

FARRIS MATHEWS BOBANGO, PLLC **RECEIVED**

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HISTORIC CASTNER-KNOTT BUILDING  
618 CHURCH STREET, SUITE 300  
NASHVILLE, TENNESSEE 37219

T.R.A. DOCKET ROOM

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October 26, 2012

**Via Electronic and Hand-Delivery**

David Foster  
Chief, Utility Division  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

**RE:** Additional Response to Data Request  
Docket No. 11-00081

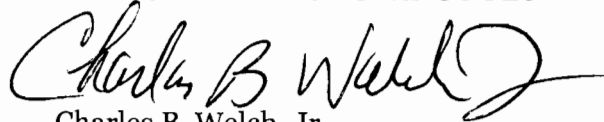
Dear Mr. Foster:

Please find the complete 10 year build out in Excel format that was inadvertently omitted in Exhibit B in the data request response dated October 22, 2012. Also included is a final plat for Genesis Villages Estates- Phase 1 that was requested by TRA staff.

If you have any further questions, please do not hesitate to contact me.

Sincerely,

FARRIS MATHEWS BOBANGO PLC

  
Charles B. Welch, Jr.

# **IRM UTILITY**

**CCN APPLICATION TO PROVIDE SERVICE TO GENESIS VILLAGE ESTATES**

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## **EXHIBIT IRM-E**

**CALCULATION OF PRO FORMA RATES AND COST OF SERVICE**

IRM UTILITY  
Pro Forma Rate Calculation for Genesis Village Estates  
Proposed Rates

Exhibit IRM-E  
Schedule 1

	<u>5 Year Billing Determinants</u>	<u>Proposed Rates</u>	<u>5 Year Revenue Projection</u>
<b>Pro Forma Five Year Revenues:</b>			
Customer Charges (Bills)	678 A/	\$51.50	\$34,917.00
Less Escrow Requirements @ 29%	678 A/	-\$14.94	-\$10,125.93
Access Fees	101 A/	300.00	30,300.00
<b>Total Five Year Pro Forma Revenues</b>			<u><u>\$55,091.07</u></u>
 <b>Five Year Cost of Service</b>			 <u><u>\$70,296.72 A/</u></u>
 <b>Five Year Net Operating Income Surplus (Deficiency)</b>			 <u><u>-\$15,205.65</u></u>

*Genesis Village Estates will need a monthly billing rate of \$51.5 and an annual access charge of \$300 in order to cover its projected five year cost of service.*

**NOTE:** *The above Pro Forma calculations are the Company's best "guesstimate" based upon the current economic conditions that may change during the course of this project.*

A/ Schedule 2.

IRM UTILITY  
Pro Forma Rate Calculation for Genesis Village Estates  
Proposed Rates

Exhibit IRM-E  
Schedule 1

	<u>10 Year Billing Determinants</u>	<u>Proposed Rates</u>	<u>10 Year Revenue Projection</u>
<b>Pro Forma Ten Year Revenues:</b>			
Customer Charges (Bills)	2,526 A/	\$51.50	\$130,089.00
Less Escrow Requirements @ 29%	2,526 A/	-\$14.94	-\$37,725.81
Access Fees	107 A/	300.00	32,100.00
<b>Total Ten Year Pro Forma Revenues</b>			<b><u>\$124,463.19</u></b>
 <b>Ten Year Cost of Service</b>			 <b><u>\$150,124.69</u> A/</b>
 <b>Ten Year Net Operating Income Surplus (Deficiency)</b>			 <b><u>-\$25,661.50</u></b>

Genesis Village Estates will need a monthly billing rate of \$51.5 and an annual access charge of \$300 in order to cover its projected ten year cost of service.

**NOTE:** The above Pro Forma calculations are the Company's best "guesstimate" based upon the current economic conditions that may change during the course of this project.

A/ Schedule 2.

