia, in Alabama, and in Tennessee by month for 2007 and the first nine (9) months of 2008.

**EXPENSES:**

18. Provide a schedule itemizing rate case expense by vendor for this rate case.
19. Explain TWS' rationale for including the rate case expense associated with Docket No. 0600259 in this rate case.
20. Please explain the calculation of the estimated \$4,299 letter of credit fees for the attrition period (account 775.11).
21. If letter of credit fees are included as an expense, why are the corresponding bond fee revenues not recorded for the attrition period?
22. Please explain the derivation of the percentages and per customer monthly maintenance fees (Exhibit 2-C) used to calculate the attrition period contract maintenance amount shown on Exhibit 2-A (account 736.2).
23. Please explain the expected benefit to customers for the \$116,045 projected increase in contract maintenance from the test period to the attrition period.
24. Please explain the contractual profit sharing arrangement between TWS and Southeast Environmental Engineering. Provide a copy of the contractual agreement.
25. Provide a breakdown of the actual test period contractual profit sharing expense by month.
26. Provide a schedule showing the calculation of the projected attrition period expense for contractual profit sharing expense, which the Company states is based on customer growth (Comment IDAttrition05).
27. Refer to Company Exhibit 2-A, please explain or provide the calculation of the \$44,333.07 used to calculate the \$31,209.03 adjustment to account 731 (Contractual Svc. – Professional). See cell I37 in your Excel spreadsheet.

28. Please explain the types of expenses incurred by SEE that are reimbursed from Sewer Access Fees. Provide the Company's basis for the \$31,617 projected expense for the attrition period.
29. Provide schedules showing the depreciation expense and amortization expense separately by month by account # and/or plant account for the test period. Refer to your 2007 annual report, schedules F-3 and F-5.

**TAXES:**

30. Provide a breakdown of the \$28,272 expense booked to account 408.3 between franchise tax and excise tax.
31. Provide copies of the following tax returns (state and federal) for the most recent three (3) tax years for TWS and/or the parent company:
  - a. Tennessee Gross Receipts Tax Returns
  - b. Tennessee Franchise and Excise Tax Returns
  - c. Property tax statement Tennessee Ad Valorem Tax Report
  - d. Employer's Quarterly Federal Tax Returns (Form 941)