

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August, 11 2012

IN RE: )  
)  
DATA REQUEST DATED AUGUST 2, 2012 REGARDING THE ) DOCKET NO. 12-00004  
PETITION OF AQUA GREEN UTILITY INC. TO IMPLEMENT )  
TAP FEES FOR THE SERVICE OF THE PART OF JEFFERSON )  
COUNTY, TENNESSEE KNOWN AS STONEBRIDGE ON DOUGLAS )  
LAKE. )

RE: Docket No. 12-00004 – Petition of Aqua Green Utility, Inc. to Implement Tap Fees

1. Have the initial fifty (50) lot owners fully funded the construction of the system to serve those fifty (50) lots? If not please explain. Provide an accounting for how much was spent by Advanced Septic for this system to serve these 50 customers and how much the initial 50 customers paid. Also, please identify the initial 50 customers.
  - a) The initial 50 lot owners have paid fully for the construction of the system to handle 50 lots. Each of the 50 homeowners paid \$4250.00 (see attached list) which includes Lot 98 that is held in reserve to be deeded to the HOA (see contract). Additionally, \$35000.00 has been paid by the Homeowners Association. Advanced Septic is a private non-regulated company and its' construction cost are not available. This was responded to on 3/5/12 data response also.
2. Identify the specific costs that Advanced Septic will incur to build the remaining system for the additional 58 customers, including any land purchases. Please separate and identify costs by component. This information is imperative for moving the docket forward.
  - a) Cost of land purchase is \$95,000.00. Advanced Septic Inc. individual component cost has been answered on the 3/5/12 data response. Advanced Septic and the Homeowners Association has an agreed upon price contingent upon TRA approval. If the TRA does not approve the tap fees, the remaining lot owners will need \$246,500.00

RECEIVED

2012 AUG 15 AM 9:04

BEFORE THE TENNESSEE REGULATORY AUTHORITY

T.R.A. DOCKET ROOM

NASHVILLE, TENNESSEE

August, 11 2012

IN RE: )  
)  
DATA REQUEST DATED AUGUST 2, 2012 REGARDING THE ) DOCKET NO. 12-00004  
PETITION OF AQUA GREEN UTILITY INC. TO IMPLEMENT )  
TAP FEES FOR THE SERVICE OF THE PART OF JEFFERSON )  
COUNTY, TENNESSEE KNOWN AS STONEBRIDGE ON DOUGLAS )  
LAKE. )

RE: Docket No. 12-00004 – Petition of Aqua Green Utility, Inc. to Implement Tap Fees

1. Have the initial fifty (50) lot owners fully funded the construction of the system to serve those fifty (50) lots? If not please explain. Provide an accounting for how much was spent by Advanced Septic for this system to serve these 50 customers and how much the initial 50 customers paid. Also, please identify the initial 50 customers.
  - a) The initial 50 lot owners have paid fully for the construction of the system to handle 50 lots. Each of the 50 homeowners paid \$4250.00 (see attached list) which includes Lot 98 that is held in reserve to be deeded to the HOA (see contract). Additionally, \$35000.00 has been paid by the Homeowners Association. Advanced Septic is a private non-regulated company and its' construction cost are not available. This was responded to on 3/5/12 data response also.
2. Identify the specific costs that Advanced Septic will incur to build the remaining system for the additional 58 customers, including any land purchases. Please separate and identify costs by component. This information is imperative for moving the docket forward.
  - a) Cost of land purchase is \$95,000.00. Advanced Septic Inc. individual component cost has been answered on the 3/5/12 data response. Advanced Septic and the Homeowners Association has an agreed upon price contingent upon TRA approval. If the TRA does not approve the tap fees, the remaining lot owners will need \$246,500.00

paid in advance to acquire land and add facilities needed for the additional 58 homes. Advanced Septic Inc has held the same bid price through the entire process.

3. Please state the amount of Tap Fee that Aqua Green Utility proposes to charge for these remaining 58 lot owners. Include all calculations supporting the charge and all other rationale for such charge.

a) The 3/10/12 data response shows that information (see below):

15.) How was a tap fee of \$4,250 per lot determined? Provide any calculations and/or assumptions used.

