

# TENNESSEE WASTEWATER SYSTEMS, INC.

AN ADENUS UTILITY

January 14, 2009

Honorable Tre Hargett  
Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

filed electronically 1/15/09

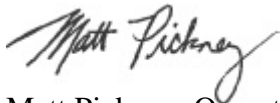
0900006

RE: Petition to amend Certificate of Convenience and Necessity

Dear Chairman Hargett:

Tennessee Wastewater Systems, Inc. desires to expand its service area to include a portion of Monroe County in Tennessee, known as Scenic River. The attached Petition is in support of our request. The proposed updated tariff sheets accompanying this petition are for informational purposes only.

Sincerely,



Matt Pickney, Operations Manager  
Tennessee Wastewater Systems, Inc.

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

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE  
\_\_\_\_\_, 2009**

**IN RE:      PETITION OF TENNESSEE WASTEWATER SYSTEMS,  
              INC. TO AMEND ITS CERTIFICATE OF  
              CONVENIENCE AND NECESSITY**

**DOCKET No. \_\_\_\_\_**

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Petition of Tennessee Wastewater Systems, Inc.  
To amend its Certificate of Convenience and Necessity

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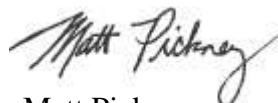
Tennessee Wastewater Systems, Inc. ("TWSI") petitions the Tennessee Regulatory Authority ("TRA") to amend TWSI's Certificate of Convenience and Necessity to expand its service area to include a portion of Monroe County known as Scenic River. The project is located off Scenic River Road in Monroe County. The property includes Parcels 16, 16.01, and 16.03 and is outlined in yellow on the enclosed Tax Map 70 (see attached "Exhibits A1 & A2"). This parcel encompasses approximately 2.2 acres.

We are proposing to provide wastewater service to approximately 10 residential, overnight rental, and commercial units at Scenic River. Residential customers will be charged according to residential Rate Class 1, currently set at \$35.49 as of the date of this submittal. The wastewater system will be designed and constructed to serve approximately 10 units (approximately 3,000 gallons per day) and can be expanded if needed. The TDEC application for a permit, received September 12, 2008, has been included with this petition. The application has been submitted for State approval and permit tracking number SOP-08-056 has been assigned. No contracts have been signed at this point. It is the intention of the parties that TWSI will own the collection, treatment, and dispersal system and will own a permanent easement on the property that the system occupies.

Also enclosed are letters from the Mayor of the City of Vonore, the Mayor of the City of Madisonville, the Mayor of Monroe County, and the General Manager of Tellico Area Services Systems stipulating that none of these entities will provide sewer service for this parcel. We have also enclosed a letter from the developer, Mr. Louis Roeder, requesting TWSI to be the public sewer utility provider for the project.

After approval, the construction of the system, which is comprised of a recirculating trickling filter and subsurface drip dispersal, will take approximately 60 days to complete. The estimated value of the contribution in aid of the construction of the initial wastewater system is approximately \$100,000.

Respectfully Submitted,



Matt Pickney  
Tennessee Wastewater Systems, Inc.

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

**IN RE:**

**PETITION OF TENNESSEE WASTEWATER ) Docket No.**  
**SYSTEMS, INC. TO AMEND ITS )**  
**CERTIFICATE OF CONVENIENCE AND )**  
**NECESSITY )**

**SCENIC RIVER**  
**PRE-FILED DIRECT TESTIMONY OF MATT PICKNEY**

Q. State your name for the record and your position with the Petitioner, Tennessee Wastewater Systems, Inc.

A. Matt Pickney. I am the Operations Manager of Tennessee Wastewater Systems, Inc.

Q. What is the business of Tennessee Wastewater Systems, Inc. (the Company)?

A. Providing affordable wastewater service in communities where it is presently unavailable.

Q. When did the Company receive its first certificate from the Authority to operate a sewer system in Tennessee?

A. April 4, 1994.

Q. How many certificates has the Company received from the Authority to provide sewer service across the State of Tennessee?

A. Over 100.

Q. Will Tennessee Wastewater Systems comply with all applicable Tennessee Regulatory rules and regulations?

A. Tennessee Wastewater Systems will comply with all applicable Tennessee Regulatory Authority rules and regulations.

Q. Does the Company have the management, technical and financial ability to provide wastewater service in the area in Monroe County sought in this Petition?

1 A. Yes.

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3 Q. Is there a stated public need for wastewater service in this area?

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5 A. The public need for this service is reflected in the letter from the developer, Mr.  
6 Louis Roeder, managing partner for Scenic River Partners.

7

8 Q. How many customers will be served in this development?

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10 A. Our company expects to serve approximately 10 residential, overnight rental, and  
11 commercial units.

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13 Q. Does this conclude your pre-filed testimony?

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15 A. Yes.

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

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Matt Pickney  
Operations Manager  
Tennessee Wastewater Systems, Inc.

Subscribed and sworn to me this 14th day of January, 2009.

Notary Public 

State of Tennessee

County of Rutherford

My Commission Expires on April 22, 2012



## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the above and foregoing Pre-Filed Direct Testimony of Matt Pickney has been served upon the Tennessee Regulatory Authority, 460 James Robertson Parkway, Nashville, TN 37243-0505 on this 14th day of January 2009 and delivered by hand.

A handwritten signature in cursive script that reads "Matt Pickney". The signature is written in dark ink and is positioned above a horizontal line.

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MATT PICKNEY

# SCENIC RIVER

AT TELlico LAKE, TN

December 16, 2008

Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243

**Re: Scenic River Property at Tellico Lake**  
Monroe County, TN

Dear Sirs,

As the Managing Partner of the Scenic River Partners, a Tennessee general partnership, the owner of the Scenic River property in Monroe County, TN, I request that Tennessee Wastewater Systems, Inc. be the sewer service provider for this project.

Respectfully,



Louis Roeder  
Managing Partner  
SCENIC RIVER PARTNERS



# CITY OF MADISONVILLE

400 COLLEGE STREET

MADISONVILLE, TN 37354

PHONE (423) 442-9416

FAX: (423) 442-6321

Web Site: [cityofmadisonville.org](http://cityofmadisonville.org)

E-Mail: [comad@bellsouth.net](mailto:comad@bellsouth.net)

COMMISSIONERS

BOBBY D. BRUNER

LINDA GARRETT HENSLEY

GLENN MOSER

SHERRI ANDERSON RUSSELL

BILL SPRADLIN

ALFRED McCLENDON - Mayor

TED CAGLE - City Recorder

November 7, 2008

Tennessee Wastewater Systems, Inc.  
Mr. Michael Hines, M.S., P.E.  
P.O. Box 22771  
Knoxville, TN 37933-0771

Dear Mr. Hines:

The City of Madisonville will not be providing sewage collection service for the proposed Scenic River development. That development is about twelve miles outside our service area.

If you need any further information, please let me know.

