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DSH & Associates, LLC  
Engineering/Construction/Utility Services

September 9th, 2011

Docket No. 11-00162

Sharla Dillon  
Dockets and Records Manager  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505  
[Sharla.Dillon@tn.gov](mailto:Sharla.Dillon@tn.gov)  
615-741-2904 ext 136

**SUBJECT: PETITION OF DSH & ASSOCIATES, LLC FOR APPROVAL TO AMEND ITS RATES AND CHARGES**

**Docket Number ???**

Dear Ms. Dillon,

Please find attached:

- Petition to increase rates and charges.

Let me know if you require additional information.

Sincerely,

**Douglas S. Hodge, Ph.D., PMP**  
**Manager**

DSH & Associates, LLC  
4028 Taliluna Avenue  
Knoxville, TN 37919  
Operations Manager  
P: 865-755-8066/F: 866-480-5943  
[Hodge.DSH@gmail.com](mailto:Hodge.DSH@gmail.com)

LAURA REC'D CK ON 9/16/11

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

Filed electronically in  
TRA Docket Room  
09/09/11

August 30th, 2011

IN RE:

PETITION OF DSH & ASSOCIATES, LLC FOR APPROVAL TO  
AMEND ITS RATES AND CHARGES

DOCKET NO.

Respectively Submitted,



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Douglas S. Hodge, Ph.D., PMP  
DSH & Associates, LLC  
Operations Manager  
4028 Taliluna Avenue  
Knoxville, TN 37919  
865-755-8066

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

September 9th, 2011

**IN RE:** PETITION OF DSH & ASSOCIATES, LLC FOR APPROVAL TO AMEND  
ITS RATES AND CHARGES

**DOCKET No.**

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PETITION OF DSH & ASSOCIATES, LLC FOR APPROVAL  
TO AMEND ITS RATES AND CHARGES

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DSH & Associates, LLC, a Tennessee limited liability corporation authorized to conduct and conducting a public utility business in the State of Tennessee, does hereby simultaneously file with the Tennessee Regulatory Authority (TRA) this Petition and revised schedule of tariffs to become effective one (1) month after date of issue and requests that the TRA investigate DSH's present and projected earnings and hear and determine that the increase rates as reflected in its tariffs that it has filed to become effective October 1, 2011, are just and reasonable. In support of this request, DSH avers that:

1. DSH is a public utility as defined in T.C.A 65-4-101 and is engaged in providing residential and commercial wastewater collection, treatment, and dispersal to customers as of July 11, 2011, subject to the jurisdiction and supervision of the Authority pursuant to Chapter 4 and Chapter 5 of Title 65 of Tennessee Code Annotated.
2. DSH's initial rates, approved on July 11, 2011, were rates that their existing customers had incurred by the previous provider of services prior DSH's getting TRA's CCN approval and transfer of the State Operating Permit (SOP) for Lakeside Estates Subdivision. The rates approved on July 11, 2011 will not provide, and cannot be made to provide, sufficient revenues to cover all the costs incurred in providing adequate wastewater service.
3. DSH has the responsibility to its customers to provide them with the best wastewater service available. This responsibility includes meeting the present and future requirements of customers, and ensuring that adequate funding is available for maintaining system plant and equipment at an efficient operating level.
4. Under the present rates, DSH is operating at a significant loss and the business cannot continue to exist without changing the revenue structure to meet expenses of providing necessary service. Exhibit 1A provides expected revenues/expenses for the next five years with the existing rates and Exhibit 1B provides expected revenues/expenses with the new proposed rates. Exhibit 1C provides an estimate on what LaFollette Utility brought in as revenue from July 31, 2010 through July 31, 2011.
5. The proposed new rates for residential and commercial customers are consistent with rates that have been approved by TRA for other wastewater utility companies.

WHEREFORE, the Company requests the TRA to:

1. Review and approve the revised schedule of rates filed with the Commission and adopt the Tariffs filed to become effective October 1, 2011, or as soon thereafter as lawfully permitted.

This the 9<sup>th</sup> day of September, 2011.

DSH & Associates, LLC



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By: Douglas S. Hodge, Ph.D., PMP  
Title: President

**BEFORE THE TENNESSE REGULATORY AUTHORITY  
NASHVILLE, TENNESSE**

**August 30th, 2011**

**IN RE:**

PETITION OF DSH & ASSOCIATES, LLC FOR APPROVAL TO AMEND  
ITS RATES AND CHARGES

**DOCKET NO: 11-00020**

**PRE-FILED DIRECT TESTIMONY OF DOUG HODGE**

**Question:** State your name for the record and your position with the Petitioner, DSH & Associates (DSH), LLC.

**Answer:** Doug Hodge. I am the operations manager and owner of DSH. My business address is 4028 Taliluna Avenue, Knoxville, TN, 37919.

**Question:** What is the business of DSH?

**Answer:** To provide environmentally friendly and affordable wastewater service to communities where wastewater service is not currently available. DSH also has an engineering/construction group within the company that will support those technical areas of potential projects.

**Question:** What are the responsibilities of your position?

**Answer:** I am responsible for the day to day operation and financial functions of DSH & Associates, LLC. My responsibilities include financial statement preparation and analysis.

**Question:** Would you please describe your educational background and business experience?

**Answer:** I have over 20 years of experience in environment/water/wastewater treatment system design and construction, research & development, design and construction management. I earned a Bachelor's degree in Mathematics from Colorado College in 1984, a Master's and Ph.D. degrees in Environmental Engineering from University of Southern California in 1991 and 1993, respectively. I have managed the design and construction of over \$500M worth of projects since the early 90's.

**Question:** What is the source of information used in the company's accounting exhibits?

**Answer:** The information contained in the accounting exhibits was

prepared from the financial and operational records of the Company and experience in the wastewater field.

**Question:** Were the company's accounting exhibits prepared by your or under your supervision?

**Answer:** Yes they were.

**Question:** Does this conclude your pre-filed testimony?

**Answer:** Yes

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

Douglas S. Hodge

Douglas S. Hodge, Ph.D., PMP  
Operations Manager

Subscribed and sworn to me this 15<sup>th</sup> day of September 2011

Notary Public

Melissa Dills

County of

Knox

My Commission Expires

09-06-11



#### CERTIFICATE OF SERVICE

The undersigned hereby certifies that the above and foregoing Pre-filed testimony of Doug Hodge has been served upon the Tennessee Regulatory Authority, 460 James Robertson Parkway, Nashville, Tennessee 37243. By the method of incorporation into this submittal documentation.

On this 15<sup>th</sup> day of September 2011

Douglas S. Hodge

Douglas S. Hodge, Ph.D., PMP

# **EXHIBIT 1-A**

Build-out Cost Analysis (5-yr)

For Lakeside Estates Treatment System

With Existing Rates

# Lakeside Estates Waste Water Treatment System

## Estimated Costs and Revenues For Year 2011

Assumptions:	2011	2012	2013	2014	2015	Total
Total number of lots in subdivision	200	200	200	200	200	
Number of non-resident/devloper property owners	4	4	4	4	4	
Number of resident property owners	3	4	6	8	10	
Commercial Overnight Rental property owners	27	29	32	34	36	
Number of property owners not attached to System	6	6	6	6	6	
Unsold lots	164	161	156	152	148	
Annual residents providing tap fee	1	3	5	4	4	17

## Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Routine Maintenance</b>						
Maintenance Operator Cost (Non-resident)	Lots	4	\$ 5	\$ 20	\$ 240	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & rental)	Homes	30	\$ 16.71	\$ 501	\$ 6,016	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for residence service. This is based on conversations with Jeff Brownfield (Braeburn) and Eddy Troxell (LaFollette) and their experience with the system today.
Accounting, tax preparation books setup	Hours	2	\$ 50	\$ 100	\$ 1,200	Amount furnished by DSH's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	30	\$ 1.92	\$ 58	\$ 691	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator salary and testing	Sampling and Testing	12	\$ 433	\$ 433	\$ 5,196	Based on pricing provided by our operator for monthly and quarterly sampling and testing requirements per our SOP. Based on subcontractor quote for services.
Performance Bond	Event	1	\$ 1,280	\$ 107	\$ 1,280	Based on actual incurred costs from BB&T Insurance Services, Inc.
Insurance	Coverage	12	\$ 277	\$ 277	\$ 3,319	Based actual insurance costs from P&C Risk Services, LLC
Office telephone Line	Line	12	\$ 55	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Managaement Fee	Month	30	\$ 2.00	\$ 60	\$ 720	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	30	\$ 2.80	\$ 84	\$ 1,008	Based on experience hours and hourly rates on similar projects.
TRA Inspection Fee	Inspection	1	\$ 250	\$ 21	\$ 250	Based on TRA published rates.



