



851 Aviation Parkway
Smyrna, TN 37167

August 28, 2015

Mr. David Foster, Chief
Utilities Division
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: Docket # 14-00136 – TRA Staff Data Request #3

Dear Mr. Foster,

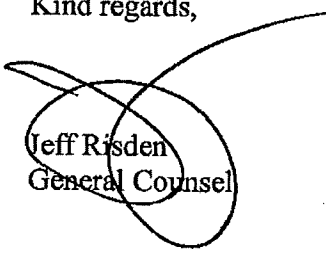
Tennessee Wastewater Systems, Inc. ("TWSI") provides the enclosed answers to TRA Staff Data Request #3 for Smoky Village.

The questions asked in the data request are based on engineering estimates which were put together by Adenus solely for the purpose of providing a ballpark of the costs to make the repairs to the development. While the estimates came from the knowledge and experience of Adenus engineers, the figures are in no way reflective of actual costs. Regardless, the staff's questions concerning those estimates have been answered.

We understand that one purpose of the staff's questions is to ascertain a more definite pricing for the repairs that are needed at Smoky Village. Attached as part of TWSI's response is a detailed budget (Exhibit A) for the repairs should Adenus Solutions perform the work. Further, TWSI has answered staff's questions, where appropriate, referencing this new budget as well.

Please let us know if you have any further questions or need any clarification on the answers provided to this data request.

Kind regards,



Jeff Ridsen
General Counsel

TRA DATA REQUEST NO. 3

The following questions pertain to the proposed project at Smoky Village. In responding to these questions, please refer to the Response/Attachment 83-Smoky Village Cost Estimate provided by TWS in response to TRA Data Request No. 1. For your convenience a copy of this response is attached hereto.

For the purposes herein the term “mark-up” shall mean any amount added to the purchase/invoice price or cost to produce an item by an affiliate to arrive at the price billed to TWS; such additives include, but are not limited to, added profit, fees and expenses. Costs referred to herein are contained in the Response/Attachment – Smoky Village Cost Estimate provided by TWS.

Soil Mapping 2 Acre - \$1,400:

1. In response to question no. 29 of TRA Data Request No. 1, TWS stated:

If this question refers to land that TWSI intends to purchase in the future, TWSI has paid for soil mapping at each site. The cost was approximately \$1,300 for each site. Because the money was paid from TWSI's escrow fund, TWSI attached copies of the invoices to the company's annual reports filed in 2013 and 2014. See also Response to number 33 herein.

- a. Please confirm that the attached invoice no. 10028 dated 5/28/2013 from Kevin Davis to Bob Pickney for \$1,300 represents all of the soil mapping cost for the proposed project at Smoky Village.

Response: To the best of our knowledge, this will be the total soil mapping cost, unless TDEC requires additional mapping prior to construction.

- b. If the attached invoice does not represent all of the soil mapping cost for the proposed project at Smoky Village, please provide the basis for such cost, including all supporting documentation.

Response: n/a

2. Please identify the person(s) responsible for providing TWS' response to the above questions related to Soil Mapping.

Response: Robert Pickney

Property Acquisition 2 Acre - \$51,000:

3. In response to question no. 82 of TRA Data Request No. 1, TWS provided “Attachment 82.M Smoky Village Real Estate Data,” a copy of which is attached hereto for your

convenience. Please confirm that the attachment and related General Warranty Deed (also attached) represent the conveyance of the property for the proposed Smoky Village project to Robert Pickney for actual consideration of \$41,000.

Response: Actual payment to previous owner was \$41,000.00. Other misc. costs were incurred (such as recording Tax, etc.)

4. If the property for the proposed Smoky Village project was (or will be) initially purchased by Robert Pickney, or any other person or entity affiliated with TWS, will there be any mark-up to TWS in the actual cost of the property? If so, please provide (a) all reasons that justify the mark-up to TWS; and (b) the basis for the mark-up in cost to TWS, including all documentation supporting the basis for such mark-up.

Response: Mark-up will be as per contract between Robert Pickney and TWSI. Robert Pickney agreed to purchase property for Utility for a return of 8% per year plus expenses for acquiring the property. Soil mapping and engineering design could not commence without a known dispersal area. A rate of 8% is reasonable given the unknown duration and unknown final disposition of the land. Robert Pickney invested his cash and assets for the specific purpose of aiding TWSI to solve problems at this site.

