11-00113

Paul Greene

From: David Foster
Sent: Thursday, January 12, 2012 1:10 PM
To: Paul Greene; Pat Murphy; Helen Trimble-Anthony
Subject: RE: IRM

He said he would initially send the response to me by e-mail....today. We will see.

From: Paul Greene
Sent: Thursday, January 12, 2012 1:07 PM
To: David Foster; Pat Murphy
Cc: Helen Trimble-Anthony; Sharla Dillon
Subject: IRM

Sharla reports no deliveries by Chuck Welch's office by noon today on behalf of IRM.

IRM™ Utility, Inc.

Integrated Resource Management, Inc.
A Privately Owned Public Utility
P.O. Box 642
3444 Saint Andrews Drive
White Pine, Tennessee 37890
Phone (Vol) 674-0828
Facsimile (Vol) 674-2352
Toll Free (877) 746-2910

~~November 30, 2011~~
January 12, 2012

Mr. David Foster, Chief
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37219

Sent via: electronic mail

RE: Response to questions

Dear Mr. Foster:

We are in receipt of your letter requesting additional information on Integrated Resources Management's ("IRM's" or "the Company's") accounting of escrow transactions for calendar year 2010. Please consider this letter as our response to your request.

1. **What criteria does IRM and/or C&C use to determine if a repair or maintenance project is considered routine and recovered through base rates, or non-routine to be paid from the escrow funds?**

   Company Response:
   Please see the schedule in Attachment A.

2. **Identify the account number(s) to which IRM charges routine maintenance expense to.**

   Company Response:
   The Company does not accumulate routine maintenance expense into any special category. Instead, routine maintenance expenses are charged to the account that best categorizes their function. For example, wages paid for routine maintenance would be charged to Account 701 – Salary & Wages, while the cost for materials would be charged to Account 720 – Materials & Supplies. Any routine maintenance cost that can't be classified into a predetermined account is charged to Account 775 – Miscellaneous Expense. This classification is in accordance with the NARUC Uniform System of Accounts (USOA) for Class C and D wastewater utilities.

3. **Identify the account number(s) to which IRM charges escrow expense.**

Company Response:
During the year, IRM charges all non-routine maintenance projects to Account 775.19 – Non-Routine Maintenance Expense. At the end of the year, the costs in this account are charged off to Account 235.10 – Escrow Liability.

4. **Attached, please find a spreadsheet to be completed by IRM. For each invoiced project that was charged to the escrow account during the 2010 calendar year, enter the information requested into the Excel spreadsheet. The grand total of the "Total column" should equal $10,366.66, the total amount booked as removed per books from escrow during 2010. Staff is providing the spreadsheet electronically and requests it be returned to Staff electronically with all formulas used intact and not password protected.**

Company Response:
Additional communication with staff indicated that the format of the spreadsheet could be changed to meet specific billing procedures by the Company.
Please see Attachment B for a printed copy. The electronic copy will be submitted via electronic mail.

5. **For each numbered Function listed on the spreadsheet (on a separate schedule), list the function, describe the process performed, how often the function normally occurs and explain why the function is considered to be non-routine.**

Company Response:
Please see the schedule in Attachment C.

IRM hopes that these responses are to your satisfaction. If you have any further questions, please let me know.

Sincerely,

Jeffrey W. Cox, Sr.
President

Cc: William H. Novak

Attachment A

Routine/Non Routine Maintenance Guidelines

Used by IRM Utility, Inc.

Routine Maintenance

- *Maintenance set up on a predetermined schedule based on the Systems manufacturers recommended maintenance schedule.*
- *Monitoring or inspections required by the Tennessee Department of Environment and Conservation, State Operating Permit ("SOP").*
- *Inspections and adjustments made to the systems to allow and provide the proper function of the Biological Natural Systems during seasonal changes in use and demand on the system.*

Non Routine Maintenance

1. *Any damage or malfunction due to an "Act of God". (Example) Fallen Trees, Lightning, Flooding, etc.*
2. *Any damage incurred due to improper use of the individual Septic Tank Effluent Pumping (STEP) systems at each residence. (Example) garbage disposals, grease, and any other material that is not acceptable for this system. All owners have been issued a Biological Systems User's Manual describing the use of the STEP system.*
3. *Any problems associated with STEP systems that were not properly installed and/or installations that did not request the inspections which are required by IRM Utility, Inc.*
4. *Any damage to the systems or the fields due to unauthorized use of vehicles or equipment at our plants or our drip fields. Damage due to mowing improperly or landscaping.*
5. *Any malfunction of equipment not typical with routine operation and maintenance.*
6. *Any analysis and monitoring required that is not typical of routine quarterly monitoring.*
7. *Replacement or repair of any part or component of the system that breaks down or wears out.*
8. *The considerations within Docket No. 07-00061.*

Integrated Resource Management, Inc. - IRM Utility, Inc.

Attachment B
(electronic copy included)