Sincerely,

Alfred McClendon  
Mayor



**J. ALLAN WATSON**  
MONROE COUNTY MAYOR

105 College Street, Suite 1 • Madisonville, TN 37354 • (423) 442-3981 • Fax (423) 442-7279

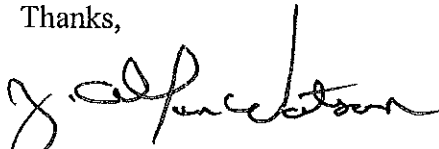
October 27, 2008

Michael Hines, M.S.P.E.  
Tennessee Waste Water  
P.O. Box 22771  
Knoxville, TN 37933-0771

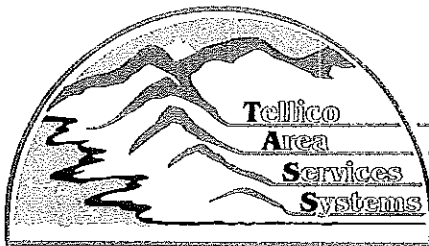
Dear Mr. Hines,

Monroe County does not own a waste water treatment plant. Therefore, we will not be providing services to the Scenic River development in the next 12 months.

Thanks,

  
J. Allan Watson  
County Mayor





P.O. BOX 277 VONORE, TENNESSEE 37885 PHONE (423) 884-6400 OR (865) 856-3530

October 30, 2008

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Tennessee Wastewater Systems Inc.

Po box 22771

Knoxville, TN 37933 – 0771

To whom this may concern:

In response to your letter dated October 24<sup>th</sup> 2008 . The parcels 16, 16.01, and 16.03 on tax map 70, as shown on the Monroe County tax maps would not be in TASS's service area. And we do not have any plans to provide sewer service this area within the next twelve months. If you have any additional questions please feel free to give me a call at 423-884-6400 or 865-856-3530.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Dion Shults'.

Dion Shults

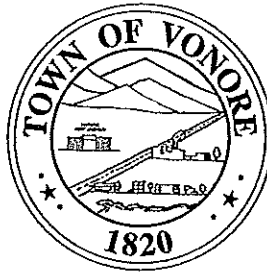
General Manager

Tellico Area Services System

# Town of Vonore

Fred J. Tallent  
Mayor

Rodney L. Tallent  
City Recorder



613 Church Street  
P.O. Box 218  
Vonore, TN 37885  
Phone: (423) 884-6211  
Fax: (423) 884-6839

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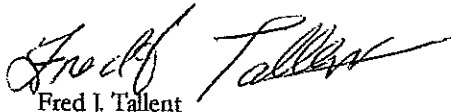
December 16, 2008

Michael Hines, M.S., P.E.  
Tennessee Wastewater Systems, Inc.  
PO Box 22771  
Knoxville, TN 37933-0771

Dear Mr. Hines,

The Town of Vonore will not provide sewer or sewer service to the property indicated by you on Tax Map 70, Parcels 16, 16.01, and 16.03 within the next 12 months. For any questions I may be reached at (423)884-6211.

Sincerely,

  
Fred J. Tallent  
Mayor  
Town Of Vonore

## Scenic River Projected Subdivision Build-Out

### Total # of customers

		<b>Residential</b>	<b>Overnight Rental</b>	<b>Commercial</b>
2009	-	2 customers	2 customers	1 customer
2010	-	4 customers	5 customers	1 customer
2011	-	4 customers	5 customers	1 customer
2012	-	4 customers	5 customers	1 customer
2013	-	4 customers	5 customers	1 customer

The expected buildout when the subdivision is completed is 1 commercial, 4 residential, and 5 overnight rental customers.

### Estimated System Costs and Revenues for Five Years

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Cost</b>	\$2,838.60	\$5,545.41	\$5,545.41	\$5,545.41	\$5,545.41
<b>Revenue</b>	\$3,085.44	\$5,930.88	\$5,930.88	\$5,930.88	\$5,930.88

**WASTEWATER UTILITY SERVICE****SECTION 4 – RESIDENTIAL RATES SHEET**

	<b><u>Total</u></b>	<b><u>Escrow**</u></b>
<b><u>RATE CLASS 1</u></b>		
Fixed Film Treatment, Drip Dispersal, Bonding Rate #1_____	<b>\$35.49</b>	<b>\$10.13</b>
<b><u>RATE CLASS 2</u></b>		
Fixed Film Treatment, Drip Dispersal, Franchise Rate #1, Bonding Rate #1_____	<b>\$36.53</b>	<b>\$10.13</b>
<b><u>RATE CLASS 3</u></b>		
Fixed Film Treatment, Drip Dispersal, Bonding Rate #1, Bonding Rate #3_____	<b>\$42.30</b>	<b>\$10.13</b>
<b><u>RATE CLASS 4</u></b>		
Fixed Film Treatment, Drip Dispersal, Bonding Rate #1, Bonding Rate #4_____	<b>\$84.24</b>	<b>\$10.13</b>
<b><u>RATE CLASS 5</u></b>		
Deep Cell Pond Treatment, Drip Dispersal, Bonding Rate #1_____	<b>\$31.36</b>	<b>\$8.43</b>
<b><u>RATE CLASS 6</u></b>		
Deep Cell Pond Treatment, Drip Dispersal, Bonding Rate #1, Franchise Rate #2_____	<b>\$32.29</b>	<b>\$8.43</b>
<b><u>RATE CLASS 7</u></b>		
Deep Cell Pond Treatment, Point Discharge Dispersal, Bonding Rate #1_____	<b>\$31.25</b>	<b>\$7.55</b>
<b><u>RATE CLASS 8</u></b>		
Deep Cell Pond Treatment, Drip Dispersal, Bonding Rate #1, Bonding Rate #4 _____	<b>\$80.11</b>	<b>\$8.43</b>
<b><u>RATE CLASS 9</u></b>		
Standard base Collection, Pass-through treatment costs_____	<b>\$24.32</b>	<b>\$6.35</b>
	+ Treatment Costs	
<b><u>RATE CLASS 10</u></b>		
DCP Treatment, Drip Dispersal, Loan Costs, Lease Costs, Bonding Rate #1_____	<b>\$55.36*</b>	<b>\$8.43</b>

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

\*\*Escrow amount is included in the Total

**Issued: September 25, 2007****Effective: October 1, 2007****Issued By: Charles Pickney, Jr.  
President**

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**WASTEWATER UTILITY SERVICE**


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**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 \$75 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**

<b><u>Treatment</u></b>	<b><u>Drip Irrigation</u></b>	<b><u>Point Discharge</u></b>	<b><u>Off Site</u></b>
<b><u>Sand-Gravel Filter</u></b>	\$140.00	\$165.00	N/A
<b><u>Lagoon</u></b>	\$116.00	\$140.00	N/A
<b><u>* Off Site</u></b>	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:

<b>Excess water usage</b>	<b>Surcharge</b>
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

<b>Fees:</b> Nonpayment – 5%	Reconnection - \$15	City of Coopertown
Disconnection - \$10	Returned Check - \$20	Franchise Fees: 3%
All rates are subject to a \$0.38 bonding fee		(R) (T)

**Issued: September 25, 2007**

**Effective: October 1, 2007**

**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 \$100 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**

<b><u>Treatment</u></b>	<b><u>Drip Irrigation</u></b>	<b><u>Point Discharge</u></b>	<b><u>Off Site</u></b>
<b><u>Sand-Gravel Filter</u></b>	\$170.00	\$192.00	N/A
<b><u>Lagoon</u></b>	\$142.00	\$163.00	N/A
<b><u>* Off Site</u></b>	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:

<b>Excess water usage</b>	<b>Surcharge</b>
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

<b>Fees:</b> Nonpayment – 5%	Reconnection - \$15	City of Coopertown
Disconnection - \$10	Returned Check - \$20	Franchise Fees: 3%
All rates are subject to a \$0.38 bonding fee		(R) (T)

**Issued: September 25, 2007**

**Effective: October 1, 2007**

**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>	<u>Point Discharge</u>	<u>Off Site</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. 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.