5. Please identify the person(s) responsible for providing TWS' response to the above questions related to Property Acquisition.

Response: Charles Hyatt

Easements 1 Each - \$1,500:

6. Please explain in detail (a) the reason(s) the planned easements are necessary for the project at Smoky Village and (b) the basis for the \$1,500 cost estimate for the easements, including documentation supporting such cost.

Response: An easement will be required to extend piping and control wiring between the existing treatment and the new drip dispersal area. This estimate is simply an engineering estimate of the probable cost.

7. If the easements have or will be acquired or paid by any affiliated person or entity of TWS, will there be any mark-up to TWS in the actual cost of the easements incurred by the person or entity affiliated with TWS? If so, please provide (a) all reasons that justify the mark-up to TWS; and (b) the basis for the mark-up in cost to TWS, including all documentation supporting the basis for such mark-up.

Response: TWSI will cause the easement to be obtained and prepared. Affiliated companies will not perform this task.

8. Please identify the person(s) responsible for providing TWS' response to the above questions related to Easements.

Response: Charles Hyatt

Drip Field 9000 Ft - \$31,500:

9. Please identify and describe the materials, labor and/or services included in the \$3.50 per foot unit price (e.g., tubing, emitter pipe, installation/labor costs, etc.).

Response: The cost was an engineer estimate based on general estimating knowledge from other projects. However, if Adenus is to do the project, please see attached Exhibit A for estimate.

10. Please provide an itemization of costs on a per-foot, unit-price basis for each item identified and described in question 9.

Response: There is no itemization of costs. This was a unit price estimate for the purpose of establishing a reasonable budget estimate. However, if Adenus is to do the project, please see attached Exhibit A for estimate.

11. Please identify the vendor or supply source (including TWS' own resources) that TWS plans to use for each item described in question 9.

Response: For purposes of the budget provided by TWS for Adenus to construct the system (Exhibit A), a price list has been attached (Exhibit B) from Adenus Tech which shows the pricing for all materials Adenus Tech would supply for this project. Anything not on this list is generally available at retailers such as Lowes and Home Depot and prices for these items would be per their pricing.

12. If TWS plans to use any person or entity affiliated with TWS as the vendor or supply source for any item identified and described in question 9, will there be any mark-up to TWS in the actual cost of the item incurred by the person or entity affiliated with TWS?

Response: If Adenus were to construct the system based on the budget in Exhibit A, there are no mark ups from the materials provided by Adenus Tech. In fact there is a standard 10% discount on the materials. There would be no mark up from the retail price paid for materials purchased at retail from Lowes, Home Depot, or any other retailer.

13. **For each item** identified and described in question 9 that may be supplied by an affiliated person or entity of TWS:

- a. Please provide the **actual cost** of the item incurred, or estimated to be incurred, by the affiliated person or entity to purchase, manufacture or produce the item. Provide documentation supporting such actual cost (e.g., outside vendor invoices, contracts, or price lists for purchased items; actual material, labor and overhead costs for items or materials manufactured or produced by the affiliated person or entity; actual labor rates paid by the affiliated person or entity for labor/installation paid to employees or contractors, etc.). **Do not include** any sales, marketing, distribution or other retailing costs, any gross profits, or any other mark-ups in such actual cost.

Response: See Exhibit B.

- b. Please provide the price that TWS will pay the affiliated person or entity for the item.

Response: See Exhibit B.

- c. If the **price** TWS will pay for the item is greater than the **actual cost** of the item incurred, or estimated to be incurred, by the person or entity affiliated with TWS, please provide (a) all reasons that justify the mark-up to TWS; and (b) the basis for the mark-up in cost to TWS, including all documentation supporting the basis for such mark-up.

Response: Adenus Tech, as a separate company from TWS, incurs operating expenses (ie. employees, warehousing, insurance, etc...) that must be addressed through its pricing to its customers whether affiliated or not. While there is a mark up on goods sold to TWS by Adenus Tech, TWS receives a 10% discount on goods purchased from Adenus Tech.

