

DSH & Associates, LLC
Engineering/Construction/Utility Services

November 3, 2011 filed electronically in docket office on 11/04/11

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

**SUBJECT: REVISED PETITION PAGES FOR DSH & ASSOCIATES, LLC
 REQUEST TO AMEND ITS RATES AND CHARGES**

Docket Number 11-00162

Dear Ms. Dillon,

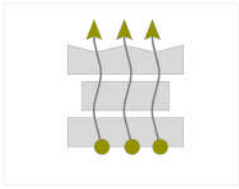
Please find attached:

- Revised petition pages for rates and charges:
 - Exhibit 1-A
 - Exhibit 1-B
- Revised DSH tariff pages.

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



DSH & Associates, LLC
Engineering/Construction/Utility Services

Exhibit 1-A Revised Pages

Replaces all pages in Exhibit 1-A

Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For Year 2012

Assumptions:	2012	2013	2014	2015	2016	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
Routine Maintenance						
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 todate.
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
Subtotal				\$ 1,770	\$ 21,240	
Non Routine Maintenance						
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)
Subtotal		14			\$ 6,458	
Anticipated Electrical Usage & Costs						
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.
Subtotal				46	\$ 554	
Anticipated Annual Billing Cost						
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	
Subtotal					\$ 1,404	
TOTAL ESTIMATED EXPENSES					\$ 29,656	
Estimated Revenue						
Fees Charged to Customers						
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

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

Montly Escrow \$ per customer					\$ 17.94	
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<i>Estimated Yearly Income</i>	<i>2012</i>	<i>\$ (6,177)</i>
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Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For Year 2013

Assumptions:	2013	2014	2015	2016
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
Routine Maintenance						
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 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	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.
Subtotal				\$ 1,840	\$ 22,083	
Non Routine Maintenance						
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)
Subtotal		14			\$ 6,458	
Anticipated Electrical Usage & Costs						
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.
Subtotal				48	\$ 580	
Anticipated Annual Billing Cost						
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
Subtotal					\$ 1,527	
TOTAL ESTIMATED EXPENSES					\$ 30,649	
Estimated Revenue						
Fees Charged to Customers						

	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

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

Montly Escrow \$ per customer					\$ 16.31	
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<i>Estimated Yearly Income</i>	2013	\$ 2,265
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Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For Year 2014

Assumptions:	<u>2014</u>	<u>2015</u>	<u>2016</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
Routine Maintenance						
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 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	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.
Subtotal				\$ 1,957	\$ 23,489	
Non Routine Maintenance						
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)
Subtotal		14			\$ 6,458	
Anticipated Electrical Usage & Costs						
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.
Subtotal				52	\$ 622	
Anticipated Annual Billing Cost						
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
Subtotal					\$ 1,734	
TOTAL ESTIMATED EXPENSES					\$ 32,303	
Estimated Revenue						
Fees Charged to Customers						

	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

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

Montly Escrow \$ per customer					\$ 14.16	
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<i>Estimated Yearly Income</i>	2014	\$ 11,406
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Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For Year 2015

Assumptions:	<u>2015</u>	<u>2016</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
Routine Maintenance						
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.
Subtotal				\$ 2,051	\$ 24,614	
Non Routine Maintenance						
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)
Subtotal		14			\$ 6,458	
Anticipated Electrical Usage & Costs						
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.
Subtotal				55	\$ 656	
Anticipated Annual Billing Cost						
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
Subtotal					\$ 1,899	
TOTAL ESTIMATED EXPENSES					\$ 33,627	
Estimated Revenue						
Fees Charged to Customers						

	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

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

Montly Escrow \$ per customer					\$ 12.81	
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<i>Estimated Yearly Income</i>	<i>2015</i>	\$ 8,974
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Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For Year 2016

Assumptions:	2016				
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
Routine Maintenance						
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.
Subtotal				\$ 2,145	\$ 25,738	
Non Routine Maintenance						
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)
Subtotal		14			\$ 6,458	
Anticipated Electrical Usage & Costs						
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.
Subtotal				58	\$ 690	
Anticipated Annual Billing Cost						
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
Subtotal					\$ 2,064	
TOTAL ESTIMATED EXPENSES					\$ 34,951	

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Estimated Revenue						
Fees Charged to Customers						
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

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

Montly Escrow \$ per customer					\$ 11.70	
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Estimated Yearly Income	2016	\$ 10,292
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Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For 5 Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
<i>Revenue: Monthly Fees</i>	\$ 19,728	\$ 21,663	\$ 24,959	\$ 27,601	\$ 30,243	\$ 124,194
<i>Revenue: Placed in Escrow for Future Treatment System Expansion</i>	\$ 3,750	\$ 11,250	\$ 18,750	\$ 15,000	\$ 15,000	\$ 63,750
<i>Estimated Expenses</i>	\$ 29,656	\$ 30,649	\$ 32,303	\$ 33,627	\$ 34,951	\$ 161,185
<i>Estimate Profit</i>	\$ (9,927)	\$ (8,985)	\$ (7,344)	\$ (6,026)	\$ (4,708)	\$ (36,991)