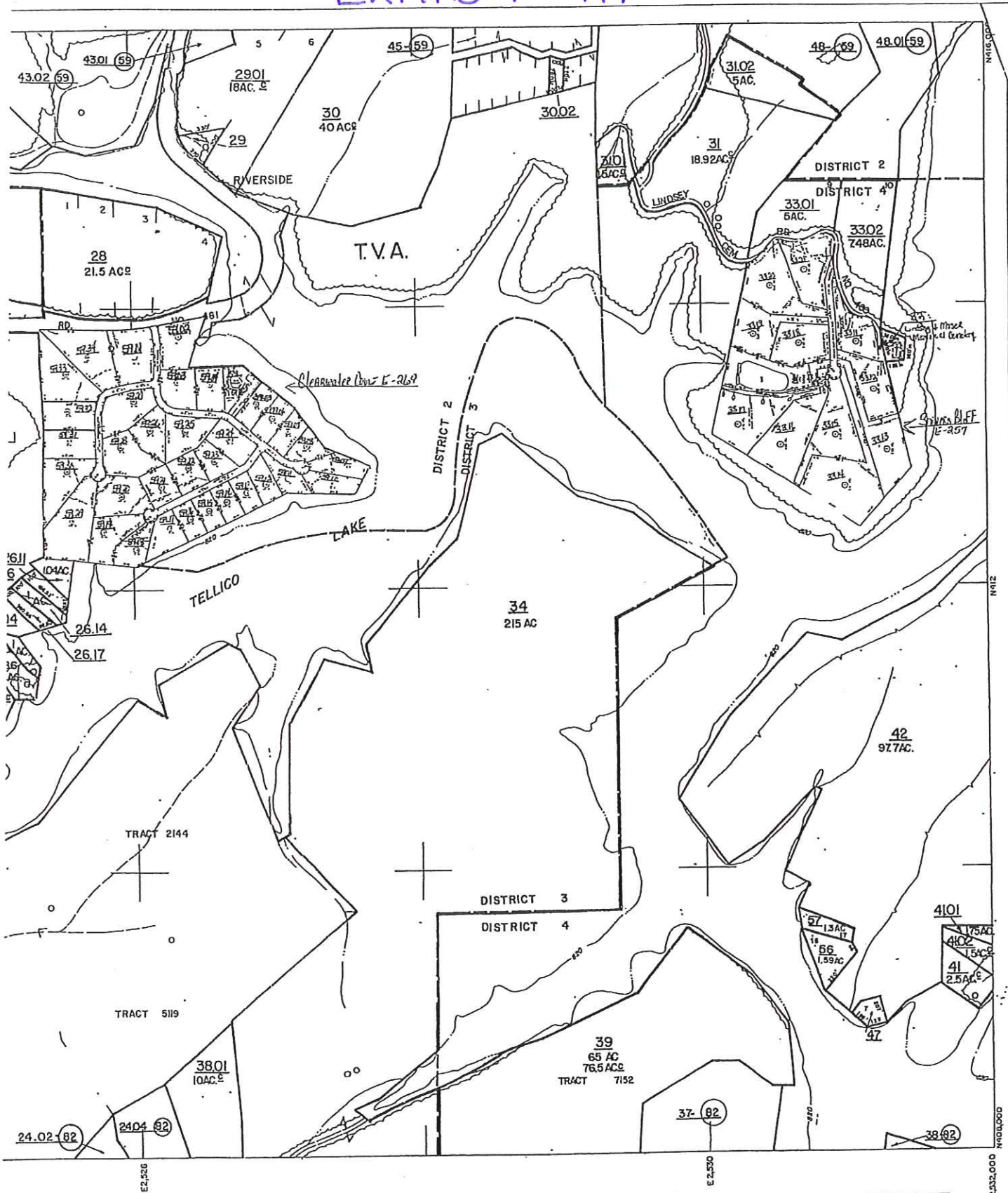
**Fees:** Nonpayment – 5%                      Reconnection - \$15  
              Disconnection - \$10                  Returned Check - \$20  
              All rates are subject to a \$0.38 bonding fee