IRM UTILITY  
Pro Forma Rate Calculation for Genesis Village Estates  
Five Year Income Projection

Exhibit IRM-E  
Schedule 2

<b>Lots Available for Sale</b>		<u><b>32</b></u>	<b>**</b>				
	<b>Billing Rate</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>5 Year Total</b>
Projected Customer Count		5	8	11	13	22	
Projected Bill Count		30	96	132	156	264	678
Unsold Lots		27	24	21	19	10	101
<b>Pro Forma Revenue:</b>							
Customer Charge Revenue	\$51.50 A/	\$1,545.00	\$4,944.00	\$6,798.00	\$8,034.00	\$13,596.00	\$34,917.00
Less Escrow Requirements	-29%	-448.05	-1,433.76	-1,971.42	-2,329.86	-3,942.84	-10,125.93
<b>Net Customer Charge Revenue</b>		<u><b>\$1,096.95</b></u>	<u><b>\$3,510.24</b></u>	<u><b>\$4,826.58</b></u>	<u><b>\$5,704.14</b></u>	<u><b>\$9,653.16</b></u>	<u><b>\$24,791.07</b></u>
<b>Access Fee Revenue</b>	\$300.00 A/	<u><b>\$4,050.00</b></u>	<u><b>\$7,200.00</b></u>	<u><b>\$6,300.00</b></u>	<u><b>\$5,700.00</b></u>	<u><b>\$3,000.00</b></u>	<u><b>\$26,250.00</b></u>
<b>Total Net Pro Forma Revenue</b>		<u><b>\$5,146.95</b></u>	<u><b>\$10,710.24</b></u>	<u><b>\$11,126.58</b></u>	<u><b>\$11,404.14</b></u>	<u><b>\$12,653.16</b></u>	<u><b>\$51,041.07</b></u>
<b>Expenses</b>	B/	<u><b>\$13,362.46</b></u>	<u><b>\$13,700.60</b></u>	<u><b>\$14,048.89</b></u>	<u><b>\$14,407.63</b></u>	<u><b>\$14,777.13</b></u>	<u><b>\$70,296.72</b></u>
<b>Net Income/(Loss)</b>		<u><b>-\$8,215.51</b></u>	<u><b>-\$2,990.36</b></u>	<u><b>-\$2,922.31</b></u>	<u><b>-\$3,003.49</b></u>	<u><b>-\$2,123.97</b></u>	<u><b>-\$19,255.65</b></u>

**Assumptions:**

The customer projections for years one through five were made by the developer.

- \*\* The complete total of 100 Lots are not established at this time.  
Only Phase I is represented by this Pro Forma Calculation and Phase II for the remaining Lots may happen if the economy improves.

**NOTE:** The above Pro Forma calculations are the Company's best "guesstimate" based upon the current economic conditions that may change during the course of this project.

A/ Schedule 1.

B/ Schedule 3.

Exhibit IRM-E  
Schedule 2

**Assumptions:**  
The customer projections for years one through five were made by the developer. In years six through ten we expect the subdivision to add 2 customers per year.

The complete total of 100 Lots are not established at this time. Only Phase I is represented by this Pro Forma Calculation and Phase II for the remaining Lots may happen if the economy improves.

**\*\***

**NOTE:** The above Pro Forma calculations are the Company's best "guesstimate" based upon the current economic conditions that may change during the course of this project.

