

TENNESSEE REGULATORY AUTHORITY



502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243

March 30, 2015

Mr. Mike Callahan, P.E.
CE Designers, Inc.
Hammerland Utilities, Inc.
108 East Commercial Avenue
Monterey, Tennessee 38574

RE: Docket No. 14-00124 Petition of Hammerland Utilities, Inc. for a Certificate of Public Convenience and Necessity (CCN) for Sewer Service to a Part of Stewart County, Tennessee Known as River Trace II.

Dear Mr. Callahan:

Prior to issuing or amending a certificate of convenience and necessity ("CCN"), the Authority determines whether a petitioning utility has the requisite managerial, technical and financial abilities to operate a utility. In order for Staff to evaluate Hammerland Utilities, Inc. ("HUI")' abilities in each of the foregoing areas it is requested that your company provide the answers and/or information to the attached Data Request.

Please provide this response as soon as possible making sure that each answer is complete and informative as to each specific circumstance. In addition, please make the necessary personnel available at the Hearing noticed in this Docket, in the event that additional questions arise from your responses and/or further explanation is needed.

Pursuant to TRA Rule 1220-1-1-.03(4), submit either an electronic response along with an original and four (4) written copies or an original written response and thirteen (13) copies. Please note that the requisite number of written copies of all requested information should be provided to the Docket Manager and electronic responses, if filed, must be in .pdf format. Should you have questions regarding the attached request, please contact Patsy Fulton at (615) 770-6887.

Sincerely,

David Foster
Chief, Utilities Division

C: Docket File
Ms. Pam L. Bygden, Hammerland Utilities, Inc.

GENERAL

1. Please indicate whether Hammerland Inc. (the name of the original company described on page 5 of the Petition) is the parent or owner of Hammerland Utilities, Inc.?
2. Please explain in detail the corporate structure of Hammerland Utilities Inc.
3. Provide the names, addresses and telephone numbers of the owners of the company and the percentage of ownership of each.
4. Provide the names, addresses and telephone numbers of the following corporate officers of Hammerland Utilities Inc.; President, Vice President, CEO, Corporate Secretary, Chief Financial Officer, etc.
5. Provide a map of the development (to scale) being proposed showing street names, current houses built, sold lots (no houses), unsold lots to be sold as part of the development and where the treatment system and drip field will be located.
6. Please name any properties (residential or commercial) that are or will be customers of the wastewater system but not part of the River Trace II development.
7. Will the Hammerland Utilities Inc. be serving any commercial customers?
8. The Company states that the description of the territory to be served includes customers requiring immediate service as well as potential future developments. Is the Company requesting that the future developments be part of this CCN Amendment? If so, please provide a letter from the Developer(s) requesting Hammerland Utilities as its wastewater provider.
9. In addition, if the future developments are to be a part of this CCN, show on the map provided where the proposed future development will be located, inclusive of the resort hotel, additional wing, restaurant, swimming pool, commercial center and marina.
10. If additional customers in the mapped territory, as submitted in #1 above, wish to connect to the system, will Hammerland Utilities Inc. have the funds available to expand the system and allow the customers to "tap on"?
11. Please provide a copy of the signed plat for the original subdivision showing number of lots and sewer company sign-off.
12. Explain the rationale for Hammerland, Inc. selling 42 lots, while only having sewer connections for 36 lots?
13. Please state exactly how many customers/individual homes the system that is in place is servicing now.
14. Please clarify and state how many individual lots (residential homes or condos) the system will need to service when complete? The Petition states that it needs to support 52 homes (pages 3-4). The Petition states that the SOP will support 15,000 gpd which is equivalent to 50 homes (page 6). Finally the Petition states that River Trace II is platted for 39 lots. Please explain the discrepancy of the three numbers.
15. Please state the company name that will be providing capital for the wastewater system to be built.
16. Provide a copy of a guarantee (ex. performance bond or letter of credit) that the wastewater system will be built by the Builder according to the approved TDEC SOP specifications for Hammerland Utilities, Inc. to operate. Example: performance bond.

17. Please explain Section J of the Rules and Regulations for Hammerland Utilities, Inc. Is the Utility planning on expanding the system? Explain the rational of the Utility extending the main line of its sewage works?
18. Section K of the Rules and Regulations states that the customer will pay a service connection and a deposit. Please state how much the Utility will charge and include them in the Utility's tariff.
19. Section N of the Rules and Regulations refers to pre-treatment of high strength effluent or industrial waste which would normally be for commercial customers; however, there has not been any mention of a tariff for commercial customers or any rates provided within the Petition. Please explain.
20. Based on the Proforma statement of operating costs provided, explain why the billing and accounting expense are the same for 7 customers and 50 customers.
21. Provide a letter signed by the Directors or the President of the Development stating that they want Hammerland Utilities Inc. to be the Utility of choice for its Development at River Trace II.
22. According to TRA Rules, the Uniform System of Accounting chart of accounts and methodology will be followed when making periodic reports to the TRA. Is Hammerland familiar with this accounting methodology? In the absence of an employee on staff, provide a copy of a contract with the person or company that will be handling the accounting and financial reporting for the Utility.
23. Provide financial statements for year-end 2012, 2013 and 2014 for Hammerland Utilities, Inc.
24. Provide budgeted financial statements for 2015, 2016 and 2017 for Hammerland Utilities, Inc. inclusive of balance sheet, income statement and statement of cash flows.
25. Provide a copy of the documents to support the interest free loan to Hammerland Utilities Inc. from Elmhurst Stone covering the annual commitment from Elmhurst Stone to Hammerland Utilities, Inc.
26. Provide the customer service number that will be answered 24/7?
27. Please file a proposed tariff for Hammerland Utilities, Inc. that details the products and services of Hammerland Utilities, Inc. and all proposed rates, fees, service charges and deposits.
28. Provide the response to Rye Engineering PLC concerning the response it requested in the letter dated May 5, 2014 filed with this Petition. Who is providing the water for River Race II?
29. Please reconcile the estimated cost of the project of \$250,000 as stated in the summary on page 10 of the Petition and the amount of \$297,500 as stated in the contract between the builder of the system, Cat Construction/AUI, LLC and the Utility.
30. If the Developer is going to be building the system, provide a copy of the contract between the Developer and the Builder with the criteria needed for the Utility to accept the system.
31. Provide a copy of Cat Construction's certificate to do business in Tennessee.
32. Is the operator contract signed by Terry Wimberly on March 31, 2014 still in effect?
33. The Engineering Report filed in this Petition states on page 4 that the treatment units may be installed one at a time to facilitate adequate treatment on an as needed basis.

Is it the intent of the Utility to accept the system with only one of the units being installed or will the Utility require that the system be completed before accepting the system?