	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Subtotal</b>				\$ 1,770	\$ 21,240	
<b>Non Routine Maintenance</b>						
Septic tank pumping	Pumping Events	4	\$ 240	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event. Verbal quote from Jeff Brownfield (Braeburn)
Replacing pump & alarm systems	Replacement	2	\$ 1,949	\$ 325	\$ 3,898	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1949. Based on Orenco experience with similar installed systems - pump and alarm quote were obtained.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350 based on verbal quote from Jeff Brownfield (Braeburn)
<b>Subtotal</b>		<b>14</b>			<b>\$ 6,458</b>	
<b>Anticipated Electrical Usage &amp; Costs</b>						
Treatment Pumps				37	\$ 448	Based on 18 hours/day of operation, 365 days per year, \$0.09433 per kWatthr. Based on actual bill and phone conversation with Lafollette electrical utility.
Effluent Pumps				4	\$ 42	Based on 4 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
UV Lamps & Solenoids				3	\$ 32	Based on 2 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
Misc.				3	\$ 32	Based on 6 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
<b>Subtotal</b>				<b>46</b>	<b>\$ 554</b>	
<b>Anticipated Annual Billing Cost</b>						
Postage	postage	34	\$ 0.64	\$ 21.76	\$ 261	
Printing	page	136	\$ 0.10	\$ 13.60	\$ 163	
Paper	page	136	\$ 0.05	\$ 6.80	\$ 82	
Labor	page	136	\$ 0.50	\$ 68.00	\$ 816	Based on experience hours and hourly rates on similar projects.
Misc.	page	136	\$ 0.05	\$ 6.80	\$ 82	
<b>Subtotal</b>					<b>\$ 1,404</b>	
<b>TOTAL ESTIMATED EXPENSES</b>					<b>\$ 29,656</b>	
<b>Estimated Revenue</b>						
<b>Fees Charged to Customers</b>						
Non Resident Customer Access Fee	Access Fee	4	\$ -	\$ -	\$ -	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Resident Customer Monthly Fee	Monthly Fee	3	\$ 54.48	\$ 163	\$ 1,961	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	27	\$ 54.48	\$ 1,471	\$ 17,652	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected and escrowed	Tap Fee	1	\$ 3,750.00	\$ 313	\$ 3,750	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners. \$ are in an Escrow
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 3,750.00	\$ -	\$ -	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Return Check Fee	Returned check	2	\$ 25.00	\$ 3	\$ 38	Estimate based on experience
Late Fees and Back Payment	Late fee	2	\$ 2.00	\$ 0	\$ 3	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00	\$ 3	\$ 40	Estimate based on experience
Reconnect Fees	Reconnect	1	\$ 35.00	\$ 3	\$ 35	Estimate based on experience

<b>Subtotal</b>				\$ 1,957	\$ 23,478	
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<b><i>Estimated Escrow Requirements</i></b>						
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<b>Escrow Calculations</b>						
Number of years included in calculation					1	
Number of customers					30	
Estimated Annual Non Routine Maintenance					\$ 6,458	
Annual Escrow \$ per customer					\$ 215	

<b>Montly Escrow \$ per customer</b>					\$ 17.94	
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<b><i>Estimated Yearly Income</i></b>	<b><i>2011</i></b>	<b><i>\$ (6,177)</i></b>
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# Lakeside Estates Waste Water Treatment System

## Estimated Costs and Revenues For Year 2012

Assumptions:	2012	2013	2014	2015
Total number of lots in subdivision	200	200	200	200
Number of non-resident/devloper property owners	4	4	4	4
Number of resident property owners	4	6	8	10
Commercial Overnight Rental property owners	29	32	34	36
Number of property owners not attached to System	6	6	6	6
Unsold lots	161	156	152	148
Annual residents providing tap fee	3	5	4	4

## Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Routine Maintenance</b>						
Maintenance Operator Cost (Non-resident)	Lots	4	\$ 5.00	\$ 20	\$ 240	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & rental)	Homes	33	\$ 16.71	\$ 551	\$ 6,617	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for residence service. This is based on conversations with Jeff Brownfield (Braeburn) and Eddy Troxell (LaFollette) and their experience with the system today.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by DSH's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	33	\$ 1.92	\$ 63	\$ 760	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator salary and testing	Sampling and Testing	12	\$ 433.00	\$ 433	\$ 5,196	Based on pricing provided by our operator for monthly and quarterly sampling and testing requirements per our SOP. Based on subcontractor quote for services.
Performance Bond	Event	1	\$ 1,280.00	\$ 107	\$ 1,280	Based on actual incurred costs from BB&T Insurance Services, Inc.
Insurance	Coverage	12	\$ 276.58	\$ 277	\$ 3,319	Based actual insurance costs from P&C Risk Services, LLC
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Managaement Fee	Month	33	\$ 2.00	\$ 66	\$ 792	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	33	\$ 2.80	\$ 92	\$ 1,109	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250.00	\$ 21	\$ 250	Based on TRA published rates.
<b>Subtotal</b>				<b>\$ 1,840</b>	<b>\$ 22,083</b>	
<b>Non Routine Maintenance</b>						
Septic tank pumping	Pumping Events	4	\$ 240.00	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event. Verbal quote from Jeff Brownfield (Braeburn)
Replacing pump & alarm systems	Replacement	2	\$ 1,949.00	\$ 325	\$ 3,898	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1949. Based on Orenco experience with similar installed systems - pump and alarm quote were obtained.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20.00	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350.00	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350 based on verbal quote from Jeff Brownfield (Braeburn)
<b>Subtotal</b>		<b>14</b>			<b>\$ 6,458</b>	
<b>Anticipated Electrical Usage &amp; Costs</b>						
Treatment Pumps				39	\$ 469	per kWatthr. Based on actual bill and phone conversation with Lafollette electrical utility.
Effluent Pumps				4	\$ 44	Based on 4 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
UV Lamps & Solenoids				3	\$ 33	Based on 2 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
Misc.				3	\$ 33	Based on 6 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
<b>Subtotal</b>				<b>48</b>	<b>\$ 580</b>	
<b>Anticipated Annual Billing Cost</b>						
Postage	postage	37	\$ 0.64	\$ 23.68	\$ 284	0
Printing	page	148	\$ 0.10	\$ 14.80	\$ 178	0
Paper	page	148	\$ 0.05	\$ 7.40	\$ 89	0
Labor	page	148	\$ 0.50	\$ 74.00	\$ 888	Based on experience hours and hourly rates on similar projects.
Misc.	page	148	\$ 0.05	\$ 7.40	\$ 89	0
<b>Subtotal</b>					<b>\$ 1,527</b>	
<b>TOTAL ESTIMATED EXPENSES</b>					<b>\$ 30,649</b>	
<b>Estimated Revenue</b>						
<b>Fees Charged to Customers</b>						

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Non Resident Customer Access Fee	Access Fee	4	\$ -	\$ -	\$ -	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	4	\$ 54.48	\$ 218	\$ 2,615	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	29	\$ 54.48	\$ 1,580	\$ 18,959	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected and escrowed	Tap Fee	3	\$ 3,750.00	\$ 938	\$ 11,250	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 3,750.00	\$ -	\$ -	Estimate based on experience
Return Check Fee	Returned check	2	\$ 25.00	\$ 4	\$ 50	Estimate based on experience
Late Fees and Back Payment	Late fee	2	\$ 2.00	\$ 0	\$ 4	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00			
Reconnect Fees	Reconnect	1	\$ 35.00	\$ 3	\$ 35	Estimate based on experience

<b>Subtotal</b>				<b>\$ 2,743</b>	<b>\$ 32,913</b>	
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<b><i>Estimated Escrow Requirements</i></b>						
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<b>Escrow Calculations</b>						
Number of years included in calculation					1	
Number of customers					33	
Estimated Annual Non Routine Maintenance					\$ 6,458	
Annual Escrow \$ per customer					\$ 196	

<b>Montly Escrow \$ per customer</b>					<b>\$ 16.31</b>	
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<b><i>Estimated Yearly Income</i></b>	<b>2012</b>	<b>\$ 2,265</b>
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# Lakeside Estates Waste Water Treatment System

## Estimated Costs and Revenues For Year 2013

Assumptions:	<u>2013</u>	<u>2014</u>	<u>2015</u>		
Total number of lots in subdivision	200	200	200		
Number of non-resident/devloper property owners	4	4	4		
Number of resident property owners	6	8	10		
Commercial Overnight Rental property owners	32	34	36		
Number of property owners not attached to System	6	6	6		
Unsold lots	156	152	148		
Annual residents providing tap fee	5	4	4		

## Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Routine Maintenance</b>						
Maintenance Operator Cost (Non-resident)	Lots	4	\$ 5.00	\$ 20	\$ 240	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & rental)	Homes	38	\$ 16.71	\$ 635	\$ 7,620	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for residence service. This is based on conversations with Jeff Brownfield (Braeburn) and Eddy Troxell (LaFollette) and their experience with the system todote.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by DSH's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	38	\$ 1.92	\$ 73	\$ 876	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator salary and testing	Sampling and Testing	12	\$ 433.00	\$ 433	\$ 5,196	Based on pricing provided by our operator for monthly and quarterly sampling and testing requirements per our SOP. Based on subcontractor quote for services.
Performance Bond	Event	1	\$ 1,280.00	\$ 107	\$ 1,280	Based on actual incurred costs from BB&T Insurance Services, Inc.
Insurance	Coverage	12	\$ 276.58	\$ 277	\$ 3,319	Based actual insurance costs from P&C Risk Services, LLC
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Managaement Fee	Month	38	\$ 2.00	\$ 76	\$ 912	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	38	\$ 2.80	\$ 106	\$ 1,277	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250.00	\$ 21	\$ 250	Based on TRA published rates.
<b>Subtotal</b>				<b>\$ 1,957</b>	<b>\$ 23,489</b>	
<b>Non Routine Maintenance</b>						
Septic tank pumping	Pumping Events	4	\$ 240.00	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event. Verbal quote from Jeff Brownfield (Braeburn)
Replacing pump & alarm systems	Replacement	2	\$ 1,949.00	\$ 325	\$ 3,898	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1949. Based on Orenco experience with similar installed systems - pump and alarm quote were obtained.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20.00	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350.00	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350 based on verbal quote from Jeff Brownfield (Braeburn)
<b>Subtotal</b>		<b>14</b>			<b>\$ 6,458</b>	
<b>Anticipated Electrical Usage &amp; Costs</b>						
Treatment Pumps				42	\$ 503	Based on 18 hours/day of operation, 365 days per year, \$0.09433 per kWatthr. Based on actual bill and phone conversation with Lafollette electrical utility.
Effluent Pumps				4	\$ 48	Based on 4 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
UV Lamps & Solenoids				3	\$ 36	Based on 2 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
Misc.				3	\$ 36	Based on 6 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
<b>Subtotal</b>				<b>52</b>	<b>\$ 622</b>	
<b>Anticipated Annual Billing Cost</b>						
Postage	postage	42	\$ 0.64	\$ 26.88	\$ 323	0
Printing	page	168	\$ 0.10	\$ 16.80	\$ 202	0
Paper	page	168	\$ 0.05	\$ 8.40	\$ 101	0
Labor	page	168	\$ 0.50	\$ 84.00	\$ 1,008	Based on experience hours and hourly rates on similar projects.
Misc.	page	168	\$ 0.05	\$ 8.40	\$ 101	0
<b>Subtotal</b>					<b>\$ 1,734</b>	
<b>TOTAL ESTIMATED EXPENSES</b>					<b>\$ 32,303</b>	
<b>Estimated Revenue</b>						
<b>Fees Charged to Customers</b>						

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Non Resident Customer Access Fee	Access Fee	4	\$ -	\$ -	\$ -	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	6	\$ 54.48	\$ 327	\$ 3,923	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	32	\$ 54.48	\$ 1,743	\$ 20,920	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected and escrowed	Tap Fee	5	\$ 3,750.00	\$ 1,563	\$ 18,750	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 3,750.00	\$ -	\$ -	Estimate based on experience
Return Check Fee	Returned check	3	\$ 25.00	\$ 6	\$ 75	Estimate based on experience
Late Fees and Back Payment	Late fee	3	\$ 2.00	\$ 1	\$ 6	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00			
Reconnect Fees	Reconnect	1	\$ 35.00	\$ 3	\$ 35	Estimate based on experience

<b>Subtotal</b>				<b>\$ 3,642</b>	<b>\$ 43,709</b>	
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<b><i>Estimated Escrow Requirements</i></b>						
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<b>Escrow Calculations</b>						
Number of years included in calculation					1	
Number of customers					38	
Estimated Annual Non Routine Maintenance					\$ 6,458	
Annual Escrow \$ per customer					\$ 170	

<b>Montly Escrow \$ per customer</b>					<b>\$ 14.16</b>	
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<b><i>Estimated Yearly Income</i></b>	<b><i>2013</i></b>	<b>\$ 11,406</b>
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# Lakeside Estates Waste Water Treatment System

## Estimated Costs and Revenues For Year 2014

Assumptions:	<u>2014</u>	<u>2015</u>		
Total number of lots in subdivision	200	200		
Number of non-resident/devloper property owners	4	4		
Number of resident property owners	8	10		
Commercial Overnight Rental property owners	34	36		
Number of property owners not attached to System	6	6		
Unsold lots	152	148		
Annual residents providing tap fee	4	4		

## Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Routine Maintenance</b>						
Maintenance Operator Cost (Non-resident)	Lots	4	\$ 5.00	\$ 20	\$ 240	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & rental)	Homes	42	\$ 16.71	\$ 702	\$ 8,422	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for residence service. This is based on conversations with Jeff Brownfield (Braeburn) and Eddy Troxell (LaFollette) and their experience with the system todate.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by DSH's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	42	\$ 1.92	\$ 81	\$ 968	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator salary and testing	Sampling and Testing	12	\$ 433.00	\$ 433	\$ 5,196	Based on pricing provided by our operator for monthly and quarterly sampling and testing requirements per our SOP. Based on subcontractor quote for services.
Performance Bond	Event	1	\$ 1,280.00	\$ 107	\$ 1,280	Based on actual incurred costs from BB&T Insurance Services, Inc.
Insurance	Coverage	12	\$ 276.58	\$ 277	\$ 3,319	Based actual insurance costs from P&C Risk Services, LLC
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Managaement Fee	Month	42	\$ 2.00	\$ 84	\$ 1,008	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	42	\$ 2.80	\$ 118	\$ 1,411	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250.00	\$ 21	\$ 250	Based on TRA published rates.
<b>Subtotal</b>				<b>\$ 2,051</b>	<b>\$ 24,614</b>	
<b>Non Routine Maintenance</b>						
Septic tank pumping	Pumping Events	4	\$ 240.00	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event. Verbal quote from Jeff Brownfield (Braeburn)
Replacing pump & alarm systems	Replacement	2	\$ 1,949.00	\$ 325	\$ 3,898	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1949. Based on Orenco experience with similar installed systems - pump and alarm quote were obtained.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20.00	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350.00	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350 based on verbal quote from Jeff Brownfield (Braeburn)
<b>Subtotal</b>		<b>14</b>			<b>\$ 6,458</b>	
<b>Anticipated Electrical Usage &amp; Costs</b>						
Treatment Pumps				44	\$ 531	Based on 18 hours/day of operation, 365 days per year, \$0.09433 per kWatthr. Based on actual bill and phone conversation with Lafollette electrical utility.
Effluent Pumps				4	\$ 50	Based on 4 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
UV Lamps & Solenoids				3	\$ 38	Based on 2 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
Misc.				3	\$ 38	Based on 6 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
<b>Subtotal</b>				<b>55</b>	<b>\$ 656</b>	
<b>Anticipated Annual Billing Cost</b>						
Postage	postage	46	\$ 0.64	\$ 29.44	\$ 353	0
Printing	page	184	\$ 0.10	\$ 18.40	\$ 221	0
Paper	page	184	\$ 0.05	\$ 9.20	\$ 110	0
Labor	page	184	\$ 0.50	\$ 92.00	\$ 1,104	
Misc.	page	184	\$ 0.05	\$ 9.20	\$ 110	0
<b>Subtotal</b>					<b>\$ 1,899</b>	
<b>TOTAL ESTIMATED EXPENSES</b>					<b>\$ 33,627</b>	
<b>Estimated Revenue</b>						
<b>Fees Charged to Customers</b>						

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Non Resident Customer Access Fee	Access Fee	4	\$ -	\$ -	\$ -	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	8	\$ 54.48	\$ 436	\$ 5,230	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	34	\$ 54.48	\$ 1,852	\$ 22,228	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected and escrowed	Tap Fee	4	\$ 3,750.00	\$ 1,250	\$ 15,000	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 3,750.00	\$ -	\$ -	Estimate based on experience
Return Check Fee	Returned check	4	\$ 25.00	\$ 8	\$ 100	Estimate based on experience
Late Fees and Back Payment	Late fee	4	\$ 2.00	\$ 1	\$ 8	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00			
Reconnect Fees	Reconnect	1	\$ 35.00	\$ 3	\$ 35	Estimate based on experience

<b>Subtotal</b>				<b>\$ 3,550</b>	<b>\$ 42,601</b>	
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<b><i>Estimated Escrow Requirements</i></b>						
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<b>Escrow Calculations</b>						
Number of years included in calculation					1	
Number of customers					42	
Estimated Annual Non Routine Maintenance					\$ 6,458	
Annual Escrow \$ per customer					\$ 154	

<b>Montly Escrow \$ per customer</b>					<b>\$ 12.81</b>	
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<b><i>Estimated Yearly Income</i></b>	<b><i>2014</i></b>	<b>\$ 8,974</b>
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# Lakeside Estates Waste Water Treatment System