Analysis of Non-Routine Maintenance Payments

Reference Number	Month/Year Invoiced	Date of Project	Function Performed	Project Location	FOREMAN Total Foreman	TECHNICIANS Total Technicians	LABORERS Total Laborers	Total Labor	MATERIALS Total Materials	Total Invoiced	PAYMENT DETAIL Beginning Balance	Invoice Amount	Payment Amount	Ending Balance	Payment Date	Check Number
Invoice Summay 4th Quarter 2008 Inv # IRM -NR-08-4	2/2/2009	10/10/2008	Recirculation Device and Alarm	Wild Briar	$93.91	$71.68	$0.00	$165.59	$0.00	$165.59	$2,435.46	$165.59		$2,601.05		
		10/15/2008	Recirculation Device and Alarm	Wild Briar	150.94	112.18	0.00	263.11	0.00	263.11	2,601.05	263.11		2,864.16		
		11/6/2008	Sterling Springs - STEP Smokey Mountain Cabin - Alarm	Sterling Springs	88.71	70.69	0.00	159.40	0.00	159.40	2,864.16	159.40	$2,679.64	343.92	07/31/09	2490
		11/13/2008	Recirculation Alarm	Wild Briar	147.72	111.19	0.00	258.91	0.00	258.91	343.92	258.91	2,235.21	-1,632.39	09/20/10	2611
		11/14/2008	Recirculation Alarm Follow-up- needs fittings and pulling	Wild Briar	297.42	192.18	0.00	489.60	0.00	489.60	-1,632.39	489.60		-1,142.79		
		12/16/2008	Recirculation Alarm-Will need to pull pumps and make sure floats are correct	Sterling Springs	292.47	0.00	0.00	292.47	0.00	292.47	-1,142.79	292.47		-850.32		
		12/29/2008	Pulled Pumps, Reset Floats, Cleaned Screens while out	Sterling Springs	232.47	153.84	464.00	850.31	0.00	850.31	-850.32	850.31		-0.01		
			INVOICE TOTAL		$1,303.64	$711.74	$464.00	$2,479.38	$0.00	$2,479.38		$2,479.38	$4,914.85			
Invoice Summay 1st Quarter 2009 Inv # IRM -NR-09-1	4/4/2009	1/17/2009	Frozen line Repair@Spin Filter	Emory Pointe	$268.43	$156.36	$0.00	$424.79	$0.00	$424.79	-$0.01	$424.79		$424.78		
		1/21/2009	Frozen line Repair@Spin Filter	Emory Pointe	305.93	176.36	0.00	482.29	0.00	482.29	424.78	482.29		907.07		
		1/23/2009	Replacing Floats that Should Work- Diagnostics	Mountain Shangrila	304.92	172.83	0.00	477.75	0.00	477.75	907.07	477.75		1,384.81		
		1/26/2009	Replacing Floats that Should Work- Replacements	Mountain Shangrila	229.92	132.83	0.00	362.75	0.00	362.75	1,384.81	362.75		1,747.56		
		2/9/2009	Sprague Lot - Frozen Service Connect	Emory Pointe	343.94	196.36	0.00	540.30	0.00	540.30	1,747.56	540.30		2,287.85		
		2/20/2009	Frozen Return Line for Drip	Emory Pointe	348.48	196.36	0.00	544.84	0.00	544.84	2,287.85	544.84		2,832.69		
		2/27/2009	Recirculation Device Repair	Sterling Springs	161.99	87.78	0.00	249.77	0.00	249.77	2,832.69	249.77		3,082.46		
		2/27/2009	Recirculation Device Repair	Sterling Springs	163.64	0.00	0.00	163.64	0.00	163.64	3,082.46	163.64		3,246.09		
		3/20/2009	Repair Recirculation Device	Compass Pointe	313.13	183.74	0.00	496.87	0.00	496.87	3,246.09	496.87		3,742.96		
		3/27/2009	Drip Field Leak Patch	Emory Pointe	238.13	156.87	0.00	395.00	0.00	395.00	3,742.96	395.00		4,137.95		
		3/31/2009	Drip Field Repair	Emory Pointe	343.43	196.87	0.00	540.30	0.00	540.30	4,137.95	540.30		4,678.25		
			INVOICE TOTAL		$3,021.93	$1,656.33	$0.00	$4,678.26	$0.00	$4,678.26		$4,678.26	$0.00			
Inv. Summay 2nd Quarter 2009 Inv # IRM -NR-09-2	7/2/2009	4/10/2009	STEP System Repair due to improper installation	Mountain Shangrila	$280.55	$157.88	$0.00	$438.43	$0.00	$438.43	$4,678.25	$438.43		$5,116.67		
		4/13/2009	Cut Electric Control Lines and Plumbing	River Club	334.34	181.21	0.00	515.55	0.00	515.55	5,116.67	515.55		5,632.22		
		4/13/2009	Cut Electric Control Lines and Plumbing	River Club	131.25	0.00	0.00	131.25	0.00	131.25	5,632.22	131.25		5,763.47		
		4/22/2009	Dosing Pump Evaluation for Upper Beds - Wrong Pump/ Pulled Pumps and Reworked Floats	Sterling Springs/Mountain Shangrila	216.79	121.21	0.00	338.00	0.00	338.00	5,763.47	338.00		6,101.47		
		5/21/2009	High Water- Manually Operate - Toilet Stuck	Valley Mart Exxon	254.80	0.00	0.00	254.80	0.00	254.80	6,101.47	254.80		6,356.27		
		6/6/2009	Service Connect Glued Shut by Installer	Flat Hollow	449.99	160.00	0.00	609.99	73.10	683.09	6,356.27	683.09		7,039.35		
			INVOICE TOTAL		$1,667.71	$620.30	$0.00	$2,288.01	$73.10	$2,361.11		$2,361.11	$0.00			