The tap fee is a calculation based on the original contract cost and other associated cost including needed land and any additional plant construction cost for all lots. The original contract is for \$405,000.00 we deducted the amount paid by the developer of \$42,000.00 then we added \$95,000.00 to be paid by Advanced Septic Inc. toward the purchase of additional property or plant cost needed to allow all homeowners to connect to the system. This total is divided by 108 lots equaling a rounded number of \$4250.00 per lot. It is important to understand this amount is based on a plan to complete this system for all homeowners. With approval for just 50 lots and a \$35,000.00 payment from the HOA, Advanced Septic Inc. will only have enough funds to finish the facility for 50 lots and will not be repaid for the approximately 60% of current plant completion invoiced to the developer. This mutually agreed on amount with the HOA and Advanced Septic Inc. assures Advanced Septic Inc. continued assistance with finding the property needed to complete the system for all homeowners not just 50. When the wastewater treatment plant is operational, any completed homes will be billed the monthly rate of \$44.53 and any lots up to 50 total who pay the tap fee will be billed the approved access fee tariff of \$120.00 per year. Once plant capacity for all homes is permitted through TDEC for all homeowners, Aqua Green Utility Inc. will bill all homeowners at the current approved access fee tariff of \$120.00 per year.

4. Since by definition Tap Fees are paid when the lot owner is ready to hook to the system (may be paid in advance if lot owner agrees), how does Advanced Septic plan to fund the upfront costs of the system expansion?

a) The main treatment facility is complete once the tap fees are approved. Advance Septic will purchase the land needed. The additional land application facilities will be completed as tap fees are paid. These facilities are not required until the homes are being built, so a delay in paying the tap fees will not cause any operational problems for Aqua Green Utility Inc.

5. What date does Advanced Septic anticipate that it will begin and complete construction of the sewer system for the additional 58 lots?

a) Advanced Septic Inc will purchase the property needed as soon as approval is granted. The construction schedule will be determined by the tap fees being paid. As tap fees are paid, components will be built, i.e; Drip fields are designed and built in zones, so when enough money comes in for a zone it will be built.

6. Provide the accounting journal entries that will be used by Aqua Green to record the tap fees (which the TRA has determined should be booked as revenues). Also, include the journal entries for the accounts payables that will be recorded on Aqua Green's books as payables to Advanced Septic. Also, include the entry for recording the plant transferred to Aqua Green after it is paid. For example:

Cash	\$xx	
Tap Fee Revenue		\$xx
Plant (when completed and transferred)	\$xx	
Accounts Payable		\$xx
Accounts Payable	\$xx	
Cash (when available)		\$xx

If these are not the journal entries that will be used please explain. Also, if you need a copy of the wastewater Uniform System of Accounts, please let me know and I can provide you with a copy.

a) Aqua Green Utility Inc. will show the tap fees paid as tap revenue. Once the tap fee is paid to Advanced Septic Inc., the same amount will be shown as an accounts payable expense for construction of facilities. The main plant and land is currently in Aqua Green Utility's name. Once additional property is purchased by Advanced Septic Inc. it will be transferred to Aqua Green Utility Inc. Aqua Green Utility Inc. will own all property needed for all 108 lots.

7. Is Aqua Green currently charging the \$44.53 monthly fee for sewer service to any customers? If so, please state the number of customers being charged. Has Aqua Green begun assessing the \$120.00 annual access fee to any lot owners? If so, how many lot owners have been assessed? If not, when does Aqua Green plan to assess the \$120.00 annual access fee?

a) Aqua Utility Inc. started charging \$44.53 to 6 homeowner customers and \$120.00 per year to 43 customers at the end of June. This was after the main treatment plant started treatment of wastewater in May. Lot 98 is held for possible sale, see contract between the HOA and Advanced Septic Inc. and Aqua Green Utility Inc. for details.

8. Provide all financial information (revenues and expenses) that Aqua Green has incurred since January 1, 2011 by month.

a) Attached.