## Estimated Costs and Revenues For Year 2015

Assumptions:	<b>2015</b>				
Total number of lots in subdivision	200				
Number of non-resident/devloper property owners	4				
Number of resident property owners	10				
Commercial Overnight Rental property owners	36				
Number of property owners not attached to System	6				
Unsold lots	148				
Annual residents providing tap fee	4				

## Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Routine Maintenance</b>						
Maintenance Operator Cost (Non-resident)	Lots	4	\$ 5.00	\$ 20	\$ 240	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & rental)	Homes	46	\$ 16.71	\$ 769	\$ 9,224	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for residence service. This is based on conversations with Jeff Brownfield (Braeburn) and Eddy Troxell (LaFollette) and their experience with the system todate.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by DSH's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	46	\$ 1.92	\$ 88	\$ 1,060	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator salary and testing	Sampling and Testing	12	\$ 433.00	\$ 433	\$ 5,196	Based on pricing provided by our operator for monthly and quarterly sampling and testing requirements per our SOP. Based on subcontractor quote for services.
Performance Bond	Event	1	\$ 1,280.00	\$ 107	\$ 1,280	Based on actual incurred costs from BB&T Insurance Services, Inc.
Insurance	Coverage	12	\$ 276.58	\$ 277	\$ 3,319	Based actual insurance costs from P&C Risk Services, LLC
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Managaement Fee	Month	46	\$ 2.00	\$ 92	\$ 1,104	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Corporate Management Fee	Month	46	\$ 2.80	\$ 129	\$ 1,546	Based on experience hours and hourly rates on similar projects.
TRA Inspection Fee	Inspection	1	\$ 250.00	\$ 21	\$ 250	Based on TRA published rates.
<b>Subtotal</b>				<b>\$ 2,145</b>	<b>\$ 25,738</b>	
<b>Non Routine Maintenance</b>						
Septic tank pumping	Pumping Events	4	\$ 240.00	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event. Verbal quote from Jeff Brownfield (Braeburn)
Replacing pump & alarm systems	Replacement	2	\$ 1,949.00	\$ 325	\$ 3,898	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1949. Based on Orenco experience with similar installed systems - pump and alarm quote were obtained.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20.00	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350.00	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350 based on verbal quote from Jeff Brownfield (Braeburn)
<b>Subtotal</b>		<b>14</b>			<b>\$ 6,458</b>	
<b>Anticipated Electrical Usage &amp; Costs</b>						
Treatment Pumps				47	\$ 558	Based on 18 hours/day of operation, 365 days per year, \$0.09433 per kWatthr. Based on actual bill and phone conversation with Lafollette electrical utility.
Effluent Pumps				4	\$ 53	Based on 4 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
UV Lamps & Solenoids				3	\$ 40	Based on 2 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
Misc.				3	\$ 40	Based on 6 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
<b>Subtotal</b>				<b>58</b>	<b>\$ 690</b>	
<b>Anticipated Annual Billing Cost</b>						
Postage	postage	50	\$ 0.64	\$ 32.00	\$ 384	0
Printing	page	200	\$ 0.10	\$ 20.00	\$ 240	0
Paper	page	200	\$ 0.05	\$ 10.00	\$ 120	0
Labor	page	200	\$ 0.50	\$ 100.00	\$ 1,200	Based on experience hours and hourly rates on similar projects.
Misc.	page	200	\$ 0.05	\$ 10.00	\$ 120	0
<b>Subtotal</b>					<b>\$ 2,064</b>	
<b>TOTAL ESTIMATED EXPENSES</b>					<b>\$ 34,951</b>	

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Estimated Revenue</b>						
<b>Fees Charged to Customers</b>						
Non Resident Customer Access Fee	Access Fee	4	\$ -	\$ -	\$ -	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	10	\$ 54.48	\$ 545	\$ 6,538	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	36	\$ 54.48	\$ 1,961	\$ 23,535	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected and escrowed	Tap Fee	4	\$ 3,750.00	\$ 1,250	\$ 15,000	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 3,750.00	\$ -	\$ -	Estimate based on experience
Return Check Fee	Returned check	5	\$ 25.00	\$ 10	\$ 125	Estimate based on experience
Late Fees and Back Payment	Late fee	5	\$ 2.00	\$ 1	\$ 10	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00			
Reconnect Fees	Reconnect	1	\$ 35.00	\$ 3	\$ 35	Estimate based on experience

<b>Subtotal</b>				<b>\$ 3,770</b>	<b>\$ 45,243</b>	
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<b>Estimated Escrow Requirements</b>						
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<b>Escrow Calculations</b>						
Number of years included in calculation					1	
Number of customers					46	
Estimated Annual Non Routine Maintenance					\$ 6,458	
Annual Escrow \$ per customer					\$ 140	

<b>Montly Escrow \$ per customer</b>					<b>\$ 11.70</b>	
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<b>Estimated Yearly Income</b>	<b>2015</b>	<b>\$ 10,292</b>
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## ***Lakeside Estates Waste Water Treatment System***

### **Estimated Costs and Revenues For 5 Years**

	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>Total</u></b>
<b><i>Revenue: Monthly Fees</i></b>	\$ 19,728	\$ 21,663	\$ 24,959	\$ 27,601	\$ 30,243	\$ 124,194
<b><i>Revenue: Placed in Escrow for Future Treatment System Expansion</i></b>	\$ 3,750	\$ 11,250	\$ 18,750	\$ 15,000	\$ 15,000	\$ 63,750
<b><i>Estimated Expenses</i></b>	\$ 29,656	\$ 30,649	\$ 32,303	\$ 33,627	\$ 34,951	\$ 161,185
<b><i>Estimate Profit</i></b>	\$ (9,927)	\$ (8,985)	\$ (7,344)	\$ (6,026)	\$ (4,708)	\$ (36,991)

# **EXHIBIT 1-B**

Build-out Cost Analysis (5-yr)

For Lakeside Estates Treatment System

With New Proposed Rates



# Lakeside Estates Waste Water Treatment System

## Estimated Costs and Revenues For Year 2011

Assumptions:	2011	2012	2013	2014	2015	Total
Total number of lots in subdivision	200	200	200	200	200	
Number of non-resident/devloper property owners	4	4	4	4	4	
Number of resident property owners	3	4	6	8	10	
Commercial Overnight Rental property owners	27	29	32	34	36	
Number of property owners not attached to System	6	6	6	6	6	
Unsold lots	164	161	156	152	148	
Annual residents providing tap fee	1	3	5	4	4	17

## Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Routine Maintenance</b>						
Maintenance Operator Cost (Non-resident)	Lots	4	\$ 5	\$ 20	\$ 240	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & rental)	Homes	30	\$ 16.71	\$ 501	\$ 6,016	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for residence service. This is based on conversations with Jeff Brownfield (Braeburn) and Eddy Troxell (LaFollette) and their experience with the system today.
Accounting, tax preparation books setup	Hours	2	\$ 50	\$ 100	\$ 1,200	Amount furnished by DSH's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	30	\$ 1.92	\$ 58	\$ 691	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator salary and testing	Sampling and Testing	12	\$ 433	\$ 433	\$ 5,196	Based on pricing provided by our operator for monthly and quarterly sampling and testing requirements per our SOP. Based on subcontractor quote for services.
Performance Bond	Event	1	\$ 1,280	\$ 107	\$ 1,280	Based on actual incurred costs from BB&T Insurance Services, Inc.
Insurance	Coverage	12	\$ 277	\$ 277	\$ 3,319	Based actual insurance costs from P&C Risk Services, LLC
Office telephone Line	Line	12	\$ 55	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Managaement Fee	Month	30	\$ 2.00	\$ 60	\$ 720	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	30	\$ 2.80	\$ 84	\$ 1,008	Based on experience hours and hourly rates on similar projects.
TRA Inspection Fee	Inspection	1	\$ 250	\$ 21	\$ 250	Based on TRA published rates.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Subtotal</b>				\$ 1,770	\$ 21,240	
<b>Non Routine Maintenance</b>						
Septic tank pumping	Pumping Events	4	\$ 240	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event. Verbal quote from Jeff Brownfield (Braeburn)
Replacing pump & alarm systems	Replacement	2	\$ 1,949	\$ 325	\$ 3,898	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1949. Based on Orenco experience with similar installed systems - pump and alarm quote were obtained.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350 based on verbal quote from Jeff Brownfield (Braeburn)
<b>Subtotal</b>		<b>14</b>			<b>\$ 6,458</b>	
<b>Anticipated Electrical Usage &amp; Costs</b>						
Treatment Pumps				37	\$ 448	Based on 18 hours/day of operation, 365 days per year, \$0.09433 per kWatthr. Based on actual bill and phone conversation with Lafollette electrical utility.
Effluent Pumps				4	\$ 42	Based on 4 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
UV Lamps & Solenoids				3	\$ 32	Based on 2 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
Misc.				3	\$ 32	Based on 6 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
<b>Subtotal</b>				<b>46</b>	<b>\$ 554</b>	
<b>Anticipated Annual Billing Cost</b>						
Postage	postage	34	\$ 0.64	\$ 21.76	\$ 261	
Printing	page	136	\$ 0.10	\$ 13.60	\$ 163	
Paper	page	136	\$ 0.05	\$ 6.80	\$ 82	
Labor	page	136	\$ 0.50	\$ 68.00	\$ 816	Based on experience hours and hourly rates on similar projects.
Misc.	page	136	\$ 0.05	\$ 6.80	\$ 82	
<b>Subtotal</b>					<b>\$ 1,404</b>	
<b>TOTAL ESTIMATED EXPENSES</b>					<b>\$ 29,656</b>	
<b>Estimated Revenue</b>						
<b>Fees Charged to Customers</b>						
Non Resident Customer Access Fee	Access Fee	4	\$ 10.00	\$ 40	\$ 480	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Resident Customer Monthly Fee	Monthly Fee	3	\$ 44.53	\$ 134	\$ 1,603	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	27	\$ 90.83	\$ 2,453	\$ 29,430	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected and escrowed	Tap Fee	1	\$ 3,750.00	\$ 313	\$ 3,750	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners. \$ are in an Escrow
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 3,750.00	\$ -	\$ -	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Return Check Fee	Returned check	2	\$ 25.00	\$ 3	\$ 38	Estimate based on experience
Late Fees and Back Payment	Late fee	2	\$ 2.00	\$ 0	\$ 3	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00	\$ 3	\$ 40	Estimate based on experience
Reconnect Fees	Reconnect	1	\$ 50.00	\$ 4	\$ 50	Estimate based on experience

