

TENNESSEE REGULATORY AUTHORITY



500 Deaderick Street, 4th Floor
Nashville, Tennessee 37242-0001

Kelly Cashman Grams
Hearing Officer
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243

Re: *In Re: Alleged Violations of Waste Water Utility Laws by King's Chapel Capacity*
Docket No. 14-00007

Your Honor:

Please find the attached letter from Kristi Dunlap Ransom received by me on September 30, 2014. I am requesting that this letter be placed in the above identified docket file for consideration by yourself and the Directors.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shiva K. Bozarth".

Shiva K. Bozarth

Cc: Richard Militana

Encl: Letter from Kristi Dunlap Ransom, Attorney for Planning and Environment



Kristi Dunlap Ransom
Attorney for Planning and Environment

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September 29, 2014

Mr. Tim C. Schwarz

Chief of Communications &
External Affairs
Tennessee Regulatory Authority
Andrew Jackson Building
502 Deadrick Street, 4th Floor
Nashville, TN 37243

Mr. Shiva Bozarth

Counsel
Tennessee Regulatory Authority
Andrew Jackson Building
502 Deadrick Street, 4th Floor
Nashville, TN 37243

**Re: Williamson County, Tennessee – Bonding for Nontraditional
Wastewater Treatment and Disposal Systems**

Dear Mr. Schwarz and Mr. Bozarth:

Thank you for taking the time to meet with County Mayor Rogers Anderson, Community Development Director Joe Horne and me last week to discuss Williamson County's approval and bonding process for nontraditional wastewater treatment and disposal systems. To further clarify our conversation, I am following up with this letter outlining the bonding process.

With the advent of the use of decentralized wastewater treatment facilities where there is no point source discharge and utilizing land treatment serving more than one individual homeowner, the County sought to ensure that these types of systems would be installed and operational prior to property ownership by those other than the developer of the subdivision. Because this technology was new to Williamson County at the time and without other existing assurances, Williamson County implemented a bonding mechanism through its Water and Wastewater Authority. A Performance Bond was implemented to ensure that the treatment system was installed and certified by the design engineer and accepted by the utility provider prior to approval of any final plats of subdivision. The Performance Bond is to ensure that the treatment facility (regardless of what type of treatment is utilized) is fully installed and functional prior to the issuance of any building permits. The Performance Bond is based upon the estimate of the cost of construction as submitted by the design engineer and/or the utility company and is set at thirty percent (30%), since it is installed and fully functional prior to the required posting of the bond. Williamson County's bonds for these systems require a Performance/Maintenance Bond Agreement executed by the developer and accepted by the utility provider with the agreement secured by either a cash bond or an irrevocable letter of credit.

The original bond term required that the Performance Bond be held for one year, at which point the bond can be converted to a Maintenance Bond, which will be held until eighty percent (80%) of the

building permits are issued for the entire development or two years, whichever occurs last. This thirty percent (30%) bond is, again, to ensure installation with a trial period of use to confirm that it is functioning as intended.

The Collection System Bond, which ensures the installation of the wastewater conveyance system, was addressed in much the same manner, except that it was addressed on a section by section basis, was bonded at one hundred percent (100%) of the construction cost for the performance period and then reduced to thirty percent (30%) for the maintenance period. The maintenance period lasts until eighty percent (80%) of the building permits are issued for that particular section of the development.

After experiencing several years of the use of these technologies in Williamson County, the County updated these standards as of January 1, 2013. For developments approved after this date, the bond amounts remain the same; however, the period within which the bonds are held have been significantly reduced. Now the Treatment System Bond is held in a performance period until twenty-five percent (25%) of the building permits have been issued for the entire development or one year after issuance of the first certificate of occupancy, whichever occurs last, at which point the bond may be converted to maintenance. The Maintenance Bond is held for a minimum of two years and then may be considered for release.

The Collection System Bond is also similarly held. It is set at one hundred percent (100%) of the cost of construction of the collection system for the applicable section of the development and held in performance until twenty-five percent (25%) of the building permits are issued for that particular section or one year after issuance of the first certificate of occupancy. At that point, the bond may be reduced to maintenance in an amount of thirty percent (30%) of the construction cost and held for a minimum of two years. None of these maintenance bonds for collection systems may be released until a sealed letter from the design engineer that the system has been constructed in accordance with the approved plans and a letter from the utility provider accepting operation of the collection system have been received by the County.

As we discussed, the bonds for these wastewater treatment and disposal systems are to ensure installation and to allow for a trial period to confirm that they are functioning as intended. None of these funds are intended for the operation of the utility company or the operation of any of its treatment facilities. Further, it is my opinion that it is unlikely that Williamson County presently has the authority to be involved in any way in the operation of one of these private utility companies or its wastewater treatment and disposal systems. It is my understanding that the bond required by the Tennessee Regulatory Authority is established just for that purpose. Because Williamson County's bonds are for a distinctly different purpose than those required by the Tennessee Regulatory Authority, Williamson County has previously and will continue to make its concerns known whenever a utility provider operating in Williamson County seeks to have its bond with the TRA waived because of the County's required bonds.

Thank you again for your time and for allowing me the opportunity to more fully explain the County's viewpoint as it relates to the bonding of wastewater treatment and disposal systems. Should you have any questions or if I may provide any additional information, please never hesitate to contact me.

With kindest regards,



Kristi D. Ransom

xc: Mayor Rogers Anderson
Representative Charles Sargent