Inv. Summay 3rd Quarter 2009 Inv # IRM -NR-09-3	10/4/2009	8/18/2009	Replace Pump Under Warranty	Wild Briar	$176.77	$101.72	$0.00	$278.48	$0.00	$278.48	$7,039.35	$278.48		$7,317.83		
		9/9/2009	Repair Service Connect Damage	Emory Pointe	118.43	255.55	125.00	498.98	0.00	498.98	7,317.83	498.98		7,816.81		
		9/16/2009	Repair STEP Lightning Damage	Wild Briar	155.93	91.31	37.50	284.74	0.00	284.74	7,816.81	284.74	$4,451.81	3,649.74	08/15/10	2598
		9/21/2009	Repair Recirc	Mountain Shangrila	99.66	62.83	18.75	181.26	0.00	181.26	3,649.74	181.26		3,831.00		
		9/25/2009	Replaced STEP Panel	Wild Briar	118.43	72.83	25.00	216.26	0.00	216.26	3,831.00	216.26		4,047.25		
		9/25/2009	Repair/Replace Dosing Flex Pipe	Mountain Shangrila	76.52	41.52	25.00	143.03	0.00	143.03	4,047.25	143.03		4,190.28		
			INVOICE TOTAL		$746.76	$625.74	$231.25	$1,602.74	$0.00	$1,602.74		$1,602.74	$4,451.81			
Inv Summay 4th Q 2009 Inv# IRM -NR-09-4	12/31/2009	11/23/2009	Recirculation Device	Mountain Shangrila	$176.77	$96.16	$50.00	$322.93	$0.00	$322.93	$4,190.28	$322.93	$1,339.82	$3,173.39	10/15/10	2617
		11/23/2009	STEP Alarm Emergency Call - Improper Install	Sterling Springs	213.26	117.17	62.50	392.93	0.00	392.93	3,173.39	392.93	1,339.82	2,226.49	11/15/10	2630
		12/3/2009	Collection Lateral Break by Home	Compass Pointe	227.02	144.75	75.00	446.77	0.00	446.77	2,226.49	446.77	1,000.00	1,673.26	12/31/2010	Draft
			INVOICE TOTAL		$617.04	$358.08	$187.50	$1,162.62	$0.00	$1,162.62		$1,162.62	$3,679.64			
Invoice Summay 1st Quarter 2010 Inv # IRM -NR-10-1	4/1/2010	1/4/2010	UC Disinfection Light and Apparatus Frozen Bought and installed heat lamp	Sterling Springs	$77.68	$0.00	$0.00	$77.68	$56.32	$134.00	$1,673.26	$134.00		$1,807.25		
		1/4/2010	Returned to install bulbs	Mountain Shangrila	75.66	0.00	0.00	75.66	0.00	75.66	1,807.25	75.66		1,882.91		
		1/4/2010	Install Bulb	Wild Briar	75.25	0.00	0.00	75.25	0.00	75.25	1,882.91	75.25		1,958.16		
		1/5/2010	Replace Damaged UV Bulb	Sterling Springs	152.93	80.00	0.00	232.93	0.00	232.93	1,958.16	232.93		2,191.09		
		1/8/2010	Replace Frozen Lines	Emory Pointe	304.95	164.04	0.00	468.99	10.00	478.99	2,191.09	478.99		2,670.08		
		1/9/2010	High Level Dosing and Recirc - Fix Recirc Device	Mountain Shangrila	117.55	0.00	0.00	117.55	0.00	117.55	2,670.08	117.55		2,787.63		
		1/9/2010	Replace Frozen Pipe	Wild Briar	112.75	0.00	0.00	112.75	0.00	112.75	2,787.63	112.75		2,900.38		
		1/11/2010	Rewire STEP Panel and Replace Reed Filter Switch	Sterling Springs	227.68	123.03	0.00	350.71	0.00	350.71	2,900.38	350.71		3,251.09		
		1/12/2010	Lot 32 Pump STEP	Sterling Springs	153.69	163.03	0.00	316.72	0.00	316.72	3,251.09	316.72		3,567.80		
		1/13/2010	Lot 24 Pump STEP and Adjust Floats	Sterling Springs	190.43	203.03	0.00	393.46	0.00	393.46	3,567.80	393.46		3,961.26		
		1/14/2010	Repair Frozen Sample Valve	Emory Pointe	324.10	365.05	0.00	689.15	0.00	689.15	3,961.26	689.15		4,650.42		
		1/23/2010	Pull Failed Recirc Device and Repair	Mountain Shangrila	155.35	0.00	0.00	155.35	0.00	155.35	4,650.42	155.35		4,805.77		
		1/25/2010	High Dosing Alarm-Fix Record Device	Compass Pointe	150.00	0.00	0.00	150.00	0.00	150.00	4,805.77	150.00		4,955.77		
		1/25/2010	Recirc Device Ball and Tubing Repair	Mountain Shangrila	155.35	0.00	0.00	155.35	0.00	155.35	4,955.77	155.35		5,111.12		
		1/26/2010	Recirc Device Fail	Mountain Shangrila	230.96	0.00	0.00	230.96	0.00	230.96	5,111.12	230.96		5,342.08		
		2/8/2010	Recirculation Device Fail - More Modifications	Mountain Shangrila	154.49	0.00	0.00	154.49	0.00	154.49	5,342.08	154.49		5,496.58		
		2/11/2010	Recirc Device Hung - Adjustment	Mountain Shangrila	153.54	0.00	0.00	153.54	0.00	153.54	5,496.58	153.54		5,650.11		
		3/10/2010	Dosing Alarm Pump Line Broken - Replace	Compass Pointe	151.01	0.00	0.00	151.01	100.00	251.01	5,650.11	251.01		5,901.12		
		3/15/2010	Alarm Recirc Device Fail	Mountain Shangrila	190.93	0.00	0.00	190.93	0.00	190.93	5,901.12	190.93		6,092.05		
			INVOICE TOTAL		$3,164.30	$1,099.18	$0.00	$4,262.48	$166.32	$4,418.80		$4,418.80	$0.00			
			GRAND TOTAL		$7,488.43	$3,414.03	$882.75	$11,785.21	$239.42	$12,024.63		$12,024.63	$13,046.30			