<b>Subtotal</b>				<b>\$ 2,949</b>	<b>\$ 35,394</b>	
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<b><i>Estimated Escrow Requirements</i></b>						
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<b>Escrow Calculations</b>						
Number of years included in calculation					1	
Number of customers					30	
Estimated Annual Non Routine Maintenance					\$ 6,458	
Annual Escrow \$ per customer					\$ 215	

<b>Montly Escrow \$ per customer</b>					<b>\$ 17.94</b>	
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<b><i>Estimated Yearly Income</i></b>	<b><i>2011</i></b>	<b>\$ 5,738</b>
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# Lakeside Estates Waste Water Treatment System

## Estimated Costs and Revenues For Year 2012

Assumptions:	2012	2013	2014	2015
Total number of lots in subdivision	200	200	200	200
Number of non-resident/devloper property owners	4	4	4	4
Number of resident property owners	4	6	8	10
Commercial Overnight Rental property owners	29	32	34	36
Number of property owners not attached to System	6	6	6	6
Unsold lots	161	156	152	148
Annual residents providing tap fee	3	5	4	4

## Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Routine Maintenance</b>						
Maintenance Operator Cost (Non-resident)	Lots	4	\$ 5.00	\$ 20	\$ 240	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & rental)	Homes	33	\$ 16.71	\$ 551	\$ 6,617	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for residence service. This is based on conversations with Jeff Brownfield (Braeburn) and Eddy Troxell (LaFollette) and their experience with the system todote.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by DSH's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	33	\$ 1.92	\$ 63	\$ 760	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator salary and testing	Sampling and Testing	12	\$ 433.00	\$ 433	\$ 5,196	Based on pricing provided by our operator for monthly and quarterly sampling and testing requirements per our SOP. Based on subcontractor quote for services.
Performance Bond	Event	1	\$ 1,280.00	\$ 107	\$ 1,280	Based on actual incurred costs from BB&T Insurance Services, Inc.
Insurance	Coverage	12	\$ 276.58	\$ 277	\$ 3,319	Based actual insurance costs from P&C Risk Services, LLC
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Managaement Fee	Month	33	\$ 2.00	\$ 66	\$ 792	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	33	\$ 2.80	\$ 92	\$ 1,109	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250.00	\$ 21	\$ 250	Based on TRA published rates.
<b>Subtotal</b>				<b>\$ 1,840</b>	<b>\$ 22,083</b>	
<b>Non Routine Maintenance</b>						
Septic tank pumping	Pumping Events	4	\$ 240.00	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event. Verbal quote from Jeff Brownfield (Braeburn)
Replacing pump & alarm systems	Replacement	2	\$ 1,949.00	\$ 325	\$ 3,898	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1949. Based on Orenco experience with similar installed systems - pump and alarm quote were obtained.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20.00	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350.00	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350 based on verbal quote from Jeff Brownfield (Braeburn)
<b>Subtotal</b>		<b>14</b>			<b>\$ 6,458</b>	
<b>Anticipated Electrical Usage &amp; Costs</b>						
Treatment Pumps				39	\$ 469	per kWatthr. Based on actual bill and phone conversation with Lafollette electrical utility.
Effluent Pumps				4	\$ 44	Based on 4 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
UV Lamps & Solenoids				3	\$ 33	Based on 2 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
Misc.				3	\$ 33	Based on 6 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
<b>Subtotal</b>				<b>48</b>	<b>\$ 580</b>	
<b>Anticipated Annual Billing Cost</b>						
Postage	postage	37	\$ 0.64	\$ 23.68	\$ 284	0
Printing	page	148	\$ 0.10	\$ 14.80	\$ 178	0
Paper	page	148	\$ 0.05	\$ 7.40	\$ 89	0
Labor	page	148	\$ 0.50	\$ 74.00	\$ 888	Based on experience hours and hourly rates on similar projects.
Misc.	page	148	\$ 0.05	\$ 7.40	\$ 89	0
<b>Subtotal</b>					<b>\$ 1,527</b>	
<b>TOTAL ESTIMATED EXPENSES</b>					<b>\$ 30,649</b>	
<b>Estimated Revenue</b>						
<b>Fees Charged to Customers</b>						

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Non Resident Customer Access Fee	Access Fee	4	\$ 10.00	\$ 40	\$ 480	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	4	\$ 44.53	\$ 178	\$ 2,137	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	29	\$ 90.83	\$ 2,634	\$ 31,610	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected and escrowed	Tap Fee	3	\$ 3,750.00	\$ 938	\$ 11,250	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 3,750.00	\$ -	\$ -	Estimate based on experience
Return Check Fee	Returned check	2	\$ 25.00	\$ 4	\$ 50	Estimate based on experience
Late Fees and Back Payment	Late fee	2	\$ 2.00	\$ 0	\$ 4	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00			
Reconnect Fees	Reconnect	1	\$ 50.00	\$ 4	\$ 50	Estimate based on experience

<b>Subtotal</b>				<b>\$ 3,798</b>	<b>\$ 45,581</b>	
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<b><i>Estimated Escrow Requirements</i></b>						
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<b>Escrow Calculations</b>						
Number of years included in calculation					1	
Number of customers					33	
Estimated Annual Non Routine Maintenance					\$ 6,458	
Annual Escrow \$ per customer					\$ 196	

<b>Montly Escrow \$ per customer</b>					<b>\$ 16.31</b>	
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<b><i>Estimated Yearly Income</i></b>	<b>2012</b>				<b>\$ 14,933</b>	
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# Lakeside Estates Waste Water Treatment System

## Estimated Costs and Revenues For Year 2013

Assumptions:	<u>2013</u>	<u>2014</u>	<u>2015</u>		
Total number of lots in subdivision	200	200	200		
Number of non-resident/devloper property owners	4	4	4		
Number of resident property owners	6	8	10		
Commercial Overnight Rental property owners	32	34	36		
Number of property owners not attached to System	6	6	6		
Unsold lots	156	152	148		
Annual residents providing tap fee	5	4	4		

## Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Routine Maintenance</b>						
Maintenance Operator Cost (Non-resident)	Lots	4	\$ 5.00	\$ 20	\$ 240	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & rental)	Homes	38	\$ 16.71	\$ 635	\$ 7,620	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for residence service. This is based on conversations with Jeff Brownfield (Braeburn) and Eddy Troxell (LaFollette) and their experience with the system todote.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by DSH's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	38	\$ 1.92	\$ 73	\$ 876	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator salary and testing	Sampling and Testing	12	\$ 433.00	\$ 433	\$ 5,196	Based on pricing provided by our operator for monthly and quarterly sampling and testing requirements per our SOP. Based on subcontractor quote for services.
Performance Bond	Event	1	\$ 1,280.00	\$ 107	\$ 1,280	Based on actual incurred costs from BB&T Insurance Services, Inc.
Insurance	Coverage	12	\$ 276.58	\$ 277	\$ 3,319	Based actual insurance costs from P&C Risk Services, LLC
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Managaement Fee	Month	38	\$ 2.00	\$ 76	\$ 912	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	38	\$ 2.80	\$ 106	\$ 1,277	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250.00	\$ 21	\$ 250	Based on TRA published rates.
<b>Subtotal</b>				<b>\$ 1,957</b>	<b>\$ 23,489</b>	
<b>Non Routine Maintenance</b>						
Septic tank pumping	Pumping Events	4	\$ 240.00	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event. Verbal quote from Jeff Brownfield (Braeburn)
Replacing pump & alarm systems	Replacement	2	\$ 1,949.00	\$ 325	\$ 3,898	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1949. Based on Orenco experience with similar installed systems - pump and alarm quote were obtained.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20.00	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350.00	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350 based on verbal quote from Jeff Brownfield (Braeburn)
<b>Subtotal</b>		<b>14</b>			<b>\$ 6,458</b>	
<b>Anticipated Electrical Usage &amp; Costs</b>						
Treatment Pumps				42	\$ 503	Based on 18 hours/day of operation, 365 days per year, \$0.09433 per kWatthr. Based on actual bill and phone conversation with Lafollette electrical utility.
Effluent Pumps				4	\$ 48	Based on 4 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
UV Lamps & Solenoids				3	\$ 36	Based on 2 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
Misc.				3	\$ 36	Based on 6 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
<b>Subtotal</b>				<b>52</b>	<b>\$ 622</b>	
<b>Anticipated Annual Billing Cost</b>						
Postage	postage	42	\$ 0.64	\$ 26.88	\$ 323	0
Printing	page	168	\$ 0.10	\$ 16.80	\$ 202	0
Paper	page	168	\$ 0.05	\$ 8.40	\$ 101	0
Labor	page	168	\$ 0.50	\$ 84.00	\$ 1,008	Based on experience hours and hourly rates on similar projects.
Misc.	page	168	\$ 0.05	\$ 8.40	\$ 101	
<b>Subtotal</b>					<b>\$ 1,734</b>	
<b>TOTAL ESTIMATED EXPENSES</b>					<b>\$ 32,303</b>	
<b>Estimated Revenue</b>						
<b>Fees Charged to Customers</b>						



	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Non Resident Customer Access Fee	Access Fee	4	\$ 10.00	\$ 40	\$ 480	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	6	\$ 44.53	\$ 267	\$ 3,206	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	32	\$ 90.83	\$ 2,907	\$ 34,880	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected and escrowed	Tap Fee	5	\$ 3,750.00	\$ 1,563	\$ 18,750	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 3,750.00	\$ -	\$ -	Estimate based on experience
Return Check Fee	Returned check	3	\$ 25.00	\$ 6	\$ 75	Estimate based on experience
Late Fees and Back Payment	Late fee	3	\$ 2.00	\$ 1	\$ 6	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00			
Reconnect Fees	Reconnect	1	\$ 50.00	\$ 4	\$ 50	Estimate based on experience

<b>Subtotal</b>				<b>\$ 4,787</b>	<b>\$ 57,447</b>	
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<b><i>Estimated Escrow Requirements</i></b>						
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<b>Escrow Calculations</b>						
Number of years included in calculation					1	
Number of customers					38	
Estimated Annual Non Routine Maintenance					\$ 6,458	
Annual Escrow \$ per customer					\$ 170	

<b>Montly Escrow \$ per customer</b>					<b>\$ 14.16</b>	
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<b><i>Estimated Yearly Income</i></b>	<b>2013</b>	<b>\$ 25,144</b>
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# Lakeside Estates Waste Water Treatment System

## Estimated Costs and Revenues For Year 2014

Assumptions:	<u>2014</u>	<u>2015</u>		
Total number of lots in subdivision	200	200		
Number of non-resident/devloper property owners	4	4		
Number of resident property owners	8	10		
Commercial Overnight Rental property owners	34	36		
Number of property owners not attached to System	6	6		
Unsold lots	152	148		
Annual residents providing tap fee	4	4		

## Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Routine Maintenance</b>						
Maintenance Operator Cost (Non-resident)	Lots	4	\$ 5.00	\$ 20	\$ 240	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & rental)	Homes	42	\$ 16.71	\$ 702	\$ 8,422	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for residence service. This is based on conversations with Jeff Brownfield (Braeburn) and Eddy Troxell (LaFollette) and their experience with the system todote.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by DSH's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	42	\$ 1.92	\$ 81	\$ 968	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator salary and testing	Sampling and Testing	12	\$ 433.00	\$ 433	\$ 5,196	Based on pricing provided by our operator for monthly and quarterly sampling and testing requirements per our SOP. Based on subcontractor quote for services.
Performance Bond	Event	1	\$ 1,280.00	\$ 107	\$ 1,280	Based on actual incurred costs from BB&T Insurance Services, Inc.
Insurance	Coverage	12	\$ 276.58	\$ 277	\$ 3,319	Based actual insurance costs from P&C Risk Services, LLC
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Managaement Fee	Month	42	\$ 2.00	\$ 84	\$ 1,008	Based on experience hours and hourly rates on similar projects.
Corporate Management Fee	Month	42	\$ 2.80	\$ 118	\$ 1,411	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
TRA Inspection Fee	Inspection	1	\$ 250.00	\$ 21	\$ 250	Based on TRA published rates.
<b>Subtotal</b>				<b>\$ 2,051</b>	<b>\$ 24,614</b>	
<b>Non Routine Maintenance</b>						
Septic tank pumping	Pumping Events	4	\$ 240.00	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event. Verbal quote from Jeff Brownfield (Braeburn)
Replacing pump & alarm systems	Replacement	2	\$ 1,949.00	\$ 325	\$ 3,898	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1949. Based on Orenco experience with similar installed systems - pump and alarm quote were obtained.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20.00	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350.00	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350 based on verbal quote from Jeff Brownfield (Braeburn)
<b>Subtotal</b>		<b>14</b>			<b>\$ 6,458</b>	
<b>Anticipated Electrical Usage &amp; Costs</b>						
Treatment Pumps				44	\$ 531	Based on 18 hours/day of operation, 365 days per year, \$0.09433 per kWatthr. Based on actual bill and phone conversation with Lafollette electrical utility.
Effluent Pumps				4	\$ 50	Based on 4 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
UV Lamps & Solenoids				3	\$ 38	Based on 2 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
Misc.				3	\$ 38	Based on 6 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
<b>Subtotal</b>				<b>55</b>	<b>\$ 656</b>	
<b>Anticipated Annual Billing Cost</b>						
Postage	postage	46	\$ 0.64	\$ 29.44	\$ 353	0
Printing	page	184	\$ 0.10	\$ 18.40	\$ 221	0
Paper	page	184	\$ 0.05	\$ 9.20	\$ 110	0
Labor	page	184	\$ 0.50	\$ 92.00	\$ 1,104	
Misc.	page	184	\$ 0.05	\$ 9.20	\$ 110	0
<b>Subtotal</b>					<b>\$ 1,899</b>	
<b>TOTAL ESTIMATED EXPENSES</b>					<b>\$ 33,627</b>	
<b>Estimated Revenue</b>						
<b>Fees Charged to Customers</b>						

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Non Resident Customer Access Fee	Access Fee	4	\$ 10.00	\$ 40	\$ 480	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	8	\$ 44.53	\$ 356	\$ 4,275	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	34	\$ 90.83	\$ 3,088	\$ 37,060	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected and escrowed	Tap Fee	4	\$ 3,750.00	\$ 1,250	\$ 15,000	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 3,750.00	\$ -	\$ -	Estimate based on experience
Return Check Fee	Returned check	4	\$ 25.00	\$ 8	\$ 100	Estimate based on experience
Late Fees and Back Payment	Late fee	4	\$ 2.00	\$ 1	\$ 8	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00			
Reconnect Fees	Reconnect	1	\$ 50.00	\$ 4	\$ 50	Estimate based on experience

<b>Subtotal</b>				<b>\$ 4,748</b>	<b>\$ 56,973</b>	
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<b><i>Estimated Escrow Requirements</i></b>						
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<b>Escrow Calculations</b>						
Number of years included in calculation					1	
Number of customers					42	
Estimated Annual Non Routine Maintenance					\$ 6,458	
Annual Escrow \$ per customer					\$ 154	

<b>Montly Escrow \$ per customer</b>					<b>\$ 12.81</b>	
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<b><i>Estimated Yearly Income</i></b>	<b>2014</b>	<b>\$ 23,346</b>
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# Lakeside Estates Waste Water Treatment System

## Estimated Costs and Revenues For Year 2015

Assumptions:	<b>2015</b>				
Total number of lots in subdivision	200				
Number of non-resident/devloper property owners	4				
Number of resident property owners	10				
Commercial Overnight Rental property owners	36				
Number of property owners not attached to System	6				
Unsold lots	148				
Annual residents providing tap fee	4				

