



**Integrated Resource Management, Inc.**

*A Privately Owned Public Utility*

P.O. Box 642

3444 Saint Andrews Drive

White Pine, Tennessee 37890

Telephone (Vol) 674-0828

Facsimile (Vol) 674-2352

Toll Free (877) 746-2910

August 20, 2009

Ms. Darlene Standley, Chief  
Utilities Division  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37219

filed electronically in docket office on 08/20/09

**RE: Wastewater Treatment Facility – Riverstone Estates, Decatur County**

Dear Ms. Standley,

This letter is regarding local Decatur County Utilities' desire to not service the area Integrated Resource Management, Inc. ("IRM") is petitioning to add to its Certificate of Public Convenience and Necessity ("CCN") service area.

The facility has maintained a National Pollution Discharge Emission System (NPDES) Permit (Permit No. TN0078379) with approved plans since December 1, 2004. The system was built on the assertion there was no sewer available to the area. The NPDES permit has since been transferred from Riverstone Estates Utilities, Inc. ("Riverstone") to IRM. IRM has acquired a State Operating Permit (SOP # 09005) to operate the system.

Riverstone was unable to find any local Utility interested in providing service and therefore, contacted IRM. Riverstone and IRM have contracted to allow IRM to provide services to the Riverstone Estates Community (signed document is attached). Given the sewer at the site was not installed by any other Utility or Decatur County Service, IRM has assumed it would be able to provide service. IRM has not pursued any additional confirmation of such.

Please call if you have any questions. Thank you.

Respectfully submitted,

Jeffrey W. Cox Sr.  
President

## UTILITY SERVICES AGREEMENT

This Utility Services Agreement (the "Agreement") is made and shall become effective this 13<sup>th</sup> day of July, 2009, by and between Riverstone Estates Utilities, Inc. ("Riverstone"), which is principally located at 890 Pickwick Street, Savannah, Tennessee, 38372, and Integrated Resource Management, Inc. d/b/a IRM Utility, Inc. ("Utility"), which is principally located at 3444 St. Andrews Drive, White Pine, Tennessee, 37890, (collectively, the "Parties").

### Recitals:

1. Utility desires to provide wastewater services in Decatur County, Tennessee to a residential subdivision known as Riverstone Estates (the "Development"). Utility will operate a wastewater treatment facility that beneficially reuses the water in subsurface drip irrigation systems; and

2. Riverstone has agreed to transfer its existing sewage collection, treatment, and disposal system (the "System") for the Development to Utility (the "Transfer"), subject to the approval of the Tennessee Department of Environment & Conservation ("TDEC"). A copy of the Transfer is attached hereto and incorporated herein by reference as Exhibit A. Utility, in its sole discretion, may increase or relocate the System to serve the Development. In accordance with the terms and conditions of this Agreement, the System will be brought to the appropriate standards of the applicable regulatory authorities and approved by Utility's engineers and representatives.

NOW, THEREFORE, upon the following mutual promises and covenants contained herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

### Section 1. Regulatory Approval

Utility, shall petition the Tennessee Regulatory Authority (the "TRA") to amend its Certificate of Public Convenience and Necessity (the "CCN") to include the area of the Development and Future Development.

### Section 2. Financial Requirements

Riverstone shall provide a performance bond, irrevocable letter of credit or other appropriate financial securities, as determined by Utility, in an amount equal to the estimated cost to construct and install the System for the Development and Future Development. Utility shall be named the beneficiary of the financial security provided by Riverstone.

### Section 3. Rates for Services

Rates under the CCN for the Development will be determined by utilizing the design flow on the Utility's State Operating Permit and Tariff as approved by the applicable State regulatory agencies. The rates will become due and payable to Utility upon execution of this Agreement. The rates under the CCN are required to establish the appropriate escrow balances of Utility as determined by the TRA, and, to provide operator and permit monitoring by Utility as allowed by law.

### Section 4. Indemnification

In the event the CCN is not granted by the TRA or the State Operating Permit is not issued by TDEC, Riverstone agrees to release, indemnify, and hold Utility harmless from any and all obligations associated with the Development. Riverstone shall cooperate with Utility for the transfer of any of the above permits or certificates already held by Riverstone, as permitted by law.

### Section 5. Conditions Precedent

The following conditions precedent shall occur prior to acceptance of the System by Utility:

- A. Utility's engineers and representatives shall inspect and prepare a report suggesting upgrades or maintenance to the current System. Riverstone shall be responsible for all reasonable and typical engineering costs associated with this inspection.
- B. Riverstone shall provide proper testing including, without limitation, pressure testing of collection lines, operation of controllers, operation of pumps, operation of aerators, and all existing system components, subject to Utility's approval.
- C. All cost associated with Utility's suggested upgrades and maintenance to the current System will be the responsibility of Riverstone. Suggested upgrades made by Utility will be completed prior to start-up of the System.
- D. Utility shall monitor the functioning of the System and make any additional requests for the optimal functioning of the System.
- E. A final maintenance upgrade based on the inspection and monitoring will be presented to Riverstone.

