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2011 OCT 25 AM 8:19

851 Aviation Parkway
Smyrna, TN 37167

Date: October 18, 2011

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

T.R.A. DOCKET ROOM

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OCT 24 2011

TN REGULATORY AUTHORITY
UTILITIES DIVISION

Mr. Foster

Re: Data Request TRA Docket 11-00112

1. For the month of September 2010, tie all of the amounts shown on the "Transactions by Account" Summary to the escrow deposits (showing how the amount to be deposited was determined), supporting invoices for escrow charges and escrow withdrawals. Your explanation should detail how each amount on the "Transactions by Account" Summary is determined.

Answer: See attached detail

2. When are the Maintenance Visit Reports (MVRs) prepared/completed and by whom? Many, if not all, appear to be completed by the same person.

Answer: The MVRs are prepared predominately shortly after the repair and are prepared by the person in charge of making the repair. Many in your review were prepared by the same person because the repairs in that area were mainly done by that person over a period of time.

3. Many of the MVRs are incomplete and very hard to read. Considering that, how does the Company ensure that MVRs are accounted for properly? Describe what steps the Company will take to ensure all information is completed on the MVRs going forward.

Answer: Not all information is available to complete according to your request. I.e. Pump stations do not have addresses. Amounts are not the responsibility of the person filling the MVR's out. All MVR's and pricing is reviewed and completed by Brian Carter for Middle TN. East TN is outsourced and the information is on the bill from SEE/UCC.

4. Staff would like to see a trouble report or a detail description of the problem that necessitated the maintenance visit. Describe how this information could be included in the MVR.

Answer: Adenus staff performs system checks and visits according the SOP and in response to those visits and home inspections a maintenance item would be resolved on premise at that time.

5. Describe Adenus's policy for determining the amount of travel time that is charged to TWWS.

Answer: All travels times are generated as a round trip from our office in Smyrna, TN. Times are set to standard times for different areas.

6. Provide justification for the duplicate charges for each tank pumping, ie. One charge from Adenus and one charge from the third party vendor doing the pumping. Explain why an Adenus representative needs to be present at the tank pumping in addition to the third party vendor.

Answer: First an Adenus representative has to perform a service call to determine problem. At the time it is known the tank needs pumping the pumper company is called. An Adenus representative will be onsite when any work is performed by an outside vendor to insure all work is complete and system is secured upon completion of work.

7. According to many MVRs, both Adenus and a third party vendor charge TWWS on the other projects as well. Please explain in detail the work/service performed by Adenus and the vendor for the examples cited above.

Answer: First an Adenus representative has to perform a service call to determine problem. Once problem is diagnosed, then we determine to fix ourselves or hire outside for repair. An Adenus representative will be onsite when any work is performed by an outside vendor to insure all work is complete and system is secured upon completion of work.

For the work performed on 9/13/2010. There was a sewer leak in a main collection line in Henry County. Adenus hired Robbie to the Rescue to use his heavy equipment to do the digging and repair of the leak. Adenus personnel were on site to insure all work was performed to Adenus standards and completed as needed, and to offer support as needed in repairs. For the work performed on 10/11/2010. There was damage to 2 of Adenus valve boxes by a vehicle running over them. After assessment by Adenus personnel, Robbie to the Rescue was hired to perform the repair using his equipment and Adenus personnel stayed on site to insure all work was completed to our standards and offer support as needed. In both cases it was cheaper to hire a local contractor than to haul equipment this distance for repair.

8. Based on MVRs the past two (2) years, the cost of replacing and repairing emitter pipes has exceeded \$65,000. What criteria determined that all/most of the emitter pipe should be replaced in the drip field at Abbington Ridge and McLemore Farms?

Answer: If the drip pipe is failing according to our pressure and checks and if water is pooling in certain areas, which is a violation of our SOP, then the emitters are broken or not functioning properly. Those emitters have to be uncovered and inspected to determine the cause. Once the area is identified the pipe is repaired. There are several thousand feet of this pipe in the ground at each location.

9. Referencing the Abbington Ridge and McLemore Farms projects, provide a detailed description of:

- Emitter pipes and their function;
- The work involved in replacing emitter pipes;
- The type(s) of emitter pipe originally used in Abbington Ridge and McLemore Farms; and
- The type(s) of emitter pipe used to replace them.