Exhibit 1-B Revised Pages

Replaces all pages in Exhibit 1-B

Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For Year 2012

Assumptions:	2012	2013	2014	2015	2016	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
Routine Maintenance						
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 todate.
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
Subtotal				\$ 1,770	\$ 21,240	
Non Routine Maintenance						
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)
Subtotal		14			\$ 6,458	
Anticipated Electrical Usage & Costs						
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.
Subtotal				46	\$ 554	
Anticipated Annual Billing Cost						
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	
Subtotal					\$ 1,404	
TOTAL ESTIMATED EXPENSES					\$ 29,656	
Estimated Revenue						
Fees Charged to Customers						
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

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

Montly Escrow \$ per customer					\$ 17.94	
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<i>Estimated Yearly Income</i>	<i>2012</i>	\$ 5,738
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Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For Year 2013

Assumptions:	2013	2014	2015	2016
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
Routine Maintenance						
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 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	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.
Subtotal				\$ 1,840	\$ 22,083	
Non Routine Maintenance						
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)
Subtotal		14			\$ 6,458	
Anticipated Electrical Usage & Costs						
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.
Subtotal				48	\$ 580	
Anticipated Annual Billing Cost						
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
Subtotal					\$ 1,527	
TOTAL ESTIMATED EXPENSES					\$ 30,649	
Estimated Revenue						
Fees Charged to Customers						

	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

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

Montly Escrow \$ per customer					\$ 16.31	
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<i>Estimated Yearly Income</i>	2013	\$ 14,933
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Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For Year 2014

Assumptions:	2014	2015	2016		
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
Routine Maintenance						
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 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	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.
Subtotal				\$ 1,957	\$ 23,489	
Non Routine Maintenance						
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)
Subtotal		14			\$ 6,458	
Anticipated Electrical Usage & Costs						
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.
Subtotal				52	\$ 622	
Anticipated Annual Billing Cost						
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
Subtotal					\$ 1,734	
TOTAL ESTIMATED EXPENSES					\$ 32,303	
Estimated Revenue						
Fees Charged to Customers						

	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

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

Montly Escrow \$ per customer					\$ 14.16	
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<i>Estimated Yearly Income</i>	2014	\$ 25,144
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Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For Year 2015

Assumptions:	<u>2015</u>	<u>2016</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
Routine Maintenance						
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.
Subtotal				\$ 2,051	\$ 24,614	
Non Routine Maintenance						
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)
Subtotal		14			\$ 6,458	
Anticipated Electrical Usage & Costs						
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.
Subtotal				55	\$ 656	
Anticipated Annual Billing Cost						
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	Based on experience hours and hourly rates on similar projects.
Misc.	page	184	\$ 0.05	\$ 9.20	\$ 110	0
Subtotal					\$ 1,899	
TOTAL ESTIMATED EXPENSES					\$ 33,627	
Estimated Revenue						
Fees Charged to Customers						

	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

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

Montly Escrow \$ per customer					\$ 12.81	
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<i>Estimated Yearly Income</i>	<i>2015</i>	\$ 23,346
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Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For Year 2016

Assumptions:	2016				
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
Routine Maintenance						
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.
Subtotal				\$ 2,145	\$ 25,738	
Non Routine Maintenance						
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)
Subtotal		14			\$ 6,458	
Anticipated Electrical Usage & Costs						
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.
Subtotal				58	\$ 690	
Anticipated Annual Billing Cost						
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
Subtotal					\$ 2,064	
TOTAL ESTIMATED EXPENSES					\$ 34,951	

	Units	# of Units	Unit Rate	Monthly Cost	Yearly Cost	Comments
Estimated Revenue						
Fees Charged to Customers						
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

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

Montly Escrow \$ per customer					\$ 11.70	
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Estimated Yearly Income	2016	\$ 25,298
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Lakeside Estates Waste Water Treatment System

Estimated Costs and Revenues For 5 Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
<i>Revenue: Monthly Fees</i>	\$ 31,644	\$ 34,331	\$ 38,697	\$ 41,973	\$ 45,249	\$ 191,894
<i>Revenue: Placed in Escrow for Future Treatment System Expansion</i>	\$ 3,750	\$ 11,250	\$ 18,750	\$ 15,000	\$ 15,000	\$ 63,750
<i>Estimated Expenses</i>	\$ 29,656	\$ 30,649	\$ 32,303	\$ 33,627	\$ 34,951	\$ 161,185
<i>Estimate Profit</i>	\$ 1,988	\$ 3,683	\$ 6,394	\$ 8,346	\$ 10,298	\$ 30,709

REVISED TARIFF PAGES

CHECK SHEET

Sheets of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as the date on the bottom of this sheet.

[illegible]

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

The monthly sewer charge per customer is	\$ 44.53	
FEES:	TOTAL	
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:	Rate Class I: Standard Base RSF/Fixed Film Reactor Treatment Rate	\$ 23.03	
E1:	RSF Escrow Rate	\$ 17.94	
B1:	<u>Standard bonding charge of</u>	<u>\$ 3.56</u>	
	Total	\$ 44.53	
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>						
Daily Flowrate	Number of Bedrooms	Estimate Tap Fee				
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				