**Issued: October 1, 2007**

**Effective: October 1, 2007**

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

# Exhibit "A1"



CREEK  
 STATE LINE  
 CO. LINE  
 CORPS LIMITS  
 TRANSMISSION LINE  
 ROAD  
 RAILROAD  
 RIDGE LINE

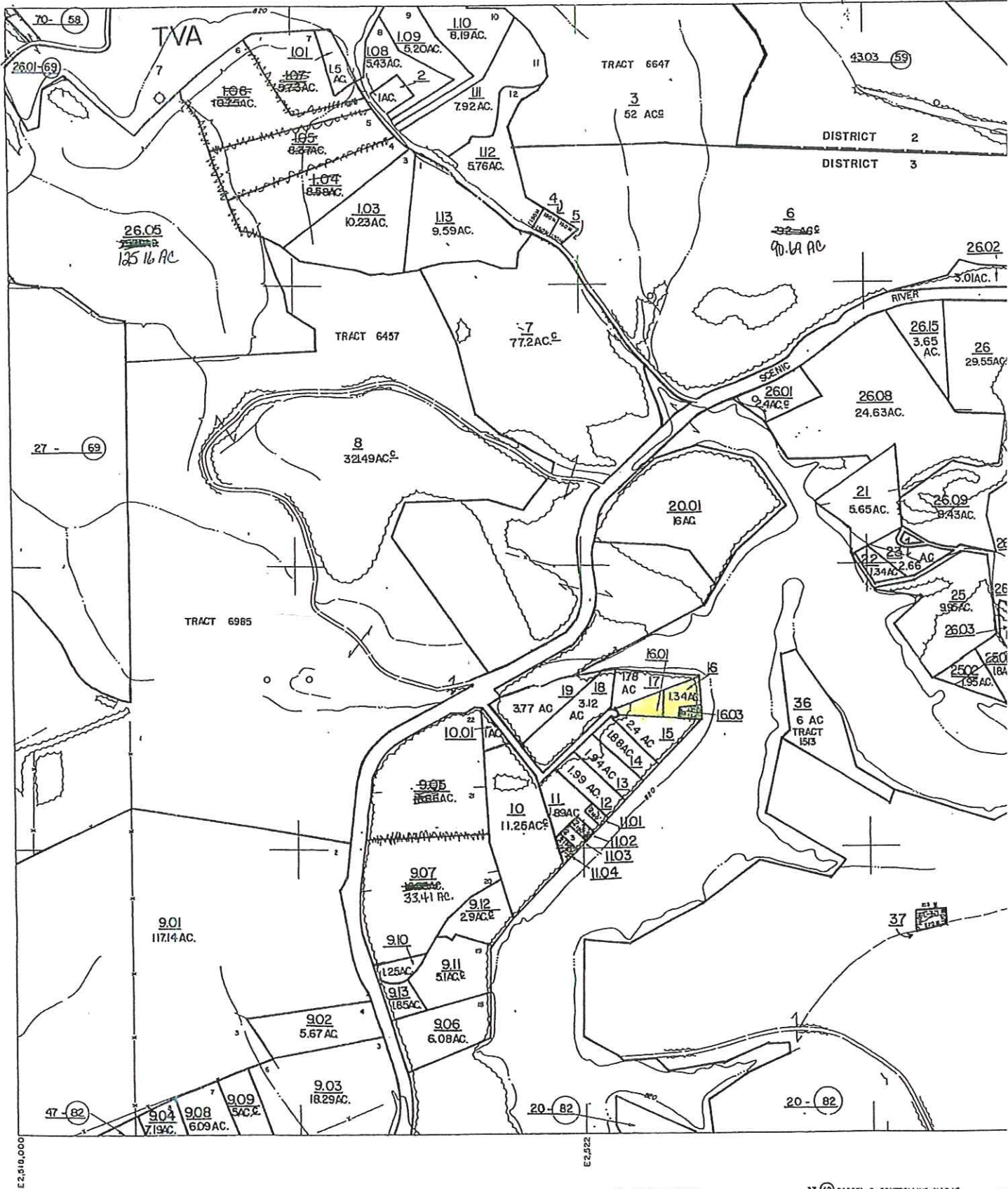
58	59	60
69	70	71
81	82	83

- REVISIONS -		
1 12-79	6 1/89	11/00
2 6/81	7 9-91	2 9-01
3 11/83	8 2/94	3 10-03
4 9/85	9 5/96	14 6/05
5 12-86	10 12/97	15

MONROE CO., TENN.		MAP N <sup>o</sup>
SCALE: 1" = 400'	DISTRICT: 2, 3, 4	70
DATE OF FLYING: MAY, 1965		
DATE COMPILED: JAN, 1967		



# Exhibit "A2"



UNITED AERIAL MAPPING  
SAN ANTONIO, TEXAS

PROPERTY MAP PREPARED BY  
SABRE SYSTEMS & SERVICE  
800. MEADOWS MANOR  
DAYTON, OHIO 45459

Parcel Number  
Parcel Hook  
Interior Tract Line  
District Line  
Subd. Lot #  
Parcel Outline  
Total Acreage  
Section Corners

Parcel & Controlling Map #  
Improvement  
Fence  
Cemetery  
Church  
School  
Wooded Area  
Pond

# **Pinnacle**<sup>SM</sup>

NATIONAL BANK

211 Commerce Street • Suite 300 • Nashville, TN 37201 • (615) 744-3700

## **IRREVOCABLE STANDBY LETTER OF CREDIT AMENDMENT**

**Irrevocable Standby Letter of Credit Number: 1088**

**Amendment Date: July 10, 2008**

**Original Transaction Date: March 28, 2007**

**Original Transaction Amount: \$880,632.00 USD**

### **AMENDMENT # 001**

**Beneficiary:**

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

**Applicant:**

Tennessee Wastewater Systems, Inc.  
851 Aviation Parkway  
Smyrna, TN 37167

At the request of Tennessee Wastewater Systems, Inc., we, "Pinnacle National Bank", hereby amend our irrevocable standby Letter of Credit number 1088 as follows:

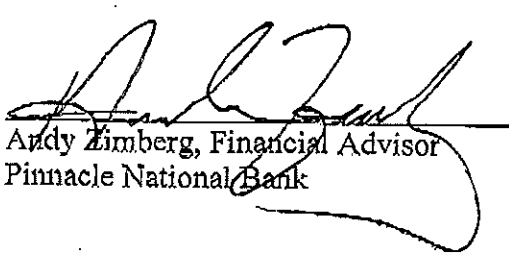
The amount of this credit has been increased from \$880,632.00 to \$1,007,973.00 United States Dollars.

The Applicants address has been changed from: 7638 River Road Pike, Nashville, TN 37209 to 851 Aviation Parkway, Smyrna, TN 37167.

All other terms and conditions remain the same.

All documents should be presented to Pinnacle National Bank, Attn: Letter of Credit Department, 211 Commerce Street, Suite 300, Nashville, TN 37201.

Except so far as otherwise expressly stated, this credit is subject to the Uniform Customs & Practice for Documentary Credits, 2007 Revision, International Chamber of Commerce Publication No. 600.



Andy Zimberg, Financial Advisor  
Pinnacle National Bank



Secretary of State Web Site

Instructions

Name	I.D. Number
TENNESSEE WASTEWATER SYSTEMS, INC.	0203064
Business Type*:	CORPORATION
Profit/Nonprofit:	FOR PROFIT
Status*:	ACTIVE
Date of Formation/Qualification:	03/10/1993
Domestic/Foreign:	DOMESTIC
Place of Incorporation/Organization:	DAVIDSON
Duration:	PERPETUAL
FYC(Fiscal Year Closing) Month:	DECEMBER
Principal Office:	
Address Line 1:	851 AVIATION PKWY
Address Line 2:	
City:	SMYRNA
State:	TN
Zip:	37107
Other than USA:	
Registered Agent:	
Name:	LARRY R. WILLIAMS
Address Line 1:	329 UNION STREET
Address Line 2:	
City:	NASHVILLE
State:	TN
Zip:	372190832
Business Filing History	
* Important Note: Business filing History includes information about (1) the basis for an inactive status and (2) the current true name and filing status of a business with an assumed name or a changed status.	
Note: This information is current as of three working days prior to today's date.	
<input type="button" value="Search Again"/>	
<a href="#">Report a Technical Issue</a>	

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

**Tennessee Wastewater Systems**

**2007**

Prepared for  
The Energy and Water Division

Name of Respondent Tennessee Wastewater Systems, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 4/30/08	Year of Report Dec. 31, 2007
<b>INCOME STATEMENT</b>					
Account Name (a)	Ref Page (b)	Water (c)	Sewer (d)	Other (e)	Total (f)
<b>Gross Revenue:</b>					
Residential		-	654,569	-	654,569
Commercial		-	46,421	-	46,421
Industrial		-	-	-	-
Multi-Family		-	-	-	-
Access Fees		-	112,500	-	112,500
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
<b>Total Gross Revenue</b>			<b>813,489</b>		<b>813,489</b>
<b>Operation &amp; Maint. Expense</b>	W3/S3	-	1,019,526	-	1,019,526
Depreciation Expense	F-5	-	416,408	-	416,408
Amortization Expense		-	(413,629)	-	(413,629)
Miscellaneous Expenses		-	-	-	-
Other Expense (Please Specify)		-	-	-	-
Taxes Other Than Income	F-7	-	144,843	-	144,843
Income Taxes	F-7	-	37,000	-	37,000
<b>Total Operating Expenses</b>			<b>1,204,149</b>		<b>1,204,149</b>
<b>Net Operating Income</b>			<b>(390,660)</b>		<b>(390,660)</b>
<b>Other Income:</b>					
Nonutility Income		-	18,367	-	18,367
Developer Income		-	216,400	-	216,400
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
<b>Total Other Income</b>			<b>234,767</b>		<b>234,767</b>
<b>Other Deductions:</b>					
Misc. Nonutility Expenses		-	26,421	-	26,421
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
<b>Total Other Deductions</b>			<b>26,421</b>		<b>26,421</b>
<b>Net Income</b>			<b>(182,314)</b>		<b>(182,314)</b>