9. Provide latest estimate of the number of homes that will be completed over each of the next three years in the Stonebridge Subdivision (also include the number of homes already built).

a) 6 homes are complete and no others are under construction. I have absolutely no idea of how many homes will be built.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Dart Kendall', is written over a horizontal line.

Dart Kendall  
Aqua Green Utility Inc.  
President  
3350 Galts Road  
Acworth, GA 30102  
865-908-0432

Lastname	Firstname	Spouce	Lot number	Subdivision
Pfendler	Richard R.		61	Stonebridge
Sorrells	Michael &	Susan	22	Stonebridge
Simerville	Keely S.		24	Stonebridge
Daniel Ferency	Patricia Storton or		56	Stonebridge
Burleson	James	& Janie	4	Stonebridge
Burleson	James &	Janie	9	Stonebridge
Downing	J. Micah &	Lisa	49	Stonebridge
Rollins	Phillip &	Susan	7	Stonebridge
Durzak	Joseph &	Karen	53	Stonebridge
Erdoes	Luke		63	Stonebridge
Moore	Mike &	Brenda	36	Stonebridge
Gale	David &	Louise	83	Stonebridge
Baumgart	Dennis &	Cheryl	44	Stonebridge
Hees	Daniel &	Judith	60	Stonebridge
Hawk	David		93	Stonebridge
Garris	Dale &	Kathy	5	Stonebridge
Williams	Karen		66	Stonebridge
Kolar	Thomas &	Melinda	54	Stonebridge
Ritch	Tommy &	Kathleen	80	Stonebridge
Rathburn	Billy &	Nancy	21	Stonebridge
Mathien	Gegory &	Clara	48	Stonebridge
Cormier	Terrence &	Barbara	43	Stonebridge
Marius & Margaret Sorenson	Karla Gentry &		90	Stonebridge
Harris	Bryon &	Marjorie	106	Stonebridge
Shuman	John &	Lisa	73	Stonebridge
Lee	Tina		85	Stonebridge
O'Dell	Debra		25	Stonebridge
McElrath	Author &	LoAnn	6	Stonebridge
Gugino	Steve &	Michele	77	Stonebridge
Strand	Gary &	Gay	86	Stonebridge
Salyer	Ronnie &	Jimmie	47	Stonebridge
Levan	Donald &	Patricia	1	Stonebridge
Thompson	Robert		75	Stonebridge
Johnston	Allen &	Ellen	42	Stonebridge
Serwat	Henry &	Hannah	37	Stonebridge
Rattan	Narinder &	Vijay	57	Stonebridge
& Norbert Sieber	Florence Schreier		69	Stonebridge
Pittsley	Donald &	Rebeca	35	Stonebridge
Stevens	Paul &	Lorraine	17	Stonebridge
Carper	Charles &	Karen	31	Stonebridge
Tilly	Sean &	Julie	108	Stonebridge
Burr	Norman &	Lynda	26	Stonebridge
Irving	Gary		58	Stonebridge
Vidolin	John		23	Stonebridge
Botts	Eddie &	Connie	50	Stonebridge
Botts	Eddie &	Connie	51	Stonebridge
Botts	Eddie &	Connie	68	Stonebridge
Hickam	William & Christine		94	Stonebridge
Snipes	William & Jacqueline		28	Stonebridge
Kendall			99	

Lot 98 held in RESERVE.