14. For any labor costs associated with the construction or installation of the Drip Field, please separate the labor costs among (a) TWS employees; (b) employees of any person or entity affiliated with TWS; and (c) non-affiliated persons or entities.

Response: If Adenus constructs and installs the Drip Field, all labor costs associated with the project would be performed by employees of an affiliate of TWS.

15. Please identify the person(s) responsible for providing TWS' response to the above questions related to Drip Field.

Response: Robert Pickney

Field Lines 1200 Ft - \$18,000:

16. Please identify and describe the materials, labor and/or services included in the \$15.00 per foot unit price (e.g., lines, installation/labor costs, etc.).

Response: This cost was an engineer estimate based on general estimating knowledge from other projects. However, if Adenus is to do the project, please see attached Exhibit A for estimate.

17. Please provide an itemization of costs on a per-foot, unit-price basis for each item identified and described in question 16.

Response: This cost was an engineer estimate based on general estimating knowledge from other projects. However, if Adenus is to do the project, please see attached Exhibit A for estimate.

18. Please identify the vendor or supply source (including TWS' own resources) that TWS plans to use for each item described in question 16.

Response: Adenus Tech will provide the materials listed in Exhibit B. Any materials not provided for in the exhibit are generally available at a retail store such as Lowes or Home Depot.

19. If TWS plans to use any person or entity affiliated with TWS as the vendor or supply source for any item identified and described in question 16, will there be any mark-up to TWS in the actual cost of the item incurred by the person or entity affiliated with TWS?

Response: If work is performed by Adenus, Adenus Tech as a separate company from TWS incurs operating expenses (ie. employees, warehousing, insurance, etc...) that must be addressed through its pricing to its customers whether affiliated or not. While there is a mark up on goods sold to TWS by Adenus Tech, TWS receives a 10% discount on goods purchased from Adenus Tech.

20. For each item identified and described in question 16 that may be supplied by an affiliated person or entity of TWS:

- a. Please provide the actual cost of the item incurred, or estimated to be incurred, by the affiliated person or entity to purchase, manufacture or produce the item. Provide documentation supporting such actual cost (e.g., outside vendor invoices, contracts, or price lists for purchased items; actual material, labor and overhead costs for items or materials manufactured or produced by the affiliated person or

entity; actual labor rates paid by the affiliated person or entity for labor/installation to employees or contractors, etc.). **Do not include** any sales, marketing, distribution or other retailing costs, any gross profits, or any other mark-ups in such actual cost.

Response: See Exhibit B.

- b. Please provide the price that TWS will pay the affiliated person or entity for the item.

Response: If Adenus performs the construction work, see Exhibit A under "materials" and price list in Exhibit B.

- c. If the price TWS will pay for the item is greater than the actual cost of the item incurred, or estimated to be incurred, by the person or entity affiliated with TWS, please provide (a) all reasons that justify the mark-up to TWS; and (b) the basis for the mark-up in cost to TWS, including all documentation supporting the basis for such mark-up.

Response: Adenus Tech as a separate company from TWS incurs operating expenses (ie. employees, warehousing, insurance, etc...) that must be addressed through its pricing to its customers whether affiliated or not. While there is a mark up on goods sold to TWS by Adenus Tech, TWS receives a 10% discount on goods purchased from Adenus Tech.

21. For any labor costs associated with the construction or installation of the Field Lines, please separate the labor costs among (a) TWS employees; (b) employees of any person or entity affiliated with TWS; and (c) non-affiliated persons or entities.

Response: If Adenus performs the construction of the system, all labor costs associated with the construction and installation of the Field Lines will be provided by employees of an entity affiliated with TWS. See Exhibit A under "Crew" for breakdown.

22. Please identify the person(s) responsible for providing TWS' response to the above questions related to Field Lines.

Response: Robert Pickney

Fencing 1200 Ft - \$20,400:

23. Please identify and describe the materials, labor and/or services included in the \$17.00 per foot unit price (e.g., lines, installation/labor costs, etc.).

Response: There is no itemization of costs. This was a unit price estimate for the purpose of establishing a budget estimate. However, if Adenus is to do the project, please see attached Exhibit A for estimate.