**A/ Schedule 1.**

**B/ Schedule 3.**

**IRM UTILITY**  
**Pro Forma Rate Calculation for Genesis Village Estates**  
**Estimated Annual Cost of Service**

**Exhibit IRM-E**  
**Schedule 3**

Budget Item	Cost Classification	Monthly Cost	Annual Cost	Inflation Rate	2013 Year 1 Cost	2014 Year 2 Cost	2015 Year 3 Cost	2016 Year 4 Cost	2017 Year 5 Cost
Telephone / Telemetry	Variable	\$57.92	\$694.98	0.00%	\$694.98	\$694.98	\$694.98	\$694.98	\$694.98
Electric	Variable	55.00	660.00	3.00%	660.00	679.80	700.19	721.20	742.84
Quarterly Monitoring - Analysis	Variable	48.21	578.50	3.00%	578.50	595.86	613.73	632.14	651.11
Quarterly Monitoring - Sampling	Variable	61.82	741.80	3.00%	741.80	764.05	786.98	810.58	834.90
Monthly OnSite Inspection to 8/13/13	Variable	310.14	3,721.68	3.00%	3,721.68	3,833.33	3,948.33	4,066.78	4,188.78
TDEC is writing new permits with these requirements. IRM is employing an O&M Plan that reduces these costs.									
Monthly OnSite Inspection after 8/13/13	Variable	535.14	6,421.68 *	3.00%					
Billing	Variable	69.53	834.40	3.00%	834.40	859.43	885.21	911.77	939.12
STEP Inspections	Variable	132.93	1,595.10	3.00%	1,595.10	1,642.95	1,692.24	1,743.01	1,795.30
Permit Fee	Fixed	29.17	350.00	0.00%	350.00	350.00	350.00	350.00	350.00
Office Administration	Fixed	100.00	1,200.00	3.00%	1,200.00	1,236.00	1,273.08	1,311.27	1,350.61
Office Rental	Fixed	50.00	600.00	0.00%	600.00	600.00	600.00	600.00	600.00
Regulatory	Fixed	10.00	120.00	0.00%	120.00	120.00	120.00	120.00	120.00
Accounting	Fixed	41.67	500.00	3.00%	500.00	515.00	530.45	546.36	562.75
Attorney Fees	Fixed	120.00	1,440.00	3.00%	1,440.00	1,483.20	1,527.70	1,573.53	1,620.73
Insurance	Fixed	12.17	146.00	0.00%	146.00	146.00	146.00	146.00	146.00
Ad Valorem Taxes	Fixed	15.00	180.00	0.00%	180.00	180.00	180.00	180.00	180.00
<b>Total</b>		<b>\$1,648.68</b>	<b>\$19,784.14</b>		<b>\$13,362.46</b>	<b>\$13,700.60</b>	<b>\$14,048.89</b>	<b>\$14,407.63</b>	<b>\$14,777.13</b>

**NOTE:** The detailed assumptions on Schedule 4 are an integral component of this estimated cost of service.  
 \* For illustration purposes only.

IRM UTILITY  
Pro Forma Rate Calculation for Genesis Village Estates  
Estimated Annual Cost of Service

Exhibit IRM-E  
Schedule 3

Budget Item	Classification	Monthly Cost	Annual Cost	Inflation Rate	2013 Year 1 Cost	2014 Year 2 Cost	2015 Year 3 Cost	2016 Year 4 Cost	2017 Year 5 Cost	2018 Year 6 Cost	2019 Year 7 Cost	2020 Year 8 Cost	2021 Year 9 Cost	2022 Year 10 Cost
Telephone / Telephony	Variable	\$57.92	\$694.98	0.00%	\$694.98	\$694.98	\$694.98	\$694.98	\$694.98	\$694.98	\$694.98	\$694.98	\$694.98	\$694.98
Electric	Variable	55.00	660.00	3.00%	660.00	679.80	700.19	721.20	742.84	765.12	788.07	811.72	836.07	861.15
Quarterly Monitoring - Analysis	Variable	48.21	578.50	3.00%	578.50	595.86	613.73	632.14	651.11	670.64	690.76	711.48	732.83	754.81
Quarterly Monitoring - Sampling	Variable	61.82	741.80	3.00%	741.80	764.05	786.98	810.58	834.90	859.95	885.75	912.32	939.69	967.88
Monthly OnSite Inspection to 8/13/13	Variable	310.14	3,721.68	3.00%	3,721.68	3,833.33	3,948.33	4,066.78	4,188.78	4,314.45	4,443.88	4,577.20	4,714.51	4,855.95
Monthly OnSite Inspection after 8/13/13	Variable	535.14	6,421.68	3.00%										
Billing	Variable	69.53	834.40	3.00%	834.40	859.43	885.21	911.77	939.12	967.30	996.32	1,026.21	1,056.99	1,088.70
STEP Inspections	Variable	132.93	1,595.10	3.00%	1,595.10	1,642.95	1,692.24	1,743.01	1,795.30	1,849.16	1,904.53	1,961.77	2,020.62	2,081.24
Permit Fee	Fixed	29.17	350.00	0.00%	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00
Office Administration	Fixed	100.00	1,200.00	3.00%	1,200.00	1,236.00	1,273.08	1,311.27	1,350.61	1,391.13	1,432.86	1,475.85	1,520.12	1,565.73
Office Rental	Fixed	50.00	600.00	0.00%	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00
Regulatory	Fixed	10.00	120.00	0.00%	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
Accounting	Fixed	41.67	500.00	3.00%	500.00	515.00	530.45	546.36	562.75	579.64	597.03	614.94	633.39	652.39
Attorney Fees	Fixed	120.00	1,440.00	3.00%	1,440.00	1,483.20	1,527.70	1,573.53	1,620.73	1,669.35	1,719.44	1,771.02	1,824.15	1,878.87
Federal Tax Preparation	Fixed	12.17	146.00	0.00%	146.00	146.00	146.00	146.00	146.00	146.00	146.00	146.00	146.00	146.00
Ad Valorem Taxes	Fixed	15.00	180.00	0.00%	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00
<b>Total</b>		<b>\$1,648.68</b>	<b>\$19,784.14</b>		<b>\$13,362.46</b>	<b>\$13,700.60</b>	<b>\$14,048.89</b>	<b>\$14,407.63</b>	<b>\$14,777.13</b>	<b>\$15,157.71</b>	<b>\$15,549.72</b>	<b>\$15,963.48</b>	<b>\$16,369.35</b>	<b>\$16,797.70</b>