Name of Respondent		This Report Is:	Date of Report	Year of Report
Tennessee Wastewater Systems, Inc.		(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	
		(2) <input type="checkbox"/> A Resubmission	4/30/08	Dec. 31, 2007
COMPARATIVE BALANCE SHEET				
Account Name (a)	Ref Page (b)	Current Year (c)	Previous Year (d)	
<b>ASSETS</b>				
Utility Plant in Service (101-105)	P5/W1/S1	14,353,859	10,031,769	
Accum. Depreciation and Amortization (108)	P5/W2/S2	1,659,717	1,243,309	
Not Utility Plant		12,694,142	8,788,460	
Cash		577,098	457,959	
Customer Accounts Receivable (141)		100,045	0	
Land		2,755,380	1,523,380	
Other Assets (Please Specify)		0	0	
Other Assets (Please Specify)		0	0	
Other Assets (Please Specify)		0	0	
<b>Total Assets</b>		<b>16,126,668</b>	<b>10,769,799</b>	
<b>LIABILITIES AND CAPITAL</b>				
Common Stock Issued (201)	P-6	1,000	1,000	
Preferred Stock Issued (204)	P-6	0	0	
Other Paid-In Capital (211)		(43,897)	448,125	
Retained Earnings (215)	P-6	140,148	132,854	
Capital (Proprietary & Partnership-218)	P-6	0	0	
<b>Total Capital</b>		<b>97,251</b>	<b>581,979</b>	
Long-Term Debt (224)	P-6	99,896	99,896	
Accounts Payable (231)		169,355	0	
Notes Payable (232)		0	0	
Customer Deposits (235)		85,713	69,159	
Accrued Taxes (236)		0	27,768	
Other Liabilities (Payroll, Intercompany, Escrow)		235,622	0	
Other Liabilities (Please Specify)		0	0	
Other Liabilities (Please Specify)		0	0	
Other Liabilities (Please Specify)		0	0	
Other Liabilities (Please Specify)		0	0	
Advances for Construction		0	0	
Contributions In Aid Of Const.-Net (271-2)	P-8	15,438,828	9,990,997	
<b>Total Liabilities</b>		<b>16,029,415</b>	<b>10,187,820</b>	
<b>Total Liabilities &amp; Capital</b>		<b>16,126,668</b>	<b>10,769,799</b>	

Name of Respondent Tennessee Wastewater Systems, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 4/30/08	Year of Report Dec. 31, 2007
NET UTILITY PLANT					
Plant Accounts (101-107) Inclusive (a)		Water (c)	Sewer (d)	Other (e)	Total (f)
Utility Plant in Service (101)		0	14,353,859	0	14,353,859
Construction Work in Progress (105)		0	0	0	0
Other (Please Specify)		0	0	0	0
Other (Please Specify)		0	0	0	0
Other (Please Specify)		0	0	0	0
Other (Please Specify)		0	0	0	0
Other (Please Specify)		0	0	0	0
Other (Please Specify)		0	0	0	0
Total Utility Plant		0	14,353,859	0	14,353,859
ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT					
Account 108 (a)		Water (c)	Sewer (d)	Other (e)	Total (f)
Balance First of Year		0	1,243,309	0	1,243,309
Credits During Year:					
Accruals charged to Depreciation Account		0	416,408	0	416,408
Salvage		0	0	0	0
Other Credits (Please Specify):		0	0	0	0
Other Credits (Please Specify):		0	0	0	0
Other Credits (Please Specify):		0	0	0	0
Other Credits (Please Specify):		0	0	0	0
Total Credits		0	416,408	0	416,408
Debits During Year:					
Book/Historical Cost of Plant Retired		0	0	0	0
Cost of Removal		0	0	0	0
Other Debits (Please Specify):		0	0	0	0
Other Debits (Please Specify):		0	0	0	0
Other Debits (Please Specify):		0	0	0	0
Other Debits (Please Specify):		0	0	0	0
Total Debits		0	0	0	0
Balance End of Year		0	1,659,717	0	1,659,717

Name of Respondent Tennessee Wastewater Systems, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/08	Year of Report Dec. 31, 2007
<b>CAPITAL STOCK (201 - 204)</b>				
(a)		Common Stock (b)	Preferred Stock (c)	
Par or stated value per share		1	-	
Shares Authorized		1,000	-	
Shares issued and outstanding		1,000	-	
Total par value of stock issued		1,000	-	
Dividends declared per share for year		0	0	
<b>RETAINED EARNINGS (215)</b>				
(a)		Appropriated (b)	Unappropriated (c)	
Balance first of year		-	140,148	
Changes during year NET INCOME/(NET LOSS)		-	(179,535)	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Balance end of year		0	(39,387)	
<b>PROPRIETARY CAPITAL (218)</b>				
NONE (a)		Proprietor (b)	Partner (c)	
Balance first of year		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Balance end of year		0	0	
<b>LONG-TERM DEBT (224)</b>				
Obligation Including Issue & Maturity Dates (a)		Interest Rate (b)	Year End Balance (c)	
Start-up Loan		0.00%	99,896.00	
Debt #2		0.00%	-	
Debt #3		0.00%	-	
Debt #4		0.00%	-	
Debt #5		0.00%	-	
Debt #6		0.00%	-	
Debt #7		0.00%	-	
Debt #8		0.00%	-	
Debt #9		0.00%	-	
Debt #10		0.00%	-	
Debt #11		0.00%	-	
Debt #12		0.00%	-	
Total Long-Term Debt			99,896	