24. Please provide an itemization of costs on a per-foot, unit-price basis for each item identified and described in question 23.

Response: There is no itemization of costs. This was a unit price estimate for the purpose of establishing a budget estimate. However, if Adenus is to do the project, please see attached Exhibit A for estimate.

25. Please identify the vendor or supply source (including TWS' own resources) that TWS plans to use for each item described in question 23.

Response: No vendor has been selected. Fencing is generally available through a number of retailers.

26. If TWS plans to use any person or entity affiliated with TWS as the vendor or supply source for any item identified and described in question 23, will there be any mark-up to TWS in the actual cost of the item incurred by the person or entity affiliated with TWS?

Response: TWS has no plans to use any person or entity affiliated with TWS as the vendor or supply source for the Fencing.

27. For each item identified and described in question 23 that may be supplied by an affiliated person or entity of TWS:

- a. Please provide the **actual cost** of the item incurred, or estimated to be incurred, by the affiliated person or entity to purchase, manufacture or produce the item. Provide documentation supporting such actual cost (e.g., outside vendor invoices, contracts, or price lists for purchased items; actual material, labor and overhead costs for items or materials manufactured or produced by the affiliated person or entity; actual labor rates paid by the affiliated person or entity for labor/installation to employees or contractors, etc.). **Do not include** any sales, marketing, distribution or other retailing costs, any gross profits, or any other mark-ups in such actual cost.

Response: If Adenus is to do the project, fencing will be purchased from a 3rd party vendor as affiliated companies do not sell fencing.

- b. Please provide the price that TWS will pay the affiliated person or entity for the item.

Response: If Adenus is to do the project, fencing will be purchased from a 3rd party vendor as affiliated companies do not sell fencing.

- c. If the **price** TWS plans to pay for the item is greater than the **actual cost** of the item incurred, or estimated to be incurred, by the person or entity affiliated with TWS, please provide (a) all reasons that justify the mark-up to TWS; and (b) the basis for the mark-up in cost to TWS, including all documentation supporting the basis for such mark-up.

Response: If Adenus is to do the project, fencing will be purchased from a 3rd party vendor as affiliated companies do not sell fencing.

28. For any labor costs associated with the construction or installation of the Fencing, please separate the labor costs among (a) TWS employees; (b) employees of any person or entity affiliated with TWS; and (c) non-affiliated persons or entities.

Response: Labor would be provided by employees of an entity affiliated with TWS.

29. Please identify the person(s) responsible for providing TWS' response to the above questions related to Fencing.

Response: Robert Pickney

Project Management - \$14,350:

30. Please describe the reasons the project management costs are necessary to complete the project at Smoky Village. Include in your description (a) the persons or entities performing the project management, (b) the functions of each person or entity related to project management, and (c) the basis and rate of compensation for each person or entity.

Response: This figure was an engineering estimate based on similar projects. However, if Adenus is to do the project, please see attached Exhibit A for estimate.

31. Please identify and describe the materials, labor and/or services included in the \$14,350 project management costs.

Response: There is no itemization of costs. This was a unit price estimate for the purpose of establishing a budget estimate. However, if Adenus is to do the project, please see attached Exhibit A for estimate.

32. Please identify all vendor(s) or supply source(s) (including TWS' own resources) that TWS plans to use for project management.

Response: TWSI will use some of the East Tennessee staff for day to day management of the contractor. Adenus will supply the remaining project management and engineering oversight. Actual personnel will depend on availability when the project begins.

33. If TWS plans to use any person or entity affiliated with TWS as a vendor or supplier for project management, will there be any mark-up to TWS in the actual cost incurred, or estimated to be incurred, by the person or entity affiliated with TWS?

Response: There will not be any mark-up to TWS by any person or entity affiliated with TWS.

34. For any materials, labor or services related to project management identified and described in question 31 that may be supplied by an affiliated person or entity of TWS:

- a. Please provide the **actual cost** of the materials, labor or services incurred, or estimated to be incurred, by the affiliated person or entity related to its provision of project management to TWS. Provide documentation supporting such actual cost (e.g., outside vendor invoices, contracts, or price lists; actual labor rates paid by the affiliated person or entity for project management services to employees or contractors, etc.). **Do not include** any sales, marketing, distribution or other retailing costs, any gross profits, or any other mark-ups in such actual cost.