NOTE: The detailed assumptions on Schedule 4 are an integral component of this estimated cost of service.



**1 Telephone/Telemetry**

Current monthly cost for telemetry service for each subdivision. Genesis Village Estates has a lift station and a treatment system that needs monitored. IRM will need two telemetry systems that are web based that is presently being billed at \$347.49 per year for one unit. Genesis will require two units. One for the lift station and one for the treatment system for a current cost of \$694.98 per year.

**2 Electric**

Our experience has been that electric costs are approximately \$55 per month for each subdivision. Electric Utilities costs and increases are based on many factors including coal prices, source prices, the value of the dollar against foreign markets, NASDAQ and Futures Indexes, and many other variable inputs. This price is from existing systems and IRM's best estimated cost with an annual inflation increase of 3%.

**3 Quarterly Monitoring - Analysis**

According to the State Operating Permit of TDEC, the required analysis of Genesis Village Estates is BOD<sub>5</sub>, Ammonia-Nitrogen and Nitrate-Nitrogen. The cost of the analyses are \$42.00, \$37.75, and \$31.50 respectively, for a total of \$111.25 per quarter or \$445.00 per year. A management multiplier of 1.3 yields an annual cost of \$578.50 pr year or \$48.20 per month. This is in line with most other systems as this may required in the future has additional bacterial analysis for Escherichia coli which is not included in this estimate. This price is from existing systems and IRM's best estimated cost with an annual inflation increase of 3% AIR and CLI etc. to the best of our knowledge is proposed.

**3 Quarterly Monitoring - Sampling**

5 hours per Quarter @ \$30.00 per hour **plus** travel of 255 miles round trip to site and laboratory @ **\$0.505 (allowed by the federal government per mile)**, **plus** \$20.00 Reporting Fee. This price is from existing systems and IRM's best estimated cost with an annual increase of 3% AIR and CLI etc.

**Monthly OnSite Inspection to 8/13/2013**

Monthly: 6 hours per trip @ \$30.00 per hour **plus** travel of 228 miles round trip @ **\$0.505 (allowed by the federal government per mile)** **plus** .5 hours making notes. This price is from existing systems and IRM's best estimated cost with an annual inflation increase of 3%.

**Bi-Monthly OnSite Inspection after 8/13/2013**

This is being required on all TDEC, SOP Permit Renewals not included in previous CCN Petitions. IRM is anticipating this cost due to past renewals from TDEC, SOP Permits: This will require two trips per month to the site at 6 hours per trip @ \$30.00 per hour **plus** travel of 228 miles round trip @ **\$0.505 (allowed by the federal government per mile)**, **plus** 2 hours filling out TDEC Reports. This price is fbased on the experience of existing systems and IRM's best estimated cost with an annual inflation increase of 3%. IRM is employing an Operation and Maintenance Schedule that reduces these costs.