**AQUA GREEN UTILITY**  
**Profit & Loss Detail**  
January 1 through August 11, 2012

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
<b>Income</b>								
<b>400.00 · OPERATING REVENUES</b>								
<b>521.00 · FLAT RATE REVENUES</b>								
<b>521.10 · RESIDENTIAL REVENUES</b>								
Deposit	1/11/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	89.06	89.06
Deposit	2/10/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	89.06	178.12
Deposit	3/12/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	311.71	489.83
Deposit	4/9/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	700.65	1,190.48
Deposit	5/21/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	44.53	1,235.01
Deposit	6/22/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	64.53	1,299.54
Deposit	7/2/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	1,320.00	2,619.54
Deposit	7/9/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	2,009.06	4,628.60
Deposit	7/9/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	3,867.18	8,495.78
Deposit	7/16/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	846.00	9,341.78
Deposit	7/23/2012		SUNTRUST BANK	CUSTOMER ...		131.10 · SUN...	1,693.59	11,035.37
Total 521.10 · RESIDENTIAL REVENUES							11,035.37	11,035.37
Total 521.00 · FLAT RATE REVENUES							11,035.37	11,035.37
Total 400.00 · OPERATING REVENUES							11,035.37	11,035.37
Total Income							11,035.37	11,035.37
<b>Expense</b>								
<b>401.00 · OPERATING EXPENSES</b>								
<b>715.00 · POWER PURCHASED(Electric)</b>								
Check	1/17/2012		APPALACHIAN EL...	ELECTRIC P...		131.10 · SUN...	95.36	95.36
Check	1/19/2012		SEVIER COUNTY ...	ELECTRIC P...		131.10 · SUN...	36.21	131.57
Check	2/15/2012		APPALACHIAN EL...	ELECTRIC P...		131.10 · SUN...	68.68	200.25
Check	2/22/2012		SEVIER COUNTY ...	ELECTRIC P...		131.10 · SUN...	32.44	232.69
Check	3/19/2012		APPALACHIAN EL...	ELECTRIC P...		131.10 · SUN...	32.38	265.07
Check	3/20/2012		SEVIER COUNTY ...	ELECTRIC P...		131.10 · SUN...	31.42	296.49
Check	4/16/2012		APPALACHIAN EL...	ELECTRIC P...		131.10 · SUN...	29.11	325.60
Check	4/19/2012		SEVIER COUNTY ...	ELECTRIC P...		131.10 · SUN...	31.47	357.07
Check	5/15/2012		APPALACHIAN EL...	ELECTRIC P...		131.10 · SUN...	54.62	411.69
Check	5/21/2012		SEVIER COUNTY ...	ELECTRIC P...		131.10 · SUN...	29.75	441.44
Check	6/15/2012		APPALACHIAN EL...	ELECTRIC P...		131.10 · SUN...	48.72	490.16
Check	6/19/2012		SEVIER COUNTY ...	ELECTRIC P...		131.10 · SUN...	65.57	555.73
Check	7/16/2012		APPALACHIAN EL...	ELECTRIC P...		131.10 · SUN...	97.54	653.27
Check	7/19/2012		SEVIER COUNTY ...	ELECTRIC P...		131.10 · SUN...	31.09	684.36
Total 715.00 · POWER PURCHASED(Electric)							684.36	684.36
Total 731.00 · CONTRACT SERVICES-PROFESSIONAL							39.48	39.48
Check	3/13/2012	1066	STANDARD BANN...	LEGAL NOTI...		131.10 · SUN...	499.80	539.28
Check	5/21/2012	1069	HICKMAN & ASSO...	ACCOUNTIN...		131.10 · SUN...	539.28	539.28
Total 731.00 · CONTRACT SERVICES-PROFESSIONAL							539.28	539.28