-$2,679.64 Less July 31, 2009 Payment
$10,366.66 2010 Payments

Attachment C

Schedule of

Non-routine Work Description

The explanation of justification or why the activity is considered a non-routine is indicated in the first number in (parentheses) as compared to Attachment A of this Data Request.

The frequency of occurrence is estimated by rating the activity from one (1) to ten (10) in the second number in (parentheses).
Example: an indication of (7, 4) would mean:
1st number; From Attachment A, #7, *Replacement or repair of any part or component of the system that breaks down or wears out, and*
2nd number; 4 would mean that it is less than a median frequency, but, is common for this part discussed in the activity.

4th Quarter 2008

10-10-2008 Wild Briar Alarm-Recirculation Device (4, 7)

The recirculation device was stuck on 100% recirculation. None of the treated water was passing to the dosing tank---therefore the recirculation tank was full. The float ball was loose on the rod. Pulled the device and tightened the screws that hold the ball in position. The device began working.

Note: The telemetry worked properly and no spills occurred.

10-15-2008 Wild Briar Alarm-Recirculation Device (4, 7)

The recirculation device was stuck on 100% recirculation. None of the treated water was passing to the dosing tank---therefore the recirculation tank was full. The float ball was loose on the stainless steel rod again. I tightened the screws that holds the float on the rod and reinstalled. The recirculation device began to work properly. We will contact Quanics for a suggestion on how to repair.

Note: No spill occurred.

11-06-2008 Sterling Springs Smokey Mountain High Lot 16 (3, 8 in this subdivision)

The STEP system was in alarm mode. I found that the system was installed wrong. The float tethers were to long (6"+ should be 2.5 to 3"). The floats were caught behind the pump discharge tube and the floats were not working. We had to pull the pump and the floats to install them properly. We also found the filter alarm switch was not installed. The conduit and the wiring were not installed either. After we completed the repair and before reinstalling the pump and the floats we pulled the vault filters, cleaned and replaced. We installed the pump and the floats and powered the control panel to test the system. The system worked properly. Note: The Homeowner was notified that the system needed to be upgraded.

11-13-2008 Wild Briar Alarm-Recirculation Device (4, 7)

The splitter unit was stuck on 100% recirculation again. We have not received directions or recommendations from Quanics on the repairs. I made a parts list and will purchase the materials and return on the 14th to try and repair the unit. We secured the ball again and reinstalled the device.

11-14-2008 Wild Briar-Recirculation Device (4, 7)

We pulled the splitter to repair. We cut a damaged union form the splitter and replaced with a new one. We dismantled the recirculation device and removed the balls being sure to mark their position. The upper ball retention rings screws were stripped and were replaced after a new hole was drilled and tapped. There was the same problem with the lower ball. We drilled indentions about 1/8th" deep into the rod and set the screws into the indentions to prevent them from moving. We did this on both the upper and the lower balls. We reassembled the device and reinstalled. We tested the unit to be sure it was working properly.

Note: We still have not gotten a resolution or recommendations for a repair for the recirculation devices from Quanics

12-16-2008 Sterling Springs-Main Plant (7, 2)

Pulled the pumps out of the recirculation tank and checked. Pumps looked ok. We cleaned the vault screens and replaced the pumps. We them pulled the float tree. We found that the clamp that was holding the timer enable float had cracked and allowed the timer enable float to move out of position. Note the clamps were supplied by Quanics and we do not use them on our systems now. We replaced the clamps on the float tree. We flushed the transducer and checked the float locations. We reinstalled the float tree and tested the system.

12-29-2008 Sterling Springs Step System Lot 33R –Alarm (3, 8 in this subdivision)

The high alarm was sounding. I checked the dosing tank and it was up to the alarm float. The floats were installed wrong and the junction box was not sealed. We pulled the pump and floats and repositions the floats, shortened the tether to the proper length, cleaned the vault screens and reinstalled. Check the filter and found that the filter alarm had not been installed and that neither the conduit nor the wiring was present to hook up the filter alarm. We cleaned and resealed the junction box. We tested the unit and it worked properly.

The owner was notified that the Step-System needs to be upgraded as soon as possible.

Continued

Attachment C

Schedule of

Non-routine Work Description

1st Qtr. 2009

1-17-2009 Emory Pointe-Main Plant (1, 3)

We found that the spin filter had frozen along with the line back to the dosing pump. We dug-up the line and used a propane torch to thaw the line as best we could. We repaired the broken fittings and pipe on the spin filter and continued to thaw the frozen lines. We restarted the system and reduced the off time cycle to prevent refreezing. We will have to by materials and return and weather proof the system.

1-21-2009 Emory Pointe-Main Plant (1, 3)

The system was still operating normally. We put the black plastic over the pipe and covered with straw. We covered all exposed fittings and pipe with soil or straw. We purchased 4 bales of straw and a large roll of black plastic sheeting.

1-23-2009 Sterling Springs-Main plant-Alarm (7, 6)

We pulled the lid on the recirculation tank and found that the level was high. We checked the pumps which were OK. We pulled the float tree and found a defective float. It tested open. We checked the junction box and the connections and determined that float was bad. We replaced the float and reinstalled the float tree. We tested the system and all was OK. We checked for exposed pipe or fittings and covered to prevent freezing. Winter storm coming this way.

1-26-2009 Mountain Shangrila-Main Plant Dosing system Alarm (7, 6)

We found the dosing tank level high. We pulled the lids and checked the pumps which checked OK. We cleaned the vault filters while we had the pumps out. We replaced the pumps and then pulled the float tree. The float tree looked good. We uncovered the junction box and tested the floats conductivity. We found the timer enable float bad and replaced the float. We reinstalled the float tree and checked the system. The system working properly

2-09-2009 Emory Pointe-Sprague lot- Step System-Alarm (1, 3)

When we arrived we checked the step system and found that system was not pumping water to the plant even though the pump was running. We checked the discharge of the pump and found the pump would pressure the line. We checked the main shut-off at the road and found that the line had frozen and cracked. We had to dig the street connect up to allow us to repair. We shut the main collection line off and removed the cracked fittings and pipe. We had to replace a valve to complete the repair. We tested the system and it tested OK. We opened the main disconnect and put the system on auto setting. It worked normally.

2-20-2009 Emory Point-Main Plant- Follow up check (1, 3)

We checked the main plant for problems because of the weather. The plant looked to be working as it should. Then we checked the return flow from the beds. There was no flow coming back to the plant. We started walking the beds checking the indexing valves and looking for wet spots. We found an area that water was coming to the surface. We opened a ditch around the line and found that where the pipe turned to the plant at a fitting the earth was only about 6" deep the pipe had frozen and the fitting cracked. We shut the system down and replaced the fitting and covered the pipe and ditch. We will have to return and do a complete inspection of the beds.

2-27-2009 Sterling Springs-Main Plant (5, 8)

Recirculation device was stuck in 100% recirculate. We had to pull the device and disassemble to repair. We pulled both floats and drilled an indention on the rod to hold the floats in place. We reinstalled the device and tested. The device is working for the present.