Answer:

- Emitter pipe is buried 6-8 inches under ground and serve the purpose of dripping the treated effluent into the ground as a means of dispersing of the water.
- Please see the answer to question 8.
- Agricultural type emitter pipe was originally used in the projects
- The same type of pipe was used to replace them. The cause of failure is not the material but a result of iron deposits or clay particles that enter the system from damage to our main collection lines or damaged lids at the residences.

10. Considering the major expense for replacement of emitter pipes, did TWWS send out a Request for Proposal (RFP) for competing bids for the projects at Abbingdon Ridge and McLemore Farms? If no, explain how a contractor was chosen. If yes, provide a copy of the RFP.

Answer: The replacement of emitter pipes are unknown of the duration and amount at the time of needed repair. Therefore, it is unrealistic to bid such a job. It is always TWWS interest to provide the best service at the lowest cost to the rate payers. In this particular task, we feel the rate payers received the most economical approach to the repair.

11. Explain under what circumstances invoices are paid out of escrow prior to the date of service.

Answer: Adenus maintenance manager tries to review all invoices within the first week of the month for the previous month. If performed later than that and new MVR's arrive, they may be included in the previous months invoice. The invoice date for August 2010 was performed on September 10, 2010.

12. Explain TWWS' procedure to ensure that expenses paid out of escrow (subsequently billed to a customer, insurance company, builder, or developer and payment received) are reimbursed to the escrow account. Provide documentation to support to the reimbursement of escrow funds for the following:
- 8/2/10 invoice to Electric Company (Electric Company broke line);
 - 9/22/10 MVR for Oak Pt. for \$150 plus the material charge from Adenus (owner was billed);
 - 3/2/10 Southeast Environmental Engineering, LLC ("SEE") invoice for service on 2/19/10 (contractor was billed);
 - 3/8/10 SEE invoice for service provided 11/28/09 – 12/1/09 (developer and/or builder was billed);
 - 6/10/10 SEE invoice for service on 4/1/10 for storm damage (insurance reimbursement). If insurance company was not billed, explain why it was not;
 - 9/2/10 SEE invoice for service on 4/29/10 (recovery from Adenus Technologies since the damage was caused by "a wiring error at Adenus Technologies"). If Adenus Technologies was not billed, explain why it was not; and
 - 9/10/10 SEE invoice for services provided 6/10/10, 6/14/10, 6/15/10 and 6/16/10 (recovery from Adenus Technologies since the repeated maintenance visits were due to a defective "Red Lion module" produced by Adenus Technologies). If Adenus Technologies was not billed, explain why it was not.

Answer:

- Line broken by electric company by fault of Adenus personel; missed marking location. TNWW responsibility to cover cost of repair.
- Lid damage was not home owners responsibility.
- Charges will be reversed by TNWW in October 2011.
- Developer was contacted not billed. TNWW could not prove who was responsible for break in line. TNWW covered expense.
- Insurance deductible is \$1,000. \$153.08 would not be reimbursed. TNWW covered expense.
- Charges will be reversed by TNWW in October 2011.
- Charges will be reversed by TNWW in October 2011.

13. Explain why there are two (2) separate travel charges for service provided at two (2) locations on the same street on the same day. [Example: Service on 11/21/10 at 1071 Kacie Dr. and 1063 Kacie Dr.]

Answer: Each individual service ticket requires an individual MVR. Work performed during same trip. One travel time charge will be reversed in October 2011.

14. Provide the service addresses for two MVRs dated 11/8/10 (\$960 and \$710) in Southridge. Explain why there is 3 hours travel time charged on each MVR, when it appears the work was done at the same location or in the same subdivision.

Answer: There are two separate travel charges on these due to one service call being performed in the morning and one in the evening (two separate trips). The one for \$710 was at 1032 South Ridge Trail. The one for \$960 was at our Bioxide station located on the side of Ashland City Highway.

15. The 11/8/10 MVR for Lost Hollow shows prices for "purchased from stock." Why do other MVR's not show the price for these items?

Answer: Items should not have been charged. Charges will be reversed in October 2011.