## Estimated Expenses

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Routine Maintenance</b>						
Maintenance Operator Cost (Non-resident)	Lots	4	\$ 5.00	\$ 20	\$ 240	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for non-resident services.
Maintenance Operator Cost (resident & rental)	Homes	46	\$ 16.71	\$ 769	\$ 9,224	Cost based on the amount DSH & Associates will charge to maintain the wastewater system wastewater components for residence service. This is based on conversations with Jeff Brownfield (Braeburn) and Eddy Troxell (LaFollette) and their experience with the system todate.
Accounting, tax preparation books setup	Hours	2	\$ 50.00	\$ 100	\$ 1,200	Amount furnished by DSH's CPA - Roger Goins and book keeper.
Tax Cost (Franchise - Excise and Federal)	Homes	46	\$ 1.92	\$ 88	\$ 1,060	Cost projection includes property tax and income tax. Based on project income, property value, and operating costs
Plant operator salary and testing	Sampling and Testing	12	\$ 433.00	\$ 433	\$ 5,196	Based on pricing provided by our operator for monthly and quarterly sampling and testing requirements per our SOP. Based on subcontractor quote for services.
Performance Bond	Event	1	\$ 1,280.00	\$ 107	\$ 1,280	Based on actual incurred costs from BB&T Insurance Services, Inc.
Insurance	Coverage	12	\$ 276.58	\$ 277	\$ 3,319	Based actual insurance costs from P&C Risk Services, LLC
Office telephone Line	Line	12	\$ 55.00	\$ 55	\$ 660	Office phone line based on experience.
Plant Control System phone line	Line	12	\$ 55.00	\$ 55	\$ 660	The telephone line is necessary for the computer (PLC) automation to call in and report any problem. Based on estimate by local phone company.
Local Managaement Fee	Month	46	\$ 2.00	\$ 92	\$ 1,104	Based on experience hours and hourly rates on similar projects.

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Corporate Management Fee	Month	46	\$ 2.80	\$ 129	\$ 1,546	Based on experience hours and hourly rates on similar projects.
TRA Inspection Fee	Inspection	1	\$ 250.00	\$ 21	\$ 250	Based on TRA published rates.
<b>Subtotal</b>				<b>\$ 2,145</b>	<b>\$ 25,738</b>	
<b>Non Routine Maintenance</b>						
Septic tank pumping	Pumping Events	4	\$ 240.00	\$ 80	\$ 960	Pumping of holding tanks associated with centralized treatment system. Based on \$240 per pumping event. Verbal quote from Jeff Brownfield (Braeburn)
Replacing pump & alarm systems	Replacement	2	\$ 1,949.00	\$ 325	\$ 3,898	Replacement cost for pumps and alarms associated with centralized treatment system. Assume 1 pump and alarm system will have to be replace once a year for a total event cost of \$1949. Based on Orenco experience with similar installed systems - pump and alarm quote were obtained.
Normal wear/tear items, hoses, float switches, lights	Replacement	10	\$ 20.00	\$ 17	\$ 200	Based on experience hours and hourly rates on similar projects.
UV lamps	Lamp	4	\$ 350.00	\$ 117	\$ 1,400	Replacement cost for UV lamps associated with the system. The system utilizes 4 lamps. Assume each lamp required replacement once every year. Lamp and labor is approx. \$350 based on verbal quote from Jeff Brownfield (Braeburn)
<b>Subtotal</b>		<b>14</b>			<b>\$ 6,458</b>	
<b>Anticipated Electrical Usage &amp; Costs</b>						
Treatment Pumps				47	\$ 558	Based on 18 hours/day of operation, 365 days per year, \$0.09433 per kWatthr. Based on actual bill and phone conversation with Lafollette electrical utility.
Effluent Pumps				4	\$ 53	Based on 4 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
UV Lamps & Solenoids				3	\$ 40	Based on 2 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
Misc.				3	\$ 40	Based on 6 hours/day of operation, 365 days per year, \$0.09433 per kWatthr.
<b>Subtotal</b>				<b>58</b>	<b>\$ 690</b>	
<b>Anticipated Annual Billing Cost</b>						
Postage	postage	50	\$ 0.64	\$ 32.00	\$ 384	0
Printing	page	200	\$ 0.10	\$ 20.00	\$ 240	0
Paper	page	200	\$ 0.05	\$ 10.00	\$ 120	0
Labor	page	200	\$ 0.50	\$ 100.00	\$ 1,200	Based on experience hours and hourly rates on similar projects.
Misc.	page	200	\$ 0.05	\$ 10.00	\$ 120	0
<b>Subtotal</b>					<b>\$ 2,064</b>	
<b>TOTAL ESTIMATED EXPENSES</b>					<b>\$ 34,951</b>	

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
<b>Estimated Revenue</b>						
<b>Fees Charged to Customers</b>						
Non Resident Customer Access Fee	Access Fee	4	\$ 10.00	\$ 40	\$ 480	These are billings for non-resident customers billed yearly. Based on \$120 per year per non-resident property owner.
Resident Customer Monthly Fee	Monthly Fee	10	\$ 44.53	\$ 445	\$ 5,344	These are billings for resident customers billed monthly. Based on \$45 per month per resident customer.
Commercial Overnight Rental property owners	Monthly Fee	36	\$ 90.83	\$ 3,270	\$ 39,240	These are billings for commercial customers billed monthly. Based on \$102.53 per month per resident customer.
Tap Fees Collected and escrowed	Tap Fee	4	\$ 3,750.00	\$ 1,250	\$ 15,000	A one time tap fee required at purchase of property. This fee is transferable to subsequent property owners.
Tap fees that will be collected from unpaid lot owners	Tap Fee	0	\$ 3,750.00	\$ -	\$ -	Estimate based on experience
Return Check Fee	Returned check	5	\$ 25.00	\$ 10	\$ 125	Estimate based on experience
Late Fees and Back Payment	Late fee	5	\$ 2.00	\$ 1	\$ 10	Estimate based on experience
Disconnect Fees	Disconnect	1	\$ 40.00			
Reconnect Fees	Reconnect	1	\$ 50.00	\$ 4	\$ 50	Estimate based on experience

<b>Subtotal</b>				<b>\$ 5,021</b>	<b>\$ 60,249</b>	
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<b>Estimated Escrow Requirements</b>						
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<b>Escrow Calculations</b>						
Number of years included in calculation					1	
Number of customers					46	
Estimated Annual Non Routine Maintenance					\$ 6,458	
Annual Escrow \$ per customer					\$ 140	

<b>Montly Escrow \$ per customer</b>					<b>\$ 11.70</b>	
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<b>Estimated Yearly Income</b>	<b>2015</b>	<b>\$ 25,298</b>
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## ***Lakeside Estates Waste Water Treatment System***

### **Estimated Costs and Revenues For 5 Years**

	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>Total</u></b>
<b><i>Revenue: Monthly Fees</i></b>	\$ 31,644	\$ 34,331	\$ 38,697	\$ 41,973	\$ 45,249	\$ 191,894
<b><i>Revenue: Placed in Escrow for Future Treatment System Expansion</i></b>	\$ 3,750	\$ 11,250	\$ 18,750	\$ 15,000	\$ 15,000	\$ 63,750
<b><i>Estimated Expenses</i></b>	\$ 29,656	\$ 30,649	\$ 32,303	\$ 33,627	\$ 34,951	\$ 161,185
<b><i>Estimate Profit</i></b>	\$ 1,988	\$ 3,683	\$ 6,394	\$ 8,346	\$ 10,298	\$ 30,709



## **EXHIBIT 1-C**

Estimate Revenue for LaFollette Utility from  
July 31, 2010 through July 31, 2011  
Based on information provided Eddy Troxell  
(LaFollette Utilities)

## LaFollette Estimate Revenue

From July 31, 2010 to July 31, 2011

Number of Customers	Month	Year	Billing Rate	Total Revenue
26	Aug 1st	2010	\$ 54.48	\$ 1,416.48
26	Sept	2010	\$ 54.48	\$ 1,416.48
26	Oct	2010	\$ 54.48	\$ 1,416.48
26	Nov	2010	\$ 54.48	\$ 1,416.48
26	Dec	2010	\$ 54.48	\$ 1,416.48
26	Jan	2011	\$ 54.48	\$ 1,416.48
26	Feb	2011	\$ 54.48	\$ 1,416.48
26	Mar	2011	\$ 54.48	\$ 1,416.48
26	April	2011	\$ 54.48	\$ 1,416.48
26	May	2011	\$ 54.48	\$ 1,416.48
26	June	2011	\$ 54.48	\$ 1,416.48
26	July 31st	2011	\$ 54.48	\$ 1,416.48