NOTE: Quanics has not made recommendations or offered a permanent fix for the problem we are encountering.

3-20-2009 Compass Pointe-Main Plant (5, 8)

The recirculation device was stuck in 100% recirculate. I pulled the device and disassembled. I pulled the floats from the rod and drilled the indentions of the rod at the proper locations and reassembled making sure the retainers were secure. Started the system and tested. The device worked properly.

3-27-2009 Emory Point-Bed Inspections and Repair (7, 4)

Upon routine inspection we note low pressure in the drip irrigation lines. To determine the problem we started by turning the dosing pump to manual so it would continue to run. We walked each bed looking for problems or exposed pipe or tubing. We found wet areas on the header to bed #4. We opened the ditch and exposed the header pipe and the tubing. We found several fittings on the header pipe either broken or the flex tubing was pulled from the fittings. We repaired all that was leaking and continued the inspection. The bed seemed in good shape except for the problems we found. We found another header leaking at the bed across

the fence form the main plant. We marked the area and will return to repair. Very small leaking just wet spots. We turned off this index valve to divert flows.

3-31-2009 Emory Pointe- Bed Inspection and Repair (7, 4)

We returned to repair the problem we found on the last visit. We opened the ditch and found basically the same problem as with the other header. Some of the fittings were broken and some had pulled apart because of settling. We repaired the leaks, covered the header and started the system. Walked the beds again and did not find other leaks.

Continued

Attachment C

Schedule of

Non-routine Work Description

2nd Qtr. 2009

4-10-2009 Mountian Shangrila- Step System 1st cabin on the right (3, 2 in this subdivision)

The system was not properly installed. We had to pull the pump and floats to set the proper tether length. We repositioned the floats and reinstalled the pump and floats. We had to rewire the alarm circuit from the filter switch to make it work properly.

4-13-2009 River Club- Step System (4, 3)

System was not working and the tanks were almost full. We could not see anything evident at first to point to the problem. The owner's had some plants removed from a bed close to the dosing tank. We dug the conduit to the dosing tank and found a break in the conduit. The pump circuit was damaged and shorted. We repaired the damage and started the system. The system worked properly.

4-22-2009 Sterling Springs Main Plant

Alarm mode warning emergency call. We are having issues getting the upper beds to operate properly. Started trouble shooting, went to get fittings and parts needed to do the test.

4-22-2009 Sterling Springs Main Plant (7, 3)

System Alarm Recirculation tank. I pulled the lids on the recirculation tank and observed a high level. We pulled the pumps and checked them, we cleaned the vault filters, and washed the pumps off and reinstalled the pumps. I pulled the float tree and noticed that two of the floats were loose on the tree. I found that the two floats were secured by the plastic ring clamps that we have been replacing. I removed the old broken clamps and installed a different stainless clamp. I installed the float tree back in the tank and started the system.

5-21-2009 Valley Mart Exxon Commercial System (2, 2)

We were notified that water was coming into the building thru the floor drains. We checked the system and found that constant water was running into the tanks. We checked the building and found a toilet was stuck and water was running all the time. The inlet to the septic was plugged partially by paper and was causing the water to back up into the building. We cut the toilet off, removed the paper from the inlet tee and that stopped the water back-up.

6-6-2009 Flat Hollow Step System 1st on the left going into the resort (3, 5 in this subdivision)

We installed the step system on the first cabin on Flat Hollow Marina road. We tried to test the system but the system would not pump to the collection line. We started up the collection line and at the third cabin we found a cut-off valve closed on the collection line. We tried to open the valve but could no open it. We dug out around the valve and the line and found that when the valve was installed someone had used too much glue and when they glued the valve it glued the valve shut. We had to replace the valve to correct the problem.

Continued

Attachment C

Schedule of

Non-routine Work Description

3rd Quarter 2009

08/18/209 Wild Briar (5, 3)

High dosing level. Responded to the alarm and found that only one dosing pump was running which cut the dosing cycle in half. I checked the connections and found that all was OK. I checked the fields on the pump motor that was not working and found that the fields were open. We pulled the pumps and changed the bad motor and reinstalled the pump assembly. The pumps both worked when tested.

9/09/2009 Emory Pointe Lot 7 (4, 2)

Emergency repair service. Repair the service connect someone drove over it and broke it. Dug up old meter box, replaced plumbing, re-installed box. Control panel was checked and was part of the problem. I rewired the control panel with new board (7, 2).

9/16/2009 Wild Briar – First Big House on Left (1, 2)

I replaced the control board on the big house to get the system partially working order. Major lightning damage occurred. Also checked the UV system at the main plant and cleaned the crystal and checked the UV bulb.

9/21/2009 Mountain Shangrila (5, 8)

Alarm mode. Checking the recirculation device. We had to adjust the splitter to transfer more liquid.

9/25/2009 Wild Briar (1, 2)

Replaced control panel on big house.

9-25-2009 Mountain Shangrila (5, 8)

Alarm mode. Replace flex pipe in dosing tank. This unit was pumped to allow for volume for ample drying time of the glue solvent weld.

Continued

Attachment C

Schedule of

Non-routine Work Description

4th Quarter 2009

11/23/2009 Mountain Shangrila (5, 9)

The float came off the recirculation device. Had to pull and reposition ball.

11/23/2009 Sterling Springs STEP System (3, 8 in this subdivision)

Alarm emergency call. STEP system at Naughty by Nature needs filter, filter switch, and additional service. Pump was pulled and cleaned. The pump vault was cleaned, floats adjusted, and control panel checked. We notified owner of the problems.

12/3/2009 Compass Pointe Lot 11 (4, 2)

A lateral connect at the street end was dug into by driveway construction and broken. I to use back-hoe, excavate, repair, and replace service connect valve assembly. The exact location was at Compass Pointe Drive at the end of cul-de-sac.