Name of Respondent Tennessee Wastewater Systems, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 4/30/08	Year of Report Dec. 31, 2007
TAXES ACCRUED (236)					
Description (a)		Water (b)	Sewer (c)	Other (d)	Total (e)
Balance First of year		-	-	-	0
Accounts Charged:					
Federal Income Tax		-	-	-	0
Local Property tax		-	-	-	0
State ad valorem tax		-	-	-	0
TN State Sales Tax		-	-	-	0
Regulatory Assessment Fee		-	-	-	0
Payroll Tax		-	-	-	0
Other Taxes (Please Specify)		-	-	-	0
Other Taxes (Please Specify)		-	-	-	0
Total Taxes Accrued		0	0	0	0
Taxes Paid					
Federal Income Tax		-	37,000	-	37,000
Local Property tax		-	-	-	0
State ad valorem tax		-	28,544	-	28,544
TN State Sales Tax		-	-	-	0
Regulatory assessment fee		-	3,019	-	3,019
Payroll Tax		-	-	-	0
Other Taxes (Please Specify)		-	-	-	0
Other Taxes (Please Specify)		-	-	-	0
Total Taxes Paid		0	68,563	0	68,563
Balance End of Year		0	(68,563)	0	(68,563)
PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES					
Report all info concerning rate, management, construction, advertising, labor relations, or other professional services rendered to the utility for which total payments during the year to any Corp, Pinship, indiv, or organization of any kind, amounted to \$500 or more.					
Name of Recipient		Amount	Description of Service		
Southeast Environmental Engineering		268,767	Management, maintenance and inspection service		
City of Clarksville		75,084	Wastewater treatment		
Bault Cummings		78,102	Professional services		
Blunkenship CPA		8,402	Professional services		
Ballthrop, Perry & Noe		1,235	Professional services		
Pleknay Brothers, Inc.		5,294	Management, maintenance and inspection service		

Name of Respondent Tennessee Wastewater Systems, Inc.	This Report Is: (1) <u>X</u> An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/08	Year of Report Dec. 31, 2007
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## CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

Description (a)	Water (b)	Sewer (c)	Total (d)
Balance First of Year	-	11,554,124	11,554,124
Add Credits During Year	-	5,649,600	5,649,600
Less Charges During Year	-	108,000	108,000
Balance End of Year	0	17,095,724	17,095,724
Less Accumulated Amortization	-	1,656,896	1,656,896
Net Contributions In Aid of Construction	0	15,438,828	15,438,828

## ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)

Report below all developers or contractors agreements from which cash or property was received during the year (a)	Indicate "Cash" or "Property" (b)	Water (c)	Sewer (d)
Abington Ridge Collection	-	-	13,500
Cedar Hill Collection	-	-	30,000
Cedar Hill Land	-	-	320,000
Cedar Hill Treatment	-	-	300,000
Elk Springs Collection	-	-	25,000
Elk Springs Treatment	-	-	250,000
German Creek Collection	-	-	32,500
German Creek Treatment	-	-	267,500
Guffee Farms Collection	-	-	19,800
Guffee Farms Land	-	-	1,020,000
Guffee Farms Treatment	-	-	1,837,700
Legacy Mountain East Collection	-	-	30,000
Legacy Mountain East Treatment	-	-	280,000
Settlers Ridge Collection	-	-	26,000
Settlers Ridge Treatment	-	-	234,000
Smokey Cove Collection	-	-	30,000
Smokey Cove Treatment	-	-	310,000
Smokey Village Collection	-	-	10,800
Smokey Village Treatment	-	-	89,200
Summit View Collection	-	-	19,000
Summit View Treatment	-	-	156,000
Timber Tops Rental Ctr. Treatment	-	-	36,000
Trillium Cove Collection	-	-	10,600
Trillium Cove Treatment	-	-	122,000
Wyndsong Collection	-	-	18,000
Wyndsong Treatment	-	-	162,000
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Credits During Year	0	0	5,649,600

**TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER POLLUTION CONTROL  
6th Floor, L & C Annex  
401 Church Street  
Nashville, TN 37243-1534**

**Permit No. SOP-08056**

**PERMIT**

**For the operation of Wastewater Treatment Facilities**

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In accordance with the provision of Tennessee Code Annotated section 69-3-108 and Regulations promulgated pursuant thereto:

**PERMISSION IS HEREBY GRANTED TO**

**TWS - Scenic River Development  
Madisonville, Monroe County, Tennessee**

**FOR THE OPERATION OF**

Septic tanks, collection system, recirculating sand filter and 0.34 fenced drip irrigation system located at latitude 35.508333 and longitude -84.244444 in Monroe County, Tennessee to serve 10 homes in the Scenic River Development. The design capacity of the system is .003 MGD.

This permit is issued as a result of the application filed on September 18, 2008, in the office of the Tennessee Division of Water Pollution Control and in conformity with approved plans, specifications and other data submitted to the Department in support of the above application, all of which are filed with and considered as a part of this permit, together with the following named conditions and requirements.

**This permit shall become effective on: January 1, 2008**

**This permit shall expire on: November 30, 2013**

**Issuance date: November 30, 2008**

 FOR

**Paul E. Davis  
Director  
Division of Water Pollution Control**

**CN-0759**

**RDAs 2352 & 2366**

**PART I****A. GENERAL REQUIREMENTS**

The treatment system shall be monitored by the permittee as specified below:

<u>Parameter</u>	<u>Sample Type</u>	<u>Daily Maximum</u>	<u>Sampling Point</u>	<u>Measurement Frequency</u>
Flow	instantaneous		*	1/month
BOD <sub>5</sub>	grab	45 mg/l	*	1/quarter
Nitrate as N	grab	Report	*	1/quarter
Ammonia as N	grab	Report	*	1/quarter

\* Effluent to the drip irrigation plots.

The drip fields must be fenced. All fencing of the drip fields shall be a minimum of 4 feet in height and consist of 4-strand barbed wire, chain link, boards, or vegetative barriers sufficient to discourage human entry. All designs are subject to division approval.

This permit allows the operation of a wastewater drip irrigation system. The operation should be such that there is no contamination of and no wastewater discharge to any surface or subsurface stream because of collected pools of water called "ponding", irrigation into karst features or because of improper irrigation. Any runoff due to improper operation must be reported in writing to the Division of Water Pollution Control, Knoxville Environmental Field Office within 5 days of the incident. In addition, the drip irrigation system must be operated in a manner preventing the creation of a public health hazard or a public/private nuisance.

**B. MONITORING PROCEDURES****1. Representative Sampling**

Samples and measurements taken in compliance with the monitoring requirements specified above shall be representative of the volume and nature of the monitored discharge, and shall be taken at the following location(s):

Effluent to drip irrigation plots.

**C. DEFINITIONS**

The "daily maximum concentration" is a limitation on the average concentration, in milligrams per liter, of the discharge during any calendar day.

A "grab sample" is a single influent or effluent sample collected at a particular time.

A "quarter" is defined as any one of the following three-month periods: January 1 through March 31, April 1 through June 30, July 1 through September 30, and/or October 1 through December 31.

#### **D. REPORTING**

##### **1. Monitoring Results**

Monitoring results shall be recorded monthly and submitted quarterly. Submittals shall be postmarked no later than 15 days after the completion of the reporting period. A copy should be retained for the permittee's files. Operation reports and any communication regarding compliance with the conditions of this permit must be sent to:

Division of Water Pollution Control  
Knoxville Environmental Field Office  
3711 Middlebrook Pike  
Knoxville, TN 37921

The first operation report is due on the 15<sup>th</sup> of the month following permit effectiveness

##### **2. Additional Monitoring by Permittee**

If the permittee monitors any pollutant at the location(s) designated herein more frequently than required by this permit, using approved analytical methods as specified in 1200-4-5-.07(4)(h)2, the results of such monitoring shall be included in the calculation and reporting of the values required in the Quarterly Operation Report. Such increased frequency shall also be indicated.