**4 Billing**

Billing includes the time needed to write letters to late paying customers, communication with address changes, owner changes, adding customers calls to customers, etc. Associated with billing is going to the Post Office box each day, logging in the billing program to credit accounts, prepare deposits, calculate escrow, and making deposits at the bank. The time necessary to complete billing is 16 hours per month @ \$12.50 per hour. In addition, there are 16 trips per month to the bank and post office per month of 16 round trip miles @ \$0.505 (allowed by the federal goverment per mile) with an additional 2 hours of clerical work @ \$12.50 per hour. In addition to these amounts, billing also includes the following: office phone @ \$113.25 per month, fax phone @ \$24.00 per month, billing program maintenance @ \$84.47 per month, postage @ \$33 per month, postcard stock @ \$16.80 per month. This totals to \$625.80 per month. IRM currently has 90 customers, so this cost would equal \$6.95 per customer per month. Genesis Estates is expected to have approximately 10 customers over the next five years which would bring their subdivision cost to \$69.53 per month.

**STEP Inspections**

3 hours per Month @ \$30.00 per hour plus travel of 85 miles round trip @ \$0.505 per mile \* 1 occurrences per Month.

**5 Permit Fee**

TDEC Annual Permit Fee of \$350 per subdivision.

**Office Administration**

Annual cost = \$12,000. IRM currently has 90 customers. Genesis Estates is expected to have approximately 10 customers over the next 5 years bringing this total to 100. Therefore, cost allocation to Genesis Estates will be 10% (10/100) or \$1,200.

**Office Rental**

Annual cost = \$6,000. IRM currently has 90 customers. Genesis Estates is expected to have approximately 10 customers over the next 5 years bringing this total to 100. Therefore, cost allocation to Genesis Estates will be 10% (10/100) or \$600.

**Regulatory**

Annual cost = \$1,200. IRM currently has 90 customers. Genesis Estates is expected to have approximately 10 customers over the next 5 years bringing this total to 100. Therefore, cost allocation to Genesis Estates will be 10% (10/100) or \$120.

**6 Accounting**

Annual cost = \$5,000. IRM currently has 90 customers. Genesis Estates is expected to have approximately 10 customers over the next 5 years bringing this total to 100. Therefore, cost allocation to Genesis Estates will be 10% (10/100) or \$500.

**7 Legal**

Annual cost = \$14,400. IRM currently has 90 customers. Genesis Estates is expected to have approximately 10 customers over the next 5 years bringing this total to 100. Therefore, cost allocation to Genesis Estates will be 10% (10/100) or \$1,440.

**8 Federal Tax Preparation**

Annual cost = \$1,460. IRM currently has 90 customers. Genesis Estates is expected to have approximately 10 customers over the next 5 years bringing this total to 100. Therefore, cost allocation to Genesis Estates will be 10% (10/100) or \$146.

**9 Ad Valorem Taxes**

Annual cost = \$1,800. IRM currently has 90 customers. Genesis Estates is expected to have approximately 10 customers over the next 5 years bringing this total to 100. Therefore, cost allocation to Genesis Estates will be 10% (10/100) or \$180.

**10 Federal Mileage Information**



~~CERTIFICATE OF MEDICAL APPROVAL FOR INSTALLATION OF SUBSIDIARY  
SEWAGE DISPOSAL SYSTEM WITH RESTRICTIONS~~

~~General approval is hereby granted for both systems as being suitable for subsurface  
sewage disposal, provided the following conditions are met. Before the initiation of  
construction, the benefits of the above system and the plans for the subsurface  
sewage disposal system shall be approved by the Tennessee Department of Environment  
and Conservation.~~

~~Authorized Representative of Tennessee  
Department of Environment and Conservation~~

~~Date Signed~~

**FINAL PLAYOFF**  
**GENESIS VILLAGE ESTATES-PHASE**  
**FIRST CIVA DISTRICT**      **CLARENCE AND COUNTY TOWNSHIP**

<b>OWNER-PORTER, RUBY BROWN</b>	<b>BURNEYVO, JAMES S. BRADLEY</b>
<b>ADDRESS: 8000, HUNTER ROAD</b>	<b>RESIDENT: 1001, 10TH AVE. N.E.</b>
<b>CITY: ALBANY, ALABAMA</b>	<b>PHONE: 205-336-2221</b>
<b>TELEPHONE: 334-361-1000</b>	<b>TELEPHONE: 205-336-2221</b>
<b>EMPLOYER:</b>	<b>JOHNSON, BRADSHAW, S. A.</b>
<b>NOTES:</b>	<b>NUMBER OF LOTS: 3</b>