Continued

Attachment C

Schedule of

Non-routine Work Description

1st Quarter 2010

1/04/2010 Sterling Springs (1, 3)

Where the lines came into the UV building they had frozen. We bought a heat lamp and installed in the building to allow the concrete and the inside of the building to be warm enough to keep the lines from freezing

1/04/2010 Mountain Shangrila (7, 3)

The original problem with the call was the level in the recirculation tank. We have had so many issues with the splitter that we thought that the problem had re-occurred. When we arrived we found that the level in the tank was OK but the level showing on the panel was totally wrong. We pulled the transducer and cleaned gently. We flushed the filter and checked the connections in the junction box. We found corrosion on the connections in the box and repaired. That corrected the faulty reading on the panel. While there we installed a heat lamp to try and keep the lines in and out of the UV building from freezing.

1/04/2010 Sterling Springs (1, 1)

The dosing level was high in alarm mode. Power surges had scrambled PLC and all pump timers needed re-set. Additionally, I replaced the heat lamp and cleaned the UV bulb and checked to make sure it was not damaged. Covered all exposed lines that we could. Trying to get the developer to cover the main indexing valve box and the exposed lines.

1/04/2010 Wild Briar (1, 1)

I had to open and drain partially frozen lines. The flows were impeded but the lines were not broken. Installed a heat lamp in the UV building and checked the indexing valve at the UV building. The risers do not offer much insulation from the cold. Will have to bring straw back and cover the risers

1/05/2010 Sterling Springs (5 ,8)

Recirculation unit failed—The unit was recirculating 100% and that is why we received a high alarm. I used a piece of pipe to modify the unit so it would transfer 20% and work the recirculation tank down so the alarm condition would go off. Brought help to pull the recirculation device and try to repair. The float and the rod need to be changed or made with more strength to better control operation. We are

waiting on Quanics to send replacements for all of our devices. Replaced corroded and damaged UV Bulb (5, 3).

1/08/2010 Emory Pointe (1, 3)

Lines frozen at sampling area and spin filter. We had to bypass sample vale and will need to replace later.

1-09-2010 Mountain Shangrila (7, 2)
The flex from the dosing pump to the fields (inside the riser) blew a hole and basically the dosing water was just recirculating in the dosing tank. W shut the system down and removed the blown flex and replaced. We had to wait until the glue cured and then restarted the system

1-09-2010 Wild Briar (1, 2)

We had a high dosing alarm. When I arrived the system was dosing properly. I checked the indexing valves and the splitter. All seems OK. I checked PLC and run times were off schedule most likely power issues. Re-set PLC unit. I checked the UV and the heat lamp.

1/11/2010 Sterling Springs STEP System Repair – Lot 32 (3, 8 in this subdivision)

Emergency call. High amount of solids in pump vault. No filter installed with no reed filter switch. Septic tank needs pumped. Floats need adjustment. Cleaned filters and cleaned pump. The panel was wired wrong so we re-wired it.

1/12/2010 Sterling Springs STEP System Repair – Continuation on Lot 32

Installed conduit, filter switch, and filter. We pulled pump and adjusted floats. The pipes in the risers and the shallow pipes to the indexing valves and sample port are freezing. We covered them with what dirt we had and then used black plastic and straw to cover the dirt and around the risers. Will have to check the beds after the cold and see if any damage there.

1/14/2010 Emory Pointe continuation

We pulled the full assembly and replaced the broken sample port valve.

1/23/2010 Mountain Shangrila (5, 8)
Alarm in high recirculation level. The recirculation device was stuck at 100% recirculate. Had to pull the device and readjust the float to try and make it work until we can get replacement devices.

1/25/2010 Compass Pointe (7, 8)
High dosing alarm---Pulled the recirculation device and adjusted the amount of split and if it would go to 100% recirculation. I adjusted the dosing times to catch up with inflow and will lower in time in 24 hours.

1/25/2010 Mountain Shangrila (5, 8)

The recirculation device failed. The tubing that holes the ball in place came off and the device was stuck at 100% recirculation. We pulled the device and found the retainers that held the float in place had worked loose and moved allowing the device to shut down the 20% transfer to the dosing tank. I reset the float, drilled and tapped the rod and reinstalled the device.

1/26/2010 Mountain Shangrila Continue adjustment Alarm Again

Had to pull device bore deeper and re-tighten. Remounted with ties to try and eliminate turbulence.

2/08/2010 Sterling Springs (5, 6)

Dosing tank level HIGH, found that one pump was not running. Found the pump input was corroded and we repaired the connections to both pumps. We put the system on manual and tested. The pump motor did not show field damage but will have to monitor for a while. It will tank a while for the level to be back to normal.

02/11/2010 Mountain Shangrila (5, 8)

High Level Recirculation Alarm. Empty dosing tank---The recirculation device failed again. We pulled the device and checked the float level. The float level was where we set it but the top stop had moved and we had to reset and secure.

03-10-2010 Compass Pointe (7, 3)

The flex on main dosing line to the field ruptured in the dosing vault. I shut the system down and removed the pump assembly and replace the flex portion of the line and reinstalled the pumps. I then restarted the system and monitored to see if all worked properly.

03/15/2010 Mountain Shangrila (5, 8)

We returned with new parts to try and repair the recirculation device so if will be more dependable. We shut the system down and pulled the device. We disassembled a much as we could and cleaned. We replaced the screws with stainless and drilled indentions on the rod to allow the screw a place to fit to secure and not slip after time. This was the new design but I do not see any improvements. We will have to see how long it last or if we get new devices.

03/25/2010 Sterling Springs (5, 2)

No alarms just a normal inspection. I found that the input line to the indexing valve was leaking and failure was imminent. I had to cut the adapter and change the complete pieces to the valve. When fabricated the angle to the valve was wrong and the fittings were adapted to make it work. I had to change the angle in which it was installed and re-fabricate. The re-work corrected the problem and the system is running.

Integrated Resource Management, Inc. - IRM Utility, Inc.