16. Why were MVRs dated 1/2/11, 1/4/11 and 12/15/11(sic) included in the December 2010 escrow charges?

Answer: Adenus maintenance manager tries to review all invoices within the first week of the month for the previous month. If performed later than that and new MVR's arrive, they may be included in the previous month's invoice. The 12/15/11 should have been 12/15/2010.

17. When are the MVRs completed, at the time of service or a later date? Who is responsible for the information contained on the MVR?

Answer: See answer to question 2. The MVRs are reviewed by Brian Carter the Supervisor of maintenance.

18. When are invoices typically paid from escrow? Why were the 9/23/10 and 9/20/10 MVRs for Southridge not paid from escrow until December 2010?

Answer: Invoices are typically paid once per month when the invoices are received from Adenus or SEE/UCC. Those invoices / MVR's were not received until the month of December.

19. When work orders are prepared for maintenance and/or repairs, who in the Company determines whether the maintenance/repair is routine or non-routine to be paid from escrow funds?

Answer: Brian Carter determines if the repair is routine or non-routine for Middle Tennessee and SEE/UCC determines for East Tennessee and I review those charges to ensure they meet the guidelines set out in the exhibits of the tariff in docket 99-00393. Generally speaking, any wearable part/component would be an item funded by the escrow funds. In addition, any modifications to the systems as per request of TDEC would be considered non-routine.



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20. Provide copies of all warranties provided for parts TWWS purchases from the Adenus Companies.

Answer: The warranties are manufacture warranties and Adenus Technology provides a one year warranty on parts for its panels. The pumps have a one year warranty and the Red Lion PLC has a 2 year warranty. As with all warranties there are various circumstances that void the warranty ie. Lightning strikes. The warranties only cover materials not labor. Adenus Technology does not manufacture any products, it only distributes or assembles materials. The manufacturer's do not have written warranties.

Thank you

Charles Hyatt
President

11:12 AM

10/20/11

Accrual Basis

Tennessee Wastewater Systems, Inc.
Transactions by Account
As of September 30, 2010

Type	Date	Num	Name	Memo	Class	Split	Debit	Credit	Balance
265 - Misc. Operating Reserves									
265.2 - Sewer Sys/Comp Repl - Post 2006									
Bill	9/2/2010	SEE-10-T...	Southeast Envl...	SEE-10-TN...	East Ten...	231 - Account...	6,450.25		216,848.36
Bill	9/4/2010	SEE-10-T...	Southeast Envl...	Installation of...	East Ten...	231 - Account...	4,151.10		216,848.36
Bill	9/10/2010	SEE-10-T...	Southeast Envl...	Replacement...	East Ten...	231 - Account...	13,362.33		210,398.11
Bill	9/20/2010	3266a	Adenus Techno...	Submersible ...		231 - Account...	16,854.47		192,884.68
Bill	9/22/2010	092210	Wayne Shaw	Septic Tanks...		231 - Account...	325.00		176,030.21
Bill	9/23/2010	SEE-10-T...	Southeast Envl...	Installation of...	East Ten...	231 - Account...	1,976.25		175,705.21
General Jour...	9/29/2010	092910		Four Step Pu...		242.10 - Interc...		1,348.36	173,728.96
General Jour...	9/30/2010	093010	UMS Receipts	September Bl...		141.1 - Sewer ...		11,296.03	186,373.35
General Jour...	9/30/2010	093010E	UMS Receipts	September Bl...	East Ten...	141.12 - East ...		15,628.00	202,001.35
Bill	9/30/2010	3297b	Adenus Techno...	Effluent Filter...		231 - Account...	618.23		201,383.12
General Jour...	9/30/2010	093010	UMS Receipts	September A...		141.1 - Sewer ...		44.13	201,427.25
General Jour...	9/30/2010	093010E	UMS Receipts	September A...		141.12 - East ...		741.96	202,169.21
General Jour...	9/30/2010	AO-09-C09		Escrowable ...		242.5 - Interco...	14,298.80		187,870.41
Total 265.2 - Sewer Sys/Comp Repl - Post 2006							58,036.43	29,058.48	187,870.41
Total 265 - Misc. Operating Reserves							58,036.43	29,058.48	187,870.41
TOTAL							58,036.43	29,058.48	187,870.41