##### **3. Falsifying Reports**

Knowingly making any false statement on any report required by this permit may result in the imposition of criminal penalties as provided for in Section 69-3-115 of the Tennessee Water Quality Control Act.

#### **E. SCHEDULE OF COMPLIANCE**

Full operational level shall be attained from the effective date of this permit.

**PART II****A. GENERAL PROVISIONS****1. Duty to Reapply**

The permittee is not authorized to discharge after the expiration date of this permit. In order to receive authorization to discharge beyond the expiration date, the permittee shall submit such information and forms as are required to the Director of Water Pollution Control (the "Director") no later than 180 days prior to the expiration date.

**2. Right of Entry**

The permittee shall allow the Director, or authorized representatives, upon the presentation of credentials:

a. To enter upon the permittee's premises where an effluent source is located or where records are required to be kept under the terms and conditions of this permit, and at reasonable times to copy these records;

b. To inspect at reasonable times any monitoring equipment or method or any collection, treatment, pollution management, or discharge facilities required under this permit; and

c. To sample at reasonable times any discharge of pollutants.

**3. Availability of Reports**

All reports prepared in accordance with the terms of this permit shall be available for public inspection at the offices of the Division of Water Pollution Control.

**4. Proper Operation and Maintenance**

The permittee shall at all times properly operate and maintain all facilities and systems (and related appurtenances) for collection and treatment which are installed or used by the permittee to achieve compliance with the terms and conditions of this permit. Proper operation and maintenance also includes adequate laboratory and process controls and appropriate quality assurance procedures. This provision requires the operation of backup or auxiliary facilities or similar systems which are installed by a permittee only when the operation is necessary to achieve compliance with the conditions of the permit. Backup continuous pH and flow monitoring equipment are not required.

The monitoring frequency stated in this permit shall not be construed as specifying a minimum level of operator attention to the facility. It is anticipated that visits to the treatment

facility by the operator will occur at intervals frequent enough to assure proper operation and maintenance, but in no case less than one visit per month. If discharge monitoring reports, WPC inspection reports, or other information indicates a problem with the facility, the permittee may be subject to enforcement action and/or the permit may be modified to include increased parameter monitoring, increased monitoring frequency or other requirements as deemed necessary by the division to correct the problem. The permittee shall ensure that the certified operator is in responsible charge of the facility and observes the operation of the system frequently enough to ensure its proper operation and maintenance regardless of the effluent monitoring frequency stated in the permit."

b. Dilution water shall not be added to comply with effluent requirements

## 5. Property Rights

The issuance of this permit does not convey any property rights in either real or personal property, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any infringement of Federal, State, or local laws or regulations.

## 6. Severability

The provisions of this permit are severable. If any provision of this permit due to any circumstance, is held invalid, then the application of such provision to other circumstances and to the remainder of this permit shall not be affected thereby.

## 7. Other Information

If the permittee becomes aware that he failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Director, then he shall promptly submit such facts or information.

# B. CHANGES AFFECTING THE PERMIT

## 1. Planned Changes

The permittee shall give notice to the Director as soon as possible of any planned physical alterations or additions to the permitted facility.

## 2. Permit Modification, Revocation, or Termination

a. This permit may be modified, revoked and reissued, or terminated for cause as described in section 69-108-(F) The Tennessee Water Quality Control Act as amended.

b. The permittee shall furnish to the Director, within a reasonable time, any information which the Director may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit, or to determine compliance with this permit.

The permittee shall also furnish to the Director, upon request, copies of records required to be kept by this permit.

### 3. Change of Ownership

This permit may be transferred to another person by the permittee if:

- a. The permittee notifies the Director of the proposed transfer at least 30 days in advance of the proposed transfer date;
- b. The notice includes a written agreement between the existing and new permittees containing a specified date for transfer of permit responsibility, coverage, and liability between them; and
- c. The Director, within 30 days, does not notify the current permittee and the new permittee of his intent to modify, revoke or reissue, or terminate the permit and to require that a new application be filed rather than agreeing to the transfer of the permit.

### 4. Change of Mailing Address

The permittee shall promptly provide to the Director written notice of any change of mailing address. In the absence of such notice the original address of the permittee will be assumed to be correct.

## C. NONCOMPLIANCE

### 1. Effect of Noncompliance

Any permit noncompliance constitutes a violation of applicable State laws and is grounds for enforcement action, permit termination, permit modification, or denial of permit reissuance.

### 2. Reporting of Noncompliance

#### a. 24-Hour Reporting

In the case of any noncompliance which could cause a threat to public drinking supplies, or any other discharge which could constitute a threat to human health or the environment, the required notice of non-compliance shall be provided to the appropriate Division environmental assistance center within 24 hours from the time the permittee becomes aware of the circumstances. (The environmental field office should be contacted for names and phone numbers of emergency response personnel.)

A written submission must be provided within five days of the time the permittee becomes aware of the circumstances unless this requirement is waived by the Director on a case-by-case basis. The permittee shall provide the Director with the following information:



- i. A description of the discharge and cause of noncompliance;
  - ii. The period of noncompliance, including exact dates and times or, if not corrected, the anticipated time the noncompliance is expected to continue; and
  - iii. The steps being taken to reduce, eliminate, and prevent recurrence of the non complying discharge.
- b. **Scheduled Reporting**

For instances of noncompliance which are not reported under subparagraph 2.a. above, the permittee shall report the noncompliance on the Quarterly Operation Report. The report shall contain all information concerning the steps taken, or planned, to reduce, eliminate, and prevent recurrence of the violation and the anticipated time the violation is expected to continue.

### 3. Overflow

- a. **"Overflow"** means the discharge to land or water of wastes from any portion of the collection, transmission, or treatment system other than through permitted outfalls.
- b. Overflows are prohibited.
- c. The permittee shall operate the collection system so as to avoid overflows. No new or additional flows shall be added upstream of any point in the collection system, which experiences chronic overflows (greater than 5 events per year) or would otherwise overload any portion of the system.
- d. Unless there is specific enforcement action to the contrary, the permittee is relieved of this requirement after: 1) an authorized representative of the Commissioner of the Department of Environment and Conservation has approved an engineering report and construction plans and specifications prepared in accordance with accepted engineering practices for correction of the problem; 2) the correction work is underway; and 3) the cumulative, peak-design, flows potentially added from new connections and line extensions upstream of any chronic overflow point are less than or proportional to the amount of inflow and infiltration removal documented upstream of that point. The inflow and infiltration reduction must be measured by the permittee using practices that are customary in the environmental engineering field and reported in an attachment to a Monthly Operating Report submitted to the local TDEC Environmental Field Office. The data measurement period shall be sufficient to account for seasonal rainfall patterns and seasonal groundwater table elevations.
- e. In the event that more than 5 overflows have occurred from a single point in the collection system for reasons that may not warrant the self-imposed moratorium or completion of the actions identified in this paragraph, the permittee may request a meeting with the Division of Water Pollution Control EFC staff to petition for a waiver based on mitigating evidence.