Attachment B
(electronic copy included)

Analysis of Non-Routine Maintenance Payments

Reference Number	Month/Year Invoiced	Date of Project	Function Performed	Project Location	FOREMAN Total Foreman	TECHNICIANS Total Technicians	LABORERS Total Laborers	Total Labor	MATERIALS Total Materials	Total Invoiced	PAYMENT DETAIL Beginning Balance	Invoice Amount	Payment Amount	Ending Balance	Payment Date	Check Number
Invoice Summary 4th Quarter 2008 Inv # IRM -NR-08-4	2/2/2009	10/10/2008	Recirculation Device and Alarm	Wild Briar	$93.91	$71.68	$0.00	$165.59	$0.00	$165.59	$2,435.46	$165.59		$2,601.05		
		10/15/2008	Recirculation Device and Alarm	Wild Briar	150.84	112.18	0.00	263.11	0.00	263.11	2,601.05	263.11		2,864.16		
		11/8/2008	Sterling Springs - STEP Smokey Mountain Cabin - Alarm	Sterling Springs	88.71	70.89	0.00	159.40	0.00	159.40	2,864.16	159.40	$2,679.64	343.92	07/31/09	2490
		11/13/2008	Recirculation Alarm	Wild Briar	147.72	111.19	0.00	258.91	0.00	258.91	343.92	258.91	2,236.21	-1,632.38	09/29/10	2611
		11/14/2008	Recirculation Alarm Follow-up- needs fittings and pulling	Wild Briar	297.42	192.18	0.00	489.60	0.00	489.60	-1,632.38	489.60		-1,142.79		
		12/16/2008	Recirculation Alarm-Will need to pull pumps and make sure floats are correct	Sterling Springs	292.47	0.00	0.00	292.47	0.00	292.47	-1,142.79	292.47		-850.32		
		12/29/2008	Pulled Pumps, Reset Floats, Cleaned Screens while out	Sterling Springs	232.47	153.84	464.00	850.31	0.00	850.31	-850.32	850.31		-0.01		
			INVOICE TOTAL		$1,303.64	$711.74	$464.00	$2,479.38	$0.00	$2,479.38		$2,479.38	$4,914.85			
Invoice Summary 1st Quarter 2009 IRM -NR-09-1	4/4/2009	1/17/2009	Frozen line Repair@Spin Filter	Emory Pointe	$268.43	$156.36	$0.00	$424.79	$0.00	$424.79	-$0.01	$424.79		$424.78		
		1/21/2009	Frozen line Repair@Spin Filter	Emory Pointe	305.93	176.36	0.00	482.29	0.00	482.29	424.78	482.29		907.07		
		1/23/2009	Replacing Floats that Should Work- Diagnostics	Mountain Shangrila	304.92	172.83	0.00	477.75	0.00	477.75	907.07	477.75		1,384.81		
		1/26/2009	Replacing Floats that Should Work- Replacements	Mountain Shangrila	229.92	132.83	0.00	362.75	0.00	362.75	1,384.81	362.75		1,747.56		
		2/9/2009	Sprague Lot - Frozen Service Connect	Emory Pointe	343.94	196.36	0.00	540.30	0.00	540.30	1,747.56	540.30		2,287.85		
		2/20/2009	Frozen Return Line for Drip	Emory Pointe	348.48	196.36	0.00	544.84	0.00	544.84	2,287.85	544.84		2,832.69		
		2/27/2009	Recirculation Device Repair	Sterling Springs	181.99	67.78	0.00	249.77	0.00	249.77	2,832.69	249.77		3,082.46		
		2/27/2009	Recirculation Device Repair	Sterling Springs	163.64	0.00	0.00	163.64	0.00	163.64	3,082.46	163.64		3,246.09		
		3/20/2009	Repair Recirculation Device	Compass Pointe	313.13	183.74	0.00	496.87	0.00	496.87	3,246.09	496.87		3,742.96		
		3/27/2009	Drip Field Leak Patch	Emory Pointe	236.13	156.87	0.00	395.00	0.00	395.00	3,742.96	395.00		4,137.95		
		3/31/2009	Drip Field Repair	Emory Pointe	343.43	196.87	0.00	540.30	0.00	540.30	4,137.95	540.30		4,678.25		
			INVOICE TOTAL		$3,021.83	$1,656.33	$0.00	$4,678.26	$0.00	$4,678.26		$4,678.26	$0.00			
Inv. Summary 2nd Quarter 2009 Inv # IRM -NR-09-2	7/2/2009	4/10/2009	STEP System Repair due to improper installation	Mountain Shangrila	$280.56	$157.88	$0.00	$438.43	$0.00	$438.43	$4,678.25	$438.43		$5,116.67		
		4/13/2009	Cut Electric Control Lines and Plumbing	River Club	334.34	181.21	0.00	515.55	0.00	515.55	5,116.67	515.55		5,632.22		
		4/13/2009	Cut Electric Control Lines and Plumbing	River Club	131.25	0.00	0.00	131.25	0.00	131.25	5,632.22	131.25		5,763.47		
		4/22/2009	Dosing Pump Evaluation for Upper Beds - Wrong Pump/ Pulled Pumps and Reworked Floats	Sterling Springs/Mountain Shangrila	216.79	121.21	0.00	338.00	0.00	338.00	5,763.47	338.00		6,101.47		
		5/21/2009	High Water- Manually Operate - Toilet Stuck	Valley Mart Exxon	254.80	0.00	0.00	254.80	0.00	254.80	6,101.47	254.80		6,356.27		
		6/5/2009	Service Connect Glued Shut by Installer	Flat Hollow	449.99	160.00	0.00	609.99	73.10	683.09	6,356.27	683.09		7,039.35		
			INVOICE TOTAL		$1,667.71	$620.30	$0.00	$2,288.01	$73.10	$2,361.11		$2,361.11	$0.00			