<b>TOTAL</b>	<b>\$ 16,997.76</b>
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ROUTE #	ACCT#	SUB#	NAME	SERVICE	AMT BILLED
141	40926	32	TRIMBACH PROPERTIES	5	54.48
141	45147	2	CASTRO, PATRICK	5	54.48
141	46124	1	KOOSER, ELLEN THERESE	5	54.48
141	46412	1	BECKER, ANN & TOM	5	54.48
141	46714	1	SHEPHARD, STASIA & CHRIS	5	54.48
141	46763	1	MOORMAN, GEORGE & MARY	5	54.48
141	46979	1	KNOOP, SUE ANN	5	54.48
141	47231	4	LAKEFRONT CONDOMINIUMS LLC	5	54.48
141	47231	6	LAKEFRONT CONDOMINIUMS LLC	5	54.48
141	47231	9	LAKEFRONT CONDOMINIUMS LLC	5	54.48
141	47231	11	LAKEFRONT CONDOMINIUMS LLC	5	54.48
141	47234	1	TRIMBACH, LARRY	5	54.48
141	47399	1	RANDOLPH, BRETT & LENORA	5	54.48
141	47399	2	RANDOLPH, BRETT & LENORA	5	54.48
141	47464	1	MUNN, RONALD & DIANA	5	54.48
141	47748	1	FORSCHNER, ROBERT	5	54.48
141	47749	1	BERTKE, JOHN	5	54.48
141	47749	2	BERTKE, JOHN	5	54.48
141	47780	1	GRAHAM, DANIEL J	5	54.48
141	47780	2	GRAHAM, DANIEL J	5	54.48
141	47836	1	FTB MANAGEMENT SERVICES	5	54.48
141	48372	1	FEHRING, MARK	5	54.48
141	48377	1	GATE PROPERTY	5	54.48
141	48594	1	LAKE NORRIS DREAM MAKER II, LLC	5	54.48
141	49036	1	FIX, ANN MARIE & JEROME	5	54.48
141	49068	1	SIZEMORE, JEFF & CYNTHIA	5	54.48

FINAL TOTALS  
TOTAL 26  
COUNT 26  
1,416.48

\*\*\* END OF REPORT \*\*\*

## **REVISED TARIFF PAGES**

[illegible]

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notice will be sent to the customer. If payment is not received within 30 days, service will be turned off from the customer's property as per the Sewer Service Contract Agreement (Attachment 14) executed by the customer with no additional notice being sent. No service shall be reconnected if disconnected for non-payment (or any other valid reason) until all charges have been paid, including disconnection and reconnection fees. The disconnection fee is \$40. The reconnection fee is \$50 plus all back payments.

#### **Returned Checks**

A check returned by the bank will incur a fee of \$25.

#### **Changes in Ownership, Tenancy of Service**

A new application and contract must be made and approved by the Company on any change in ownership of property, or tenancy, or in the service as described in the application. In the event of a failure of a new owner or tenant to make such application, the Company shall have the right to discontinue service until such new application is made and approved.

#### **Sewer System Access Fee**

The owner of each property parcel, which is provided a service connection when the sewer system is built, will be required to pay a sewer access fee of \$120.00 per year. This fee will be payable each July 1st. As each Customer attaches to the Service Connection and signs up for service, they will pay a pro-rated access fee for that year and thereafter the fee will not be charged.

#### **Engineering, Material and Construction Standards**

General: This specification covers the type of sewer system required for various design conditions of sewers constructed by developers.

1. The requirements called for are a minimum in all cases. Bedding conditions, material specifications, sealing requirements and installation methods are the responsibility of the design engineer and must be approved by the Company Engineer.
2. Design and construction of sewer lines shall meet the requirements of the State of Tennessee Department of Environment. Any conflicts between company and state requirements shall be resolved so that the more restrictive shall govern.
3. All sewage collection system components are to be watertight. This includes Building Outfall lines, all tanks, Collector Lines, Service Lines and Main Lines.
4. Collector Lines and Main Lines are to be tested to 100 pounds per square inch of water pressure. Risers and lids are to be watertight.
5. Septic Pump and Septic Gravity Tanks are to be installed near the customer's building to be served. The tanks are to be set in a level condition and tested for water tightness before backfilling.
6. STEP septic tanks must meet the specifications outlined in this document. Size of STEP tanks must be approved by DSH and will be based on the number of bedrooms in the home and the intended use of the home.
7. All pipe is to be PVC. Classes and sizes will be per Engineer's design and in all cases Schedule 40 will be the minimum allowable.
8. Only wastewater drains are to be connected to the sewer system. No water sources such as roof drains, sump pumps, condensate lines and swimming pools shall be connected to the sewer system.

#### **Special Pretreatment Sewage Requirements**

For all sewage connections the Company reserves the right to require any non-residential user to provide special pre-treatment for any high strength effluent before discharge into its sewage system. The Company may, upon the basis of recognized engineering standards and treatment costs, increase the rate charged to cover the cost of treatment of high strength effluent or industrial waste, and may impose recognized engineering standards as to the maximum size of solids and constituents in such waste discharged into its sewage system.

Additionally, if excessive volumes of sewage are received, the Company may require the Customer to monitor flow volume and increase surge holding capacity at the Customer's expense. All customers will be required to follow the Owners User Manual for an effluent collection system supplied to them by the Company (Attachment 1). These requirements prohibit the dumping of any toxic chemicals that kill tank bacteria and disposal of an excessive amount of grease, among other things. All requirements (and notification of repair costs associated with the system abuse) are established in the Customer's Sewer Subscription Contract with the Company.

## RESIDENTIAL RATE SHEET/EXPLANATION

<b>The monthly sewer charge per customer is</b>	<b>\$ 44.53</b>	
<b>FEES:</b>	<b>TOTAL</b>	
Non-Payment	5%	
STEP System Installation	\$6,000	
Tap Fee	3,750/lot	
Disconnection	\$ 40.00	
Reconnection	\$ 50.00	
Returned Check	\$ 25.00	
Access Fee	\$120/yr	
*Escrow amount is included in total	\$17.94	
** Tap fee is for homes with 3 bedrooms or less		

### Explanation

FFR.D:	<b>Rate Class I: Standard Base RSF/Fixed Film Reactor Treatment Rate</b>	\$ 23.03	
E1:	RSF Escrow Rate	\$ 17.94	
B1:	Standard bonding charge of	\$ 3.56	
	<b>Total</b>	<b>\$ 44.53</b>	
Estimate Tap Fees			
Tap Fees for each new unit will be derived based on the number of Bedrooms as listed in the table below:			
Daily Flowrate	Number of Bedrooms	Estimated Tap Fee	
300	3	\$ 3,750	
400	4	\$ 5,000	
500	5	\$ 6,250	
600	6	\$ 7,500	
700	7	\$ 8,750	
800	8	\$ 10,000	
900	9	\$ 11,250	
1000	10	\$ 12,500	

### STEP System Installation:

- For a 3 bedroom unit/300 gallons per day, STEP systems will be installed for \$6,000. If larger STEP systems are required, they will be quoted on an individual basis. The installation of the STEP systems includes a 15% markup by the utility.

## COMMERICAL RATE 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 \$69.53 per month will be charged for up to the first 300 gallons per day of average daily flow. (I) 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, an additional monthly charge of \$157.95 per 1,000 gallons of average daily flow will apply.

<u>COMMERCIAL W/O FOOD</u>	<u>FLOWRATE</u>		<u>TOTAL**</u>	<u>ESCROW***</u>
	<u>BETWEEN (GPD)</u>			
Tier 1	0	300	\$ 69.53	\$ 15.95
Tier 2.1	301	400	\$ 84.53	\$ 19.49
Tier 2.2	401	500	\$ 99.53	\$ 23.02
Tier 2.3	501	600	\$ 114.53	\$ 26.56
Tier 2.4	601	700	\$ 129.53	\$ 30.10
Tier 2.5	701	800	\$ 144.53	\$ 33.63
Tier 2.6	801	900	\$ 159.53	\$ 37.17
Tier 2.7	901	1000	\$ 174.53	\$ 40.71
Tier 3.1	1001	2000	\$ 332.48	\$ 77.95
Tier 3.2	2001	3000	\$ 490.43	\$ 115.19
Tier 3.3	3001	4000	\$ 648.38	\$ 152.43
Each additional tier			\$ 157.95	\$ 37.24

Each customer will be billed the minimum monthly charge unless DSH 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, DSH will measure the customer's actual usage at least once every ninety days using one of the methods described above and display on the customer's statement the usage and measurement method used. In any month in which DSH 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 DSH 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, DSH must measure actual usage for three consecutive months using one of the methods described above.

If DSH determines that a customer's usage meets the criteria described above, DSH will notify the



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, 37243. 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.

\*\* Bonding amount of \$3.56 included

\*\*\* Escrow amount is included

**STEP System Installation:**

- For a 3 bedroom unit/300 gallons per day, STEP systems will be installed for \$6,000. If larger STEP systems are required, they will be quoted on an individual basis. The installation of the STEP systems includes a 15% markup by the utility.

<u>Estimate Tap Fees:</u>						
<b>Daily Flowrate</b>	<b>Number of Bedrooms</b>	<b>Estimate Tap Fee</b>				
300	3	\$3,750.00				
400	4	\$5,000.00				
500	5	\$6,250.00				
600	6	\$7,500.00				
700	7	\$8,750.00				
800	8	\$10,000.00				
900	9	\$11,250.00				
1000	10	\$12,500.00				