#### 4. Upset

- a. **"Upset"** means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.
- b. An upset shall constitute an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the permittee demonstrates, through properly signed, contemporaneous operating logs, or other relevant evidence that:
  - i. An upset occurred and that the permittee can identify the cause(s) of the upset;
  - ii. The permitted facility was at the time being operated in a prudent and workman-like manner and in compliance with proper operation and maintenance procedures;
  - iii. The permittee submitted information required under "Reporting of Noncompliance" within 24-hours of becoming aware of the upset (if this information is provided orally, a written submission must be provided within five days); and
  - iv. The permittee complied with any remedial measures required under "Adverse Impact."

#### 5. Adverse Impact

The permittee shall take all reasonable steps to minimize any adverse impact to the waters of Tennessee resulting from noncompliance with this permit, including such accelerated or additional monitoring as necessary to determine the nature and impact of the noncomplying discharge. It shall not be a defense for the permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

#### 6. Bypass

- a. **"Bypass"** is the intentional diversion of wastewater away from any portion of a treatment facility. **"Severe property damage"** means substantial physical damage to property, damage to the treatment facilities which would cause them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.
- b. Bypasses are prohibited unless all of the following 3 conditions are met:
  - i. The bypass is unavoidable to prevent loss of life, personal injury, or severe property damage;

ii. There are no feasible alternatives to bypass, such as the construction and use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass, which occurred during normal periods of equipment downtime or preventative maintenance;

iii. The permittee submits notice of an unanticipated bypass to the Division of Water Pollution Control in the appropriate Environmental Field Office within 24 hours of becoming aware of the bypass (if this information is provided orally, a written submission must be provided within five days). When the need for the bypass is foreseeable, prior notification shall be submitted to the director, if possible, at least 10 days before the date of the bypass.

c. Bypasses not exceeding permit limitations are allowed **only** if the bypass is necessary for essential maintenance to assure efficient operation. All other bypasses are prohibited. Allowable bypasses not exceeding limitations are not subject to the reporting requirements of 6.b.iii, above.

#### 7. Washout

a. For domestic wastewater plants only, a "washout" shall be defined as loss of Mixed Liquor Suspended Solids (MLSS) of 30.00% or more. This refers to the MLSS in the aeration basin(s) only. This does not include MLSS decrease due to solids wasting to the sludge disposal system. A washout can be caused by improper operation or from peak flows due to infiltration and inflow.

b. A washout is prohibited. If a washout occurs the permittee must report the incident to the Division of Water Pollution Control in the appropriate Environmental Field Office within 24 hours by telephone. A written submission must be provided within five days. The washout must be noted on the discharge monitoring report. Each day of a washout is a separate violation.

### D. LIABILITIES

#### 1. Civil and Criminal Liability

Nothing in this permit shall be construed to relieve the permittee from civil or criminal penalties for noncompliance. Notwithstanding this permit, the permittee shall remain liable for any damages sustained by the State of Tennessee, including but not limited to fish kills and losses of aquatic life and/or wildlife, as a result of the discharge of wastewater to any surface or subsurface waters. Additionally, notwithstanding this Permit, it shall be the responsibility of the permittee to conduct its wastewater treatment and/or discharge activities in a manner such that public or private nuisances or health hazards will not be created.

#### 2. Liability Under State Law

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties established pursuant to any applicable State law.

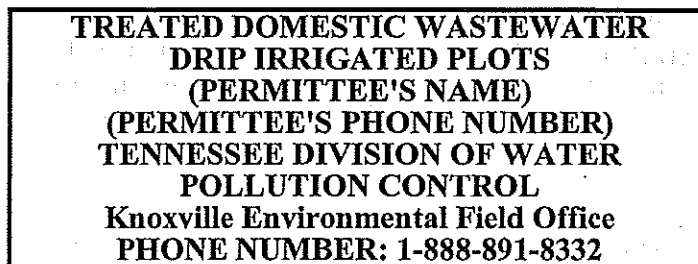
### **PART III OTHER REQUIREMENTS**

#### **A. CERTIFIED OPERATOR**

The waste treatment facilities shall be operated under the supervision of a Biological Natural System operator and the collection system operated under the supervision of a Grade I Collection System certified operator in accordance with the Water Environmental Health Act of 1984.

#### **B. PLACEMENT OF SIGNS**

The permittee shall place a sign at all approaches to the drip irrigation lot. The sign should be clearly visible to the public. The minimum sign size should be two feet by two feet (2' x 2') with one inch (1") letters. The sign should be made of durable material and have a white background with black letters.



No later than sixty (60) days from the effective date of the permit, the permittee shall have the above sign(s) on display in the location specified.

#### **C. ADDITION OF WASTE LOADS**

The permittee may not add wasteloads to the existing treatment system without the knowledge and approval of the division.

#### **D. SEPTIC TANK OPERATION**

The proper operation of this treatment system depends, largely, on the efficient use of the septic tank. The solids that accumulate in the tank shall be removed at a frequency that is sufficient to insure that the treatment plant will comply with the discharge requirements of this permit.

#### **E. SEPTAGE MANAGEMENT PRACTICES**

The permittee must comply with the provisions of 40 CFR Part 503. If the septage is transported to another POTW for disposal, the permittee shall note the amount of septage wasted in gallons,

% solids of septage wasted and the name of the facility to which the septage was taken on the monthly operation report. Sludge or any other material removed by any treatment works must be disposed of in a manner which prevents its entrance into or pollution of any surface or subsurface waters. Additionally, the disposal of such sludge or other material must be in compliance with the Tennessee Solid Waste Disposal Act, TCA 68-31-101 et seq. and Tennessee Hazardous Waste Management Act, TCA 68-46-101 et seq.

#### **F. DRIP SITE MANAGEMENT**

The drip irrigation system must have appropriate site management practices to ensure that the nitrogen design assumptions will be achieved. The cover crop must be able to uptake the prescribed amount of nitrogen (100 lbs/acre/year). This requirement shall not be construed to warrant any use of the harvested product and the permittee shall assume full responsibility for its proper use or disposal.

#### **G. OWNERSHIP OF THE TREATMENT FACILITIES**

a. The permittee shall own the treatment facilities (and the land upon which they are constructed) including the land to be utilized for drip or spray irrigation. A perpetual easement (properly recorded) may be accepted in lieu of ownership. If the permittee elects to make the treated wastewater available for reuse (irrigation of a golf course for example) a backup dedicated land application site must be provided or a perpetual easement must be obtained for the property where reuse is to take place. The perpetual easement must allow year-round application of the wastewater except where the permittee has provided (and the division has approved) storage facilities for periods when reuse is not available. Evidence of ownership of the treatment facility land application site(s) and/or a copy of the perpetual easement(s) must be furnished to the division for approval prior to construction of the wastewater collection and treatment system.

b. Where the treatment facility serves private homes, condominiums, apartments, retirement homes, nursing homes, trailer parks, or any other place where the individuals being served have property ownership, rental agreements, or other agreements that would prevent their being displaced in the even of abandonment or noncompliance of the sewerage system, ownership of the treatment facilities must be by a municipality, a public utility, a wastewater authority, or a privately owned public utility (having a Certificate of Convenience and Necessity from the Tennessee Regulatory Authority), or another public agency.