Inv. Summary 3rd Quarter 2009 Inv # IRM -NR-09-3	10/4/2009	6/18/2009	Replace Pump Under Warranty	Wild Briar	$176.77	$101.72	$0.00	$278.48	$0.00	$278.48	$7,039.35	$278.48		$7,317.83		
		9/9/2009	Repair Service Connect Damage	Emory Pointe	118.43	255.55	125.00	498.98	0.00	498.98	7,317.83	498.98		7,816.81		
		9/16/2009	Repair STEP Lightning Damage	Wild Briar	155.93	91.31	37.50	284.74	0.00	284.74	7,816.81	284.74	$4,451.81	3,649.74	05/15/10	2596
		9/21/2009	Repair Recirc	Mountain Shangrila	99.66	62.63	18.75	181.26	0.00	181.26	3,649.74	181.26		3,831.00		
		9/25/2009	Replaced STEP Panel	Wild Briar	118.43	72.83	25.00	216.26	0.00	216.26	3,831.00	216.26		4,047.25		
		9/25/2009	Repair/Replace Dosing Flex Pipe	Mountain Shangrila	76.52	41.52	25.00	143.03	0.00	143.03	4,047.25	143.03		4,190.28		
			INVOICE TOTAL		$746.76	$625.74	$231.25	$1,602.74	$0.00	$1,602.74		$1,602.74	$4,451.81			
Inv Summary 4th Quarter 2009 Inv # IRM -NR-09-4	12/31/2009	11/23/2009	Recirculation Device	Mountain Shangrila	$176.77	$96.16	$50.00	$322.93	$0.00	$322.93	$4,190.28	$322.93	$1,339.82	$3,173.39	10/15/10	2617
		11/23/2009	STEP Alarm Emergency Call - Improper Install	Sterling Springs	213.26	117.17	62.50	392.93	0.00	392.93	3,173.39	392.93	1,339.82	2,226.49	11/15/10	2630
		12/3/2009	Collection Lateral Break by Home	Compass Points	227.02	144.75	75.00	446.77	0.00	446.77	2,226.49	446.77	1,000.00	1,673.26	12/31/2010	Draft
			INVOICE TOTAL		$617.04	$358.08	$187.50	$1,162.62	$0.00	$1,162.62		$1,162.62	$3,679.64			
Invoice Summary 1st Quarter 2010 Inv # IRM -NR-10-1	4/1/2010	1/4/2010	UC Disinfection Light and Apparatus Frozen Bought and installed heat lamp	Sterling Springs	$77.66	$0.00	$0.00	$77.66	$56.32	$134.00	$1,673.26	$134.00		$1,807.25		
		1/4/2010	Returned to install bulbs	Mountain Shangrila	75.66	0.00	0.00	75.66	0.00	75.66	1,807.25	75.66		1,882.91		
		1/4/2010	Install Bulb	Wild Briar	75.25	0.00	0.00	75.25	0.00	75.25	1,882.91	75.25		1,958.16		
		1/5/2010	Replace Damaged UV Bulb	Sterling Springs	152.93	80.00	0.00	232.93	0.00	232.93	1,958.16	232.93		2,191.09		
		1/8/2010	Replace Frozen Lines	Emory Pointe	304.95	164.04	0.00	468.99	10.00	478.99	2,191.09	478.99		2,670.08		
		1/9/2010	High Level Dosing and Recirc - Fix Recirc Device	Mountain Shangrila	117.56	0.00	0.00	117.55	0.00	117.55	2,670.08	117.55		2,787.63		
		1/9/2010	Replace Frozen Pipe	Wild Briar	112.75	0.00	0.00	112.75	0.00	112.75	2,787.63	112.75		2,900.38		
		1/11/2010	Rewire STEP Panel and Replace Reed Filter Switch	Sterling Springs	227.68	123.03	0.00	350.71	0.00	350.71	2,900.38	350.71		3,251.09		
		1/12/2010	Lot 32 Pump STEP	Sterling Springs	153.69	163.03	0.00	316.72	0.00	316.72	3,251.09	316.72		3,567.80		
		1/13/2010	Lot 24 Pump STEP and Adjust Floats	Sterling Springs	190.43	203.03	0.00	393.46	0.00	393.46	3,567.80	393.46		3,961.26		
		1/14/2010	Repair Frozen Sample Valve	Emory Pointe	324.10	365.05	0.00	689.15	0.00	689.15	3,961.26	689.15		4,650.42		
		1/23/2010	Pull Failed Recirc Device and Repair	Mountain Shangrila	155.35	0.00	0.00	155.35	0.00	155.35	4,650.42	155.35		4,805.77		
		1/25/2010	High Dosing Alarm-Fix Record Device	Compass Points	150.00	0.00	0.00	150.00	0.00	150.00	4,805.77	150.00		4,955.77		
		1/25/2010	Recirc Device Ball and Tubing Repair	Mountain Shangrila	155.35	0.00	0.00	155.35	0.00	155.35	4,955.77	155.35		5,111.12		
		1/28/2010	Recirc Device Fail	Mountain Shangrila	230.98	0.00	0.00	230.98	0.00	230.98	5,111.12	230.98		5,342.08		
		2/8/2010	Recirculation Device Fail - More Modifications	Mountain Shangrila	154.49	0.00	0.00	154.49	0.00	154.49	5,342.08	154.49		5,496.58		
		2/11/2010	Recirc Device Hung - Adjustment	Mountain Shangrila	153.54	0.00	0.00	153.54	0.00	153.54	5,496.58	153.54		5,650.11		
		3/10/2010	Dosing Alarm Pump Line Broken - Replace	Compass Points	151.01	0.00	0.00	151.01	100.00	251.01	5,650.11	251.01		5,901.12		
		3/15/2010	Alarm Recirc Device Fail	Mountain Shangrila	190.93	0.00	0.00	190.93	0.00	190.93	5,901.12	190.93		6,092.05		
			INVOICE TOTAL		$3,154.30	$1,096.18	$0.00	$4,252.48	$166.32	$4,418.80		$4,418.80	$0.00			
			GRAND TOTAL		$7,488.43	$3,414.93	$882.75	$11,786.21	$239.42	$12,024.63		$12,024.63	$13,046.30			

-$2,679.64 Less July 31, 2009 Payment
$10,366.66 2010 Payments