Response: See Exhibit A under "Engr-PM".

- b. Please provide the price that TWS will pay the affiliated person or entity for any materials, labor or services related to project management.

Response: See Exhibit A under "Engr-PM".

- c. If the **price** TWS will pay for any project management is greater than the **actual cost** of any project management incurred, or estimated to be incurred, by the person or entity affiliated with TWS, please provide (a) all reasons that justify the mark-up to TWS; and (b) the basis for the mark-up in cost to TWS, including all documentation supporting the basis for such mark-up.

Response: Project management costs will ultimately depend on the overall time it takes to complete the project; however project management costs paid will be the actual costs of the service provided. There will be no mark ups.

35. For any labor costs associated with Project Management, please separate the labor costs among (a) TWS employees; (b) employees of any person or entity affiliated with TWS; and (c) non-affiliated persons or entities.

Response: Project management costs provided for in attached Exhibit A is based on employees of an affiliate doing project management.

36. Please identify the person(s) responsible for providing TWS' response to the above questions related to Project Management.

Response: Robert Pickney and Charles Hyatt

Engineering 120 Hrs - \$12,000:

37. Please describe the reasons the engineering costs are necessary to complete the project at Smoky Village. Include in your description (a) the persons or entities performing the engineering, (b) the functions of each person or entity related to engineering, and (c) the basis and rate of compensation for each such person or entity.

Response:

- (a) Robert Pickney and Keith Townsend**
- (b) To oversee the day to day construction of the system as well as additional project management and engineering oversight.**
- (c) Please see Exhibit A under the "Engr-PM" tab**

38. Please identify and describe the materials (e.g., a copy of any engineering plans), labor and/or services included in the \$100 per hour engineering costs.

Response: This estimate was prepared prior to actual engineering work began. See Exhibit A under "Engr-PM" tab for updated costs for services.

39. Please identify all vendor(s) or supply source(s) (including TWS' own resources) that TWS plans to use for engineering.

Response: Robert Pickney and Keith Townsend

40. If TWS plans to use any person or entity affiliated with TWS as a vendor or supplier for engineering, will there be any mark-up to TWS in the actual cost incurred by the person or entity affiliated with TWS?

Response: There will not be a mark up for engineering services provided.

41. For any materials, labor or services related to engineering identified and described in question 38 that may be supplied by an affiliated person or entity of TWS:

- a. Please provide the **actual cost** of the materials, labor or services incurred, or estimated to be incurred, by the affiliated person or entity related to its provision of engineering to TWS. Provide documentation supporting such actual cost (e.g., outside vendor invoices, contracts, or price lists; actual labor rates paid by the affiliated person or entity for engineering services to employees or contractors, etc.). **Do not include** any sales, marketing, distribution or other retailing costs, any gross profits, or any other mark-ups in such actual cost..

Response: See Exhibit A under “Engr-PM” tab.

- b. Please provide the price that TWS will pay the affiliated person or entity for any materials, labor or services related to engineering.

Response: See Exhibit A under “Engr-PM” tab.

- c. If the **price** TWS will pay for any engineering is greater than the **actual cost** of any engineering incurred, or estimated to be incurred, by the person or entity affiliated with TWS, please provide (a) all reasons that justify the mark-up to TWS; and (b) the basis for the mark-up in cost to TWS, including all documentation supporting the basis for such mark-up.

Response: TWS will not pay more than actual cost for engineering services.

42. For any labor costs associated with Engineering, please separate the labor costs among (a) TWS employees; (b) employees of any person or entity affiliated with TWS; and (c) non-affiliated persons or entities.

Response: Engineering services will be provided by employees of a TWS affiliate.

43. Please identify the person(s) responsible for providing TWS’ response to the above questions related to Engineering.

Response: Charles Hyatt and Robert Pickney

CAI 80 Hrs - \$8,000:

44. Please describe the reasons the CAI costs are necessary to complete the project at Smoky Village. Include in your description (a) the persons or entities performing the CAI, (b) the functions of each person or entity related to CAI, and (c) the basis and rate of compensation for each such person or entity.