# AQUA GREEN UTILITY Profit & Loss Detail

January 1 through August 11, 2012

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
<b>738.00 · OFFICE SUPPLIES &amp; EXPENSES</b>								
Check	1/11/2012		Office Max	OFFICE SUP...		131.10 · SUN...	36.87	36.87
Check	1/18/2012		JAND R SOUND E...	INTERNET R...		131.10 · SUN...	27.80	64.67
Check	1/19/2012		QUICKSHIP	OFFICE SUP...		131.10 · SUN...	56.29	120.96
Check	2/13/2012		UPS	POSTAGE		131.10 · SUN...	90.00	210.96
Check	2/17/2012		FedEx	SHIPPING		131.10 · SUN...	36.07	247.03
Check	3/9/2012		Staples	ROUTER AN...		131.10 · SUN...	166.37	413.40
Check	4/6/2012		FedEx	SHIPPING		131.10 · SUN...	36.56	449.96
Check	4/24/2012		BUY.COM	OFFICE SUP...		131.10 · SUN...	42.99	492.95
Check	4/26/2012		BUY.COM	OFFICE SUP...		131.10 · SUN...	513.94	1,006.89
Check	6/22/2012		UPS	POSTAGE		131.10 · SUN...	90.00	1,096.89
Check	6/22/2012		Office Max	OFFICE SUP...		131.10 · SUN...	159.83	1,256.72
Check	7/9/2012		Staples	OFFICE SUP...		131.10 · SUN...	307.50	1,564.22
Total 738.00 · OFFICE SUPPLIES & EXPENSES							1,071.27	1,071.27
<b>745.00 · TELEPHONE &amp; COMMUNICATIONS</b>								
Check	1/3/2012		TRU CONNECT	INTERNET S...		131.10 · SUN...	10.00	10.00
Check	1/18/2012		PHONE POWER	CUSTOMER ...		131.10 · SUN...	193.04	203.04
Check	2/3/2012		TRU CONNECT	INTERNET S...		131.10 · SUN...	213.04	416.08
Check	3/5/2012		TRU CONNECT	INTERNET S...		131.10 · SUN...	10.00	426.08
Check	4/24/2012		TRU CONNECT	INTERNET D...		131.10 · SUN...	84.99	511.07
Check	5/3/2012		TRU CONNECT	INTERNET S...		131.10 · SUN...	10.00	521.07
Check	5/9/2012		TRU CONNECT	INTERNET S...		131.10 · SUN...	10.00	531.07
Check	6/4/2012		TRU CONNECT	INTERNET S...		131.10 · SUN...	10.00	541.07
Check	7/2/2012		TRU CONNECT	INTERNET S...		131.10 · SUN...	10.00	551.07
Check	7/3/2012		TRU CONNECT	INTERNET S...		131.10 · SUN...	10.00	561.07
Check	7/16/2012		TRU CONNECT	INTERNET ...		131.10 · SUN...	10.00	571.07
Total 745.00 · TELEPHONE & COMMUNICATIONS							368.03	939.10
<b>765.00 · REGULATORY COMMISSION EXPENSES</b>								
Check	1/19/2012	1065	TENNESSEE REG...	APPLICATIO...		131.10 · SUN...	25.00	25.00
Check	4/2/2012	1068	TENNESSEE REG...	ANNUAL FEE		131.10 · SUN...	100.00	125.00
Check	4/23/2012		SUNTRUST BANK	LETTER OF ...		131.10 · SUN...	300.00	425.00
Total 765.00 · REGULATORY COMMISSION EXPENSES							425.00	850.00
Total 401.00 · OPERATING EXPENSES							3,087.94	3,087.94
<b>408.00 · TAXES (NOT INCOME)</b>								
<b>408.20 · STATE TAXES</b>								
<b>408.202 · FRANCHISE &amp; EXCISE</b>								
Check	7/23/2012	1070	TN Department of ...	FRANCHISE ...		131.10 · SUN...	81.14	81.14
Total 408.202 · FRANCHISE & EXCISE							81.14	81.14



2:11 PM

08/11/12

Accrual Basis

# AQUA GREEN UTILITY Profit & Loss Detail

January 1 through August 11, 2012

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
408.20 · STATE TAXES - Other								
Check	3/28/2012	1067	TN Department of ...	TAX		131.10 · SUN...	53.00	53.00
Total 408.20 · STATE TAXES - Other							53.00	53.00
Total 408.20 · STATE TAXES							134.14	134.14
Total 408.00 · TAXES (NOT INCOME)							134.14	134.14
409.00 · INCOME TAXES								
Check	3/14/2012		INTERNAL REVEN...	INCOME TAX		131.10 · SUN...	140.00	140.00
Total 409.00 · INCOME TAXES							140.00	140.00
426.00 · MISC NONUTILITY EXPENSES								
Check	7/23/2012	1071	TAUD	DUES		131.10 · SUN...	250.00	250.00
Total 426.00 · MISC NONUTILITY EXPENSES							250.00	250.00
Total Expense							3,612.08	3,612.08
Net Income							7,423.29	7,423.29