## Section 6. Additional Obligations

Riverstone will facilitate and execute Restrictive Covenants and Bylaws of the Development and any Future Development that, at minimum, provides the following:

- A. A service agreement or contract between each homeowner and Utility to establish wastewater service. A copy of the service agreement or contract will be supplied by Utility to Riverstone.
- B. Notice that Utility will charge an initial fee and a monthly fee to be determined and will be established by a proposal to the TRA.
- C. A description of the Septic Tank Effluent Pumping system that is approved by IRM Utility, which shall be required by TDEC and the Utility.

## Section 7. Prior Operations

Upon grant of the CCN, Riverstone will turn over any funds collected from all third parties for the purpose of operating the System.

## Section 8. Expansion

Utility intends to develop other acreage within the Development ("Future Development") and to continue to utilize the System to develop the Future Development. Future Development may require an expansion of the System. Utility will continue service for the Development and for Future Development.

## Section 9. No Limitation

Nothing contained herein shall be construed as to restrict Utility's right to increase the capacity or to extend the System as it may, at its sole discretion, deem appropriate, including, without limitation, extending the System for the purpose of providing wastewater sewer service to customers outside of the Development and Future Development.

## Section 10. Representations and Warranties

Riverstone hereby represents and warrants that all materials and labor attributable to the System shall be paid in full at the time of completion of the construction and installation of the System and the System shall be free from any and all liens and encumbrances. Such representation shall survive the conveyance of the System by Riverstone to Utility.

Riverstone hereby represents and warrants that the System will be in conformance to the plans and specifications approved by Utility. The repair, maintenance, and replacement of the System shall be warranted by Riverstone for a period of two years

from the completion and beginning of operation of the System. The System shall become the responsibility of Utility after the approval of the System is complete and accepted by the Utility, and the warranty period has expired.

#### Section 11. Conveyance

Upon Utility's acceptance of the System, Riverstone shall convey all right, title and interest in and to the System to Utility. Riverstone shall, upon request of Utility, execute and deliver any and all documents necessary to convey the System and to grant Utility a perpetual easement in and to the real property surrounding the System to such extent necessary for access or ingress and egress to inspect, repair, replace and maintain the System.

#### Section 12. Severability

If any part of this Agreement for any reason shall be declared invalid or unenforceable, such decision shall not affect the validity or enforcement of any remaining portion, which shall remain in full force and effect; provided however, that in the event a part of this Agreement is declared invalid and the invalidity or enforceability of such part has the effect of materially altering the obligations of any party under this Agreement, the Parties agree, promptly upon such declarations being made, to negotiate in good faith to amend this Agreement so as to put such Party in a position substantially similar to the position such party was in prior to such declaration.

#### Section 13. Assignment

No party shall have any right to assign this Agreement or any of their respective rights or obligations under this Agreement to any third party except by operation of law or with the prior written consent of the other Parties; such consent shall not be unreasonably delayed, conditioned or withheld. Utility shall have no right to assign, transfer, convey, pledge or hypothecate the permits or any interest hereto without any necessary approval of TDEC, and the prior written agreement of the purchaser or assignor to be bound by the terms and conditions of this Agreement.

#### Section 14. Integration

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior oral or written agreements or understandings of the Parties with regard to the subject matter hereof. No interpretation, change, termination, or waiver of any provision thereof shall be binding upon a Party unless in writing and executed by the other party. No modification, waiver, termination, recession, discharge, or cancellation of any right or claim under this Agreement shall affect the right of any party hereto to enforce any other claim or right hereunder.

### Section 15. Amendment

This Agreement shall not be amended or modified except in writing signed by the Parties hereto.

### Section 16. Choice of Law, Jurisdiction and Venue

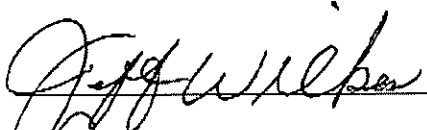
The interpretation, enforcement and validity of this Agreement shall be construed in accordance with and governed under the laws of the State of Tennessee, irrespective of its conflicts of law principles. The Parties agree that the exclusive jurisdiction and venue for any litigation in connection with this Agreement or its subject matter shall be an appropriate court of competent jurisdiction located in the State of Tennessee and the County of Davidson. Both Parties hereby consent to the jurisdiction of said courts.

IN WITNESS WHEREOF, the Parties hereto, by their duly authorized officers or representatives, or as the case may be, in their individual capacity, have caused this Agreement to be executed and their corporate seals to be affixed hereto, if applicable, effective as of the day of year first above written.

Riverstone Estates Utilities, Inc.

Integrated Resource Management,  
Inc. d/b/a IRM Utility, Inc.

By:



Title:

President

By:



Title:

PRESIDENT