Response: Construction contract will have to be administered to insure performance in compliance with plans and specifications, progress payments, and all other related requirements to insure the project is completed properly and in a timely manner. This includes necessary change orders, changes to the plans and

administrative requirements for proper oversight of the contract. No detail breakdown was performed. Engineer used general estimating knowledge for purposes of preparing an engineer estimate for the project.

45. Please identify and describe the materials, labor and/or services included in the \$100 per hour CAI costs.

Response: Construction contract will have to be administered to insure performance in compliance with plans and specifications, progress payments, and all other related requirements to insure the project is completed properly and in a timely manner. This includes necessary change orders, changes to the plans and administrative requirements for proper oversight of the contract. No detail breakdown was performed. Engineer used general estimating knowledge for purposes of preparing an engineer estimate for the project.

46. Please identify all vendor(s) or supply source(s) (including TWS' own resources) that TWS plans to use for CAI.

Response: If Adenus performs the construction work on this project, CAI will not be necessary. If someone other than Adenus performs the construction work on this project, CAI will be handled by an employee of a TWS affiliate.

47. If TWS plans to use any person or entity affiliated with TWS as a vendor or supplier for CAI, will there be any mark-up to TWS in the actual cost incurred by the person or entity affiliated with TWS?

Response: If Adenus performs the construction work on this project, CAI will not be necessary. If someone other than TWS performs the construction work on this project and a TWS affiliated employee performs the CAI there will be no mark up in the allocation of payment for services rendered.

48. For any materials, labor or services related to CAI identified and described in question 45 that may be supplied by an affiliated person or entity of TWS:

- a. Please provide the **actual cost** of the materials, labor or services incurred, or estimated to be incurred, by the affiliated person or entity related to its provision of CAI to TWS. Provide documentation supporting such actual cost (e.g., outside vendor invoices, contracts, or price lists; actual labor rates paid by the affiliated person or entity for CAI services to employees or contractors, etc.). **Do not include** any sales, marketing, distribution or other retailing costs, any gross profits, or any other mark-ups in such actual cost.

Response: If Adenus performs the construction work on this project, CAI will not be necessary. If someone other than TWS performs the construction work on this project and a TWS affiliated employee performs the CAI there will be no mark up in the allocation of payment for services rendered.

- b. Please provide the price that TWS will pay the affiliated person or entity for any materials, labor or services related to CAI.

Response: If Adenus performs the construction work on this project, CAI will not be necessary. If someone other than TWS performs the construction work on this project and a TWS affiliated employee performs the CAI there will be no mark up in the allocation of payment for services rendered.

- c. If the price TWS will pay for any CAI is greater than the actual cost of any CAI incurred, or estimated to be incurred, by the person or entity affiliated with TWS, please provide (a) all reasons that justify the mark-up to TWS; and (b) the basis for the mark-up in cost to TWS, including all documentation supporting the basis for such mark-up.

Response: TWS will not pay more than actual cost for CAI services if those costs are necessary due to a non-affiliated company performing the construction.

49. For any labor costs associated with CAI, please separate the labor costs among (a) TWS employees; (b) employees of any person or entity affiliated with TWS; and (c) non-affiliated persons or entities.

Response: Any labor costs for CAI will be allocated to employees of an entity affiliated with TWS.

50. Please identify the person(s) responsible for providing TWS' response to the above questions related to CAI.

Response: Charles Hyatt and Robert Pickney

Bonding 2% - \$2,763:

51. Please explain in detail the purpose of the proposed bonding related to the project at Smoky Village, including a description of the protection or mitigation of risk sought by the bonding.

Response: This was a price estimate for the purpose of establishing a budget estimate. If Adenus is to provide the construction services at Smoky Village, bonding would not be required. TWS would require a non-

affiliated company to issue a performance bond to TWS to ensure the availability of funds to complete the project should that company fail to complete construction and installation of the system.

52. Please provide a description of (a) the activity or performance that is being bonded in relation to the Smoky Village project; (b) the type of bond that will be issued; (c) the amount or estimated amount of the bond; (d) the principal obligor requiring the bonding; (e) the owner obligee receiving the benefit of the bonding; and (f) the surety guarantor of the bonding.

Response: If Adenus is to provide the construction services at Smoky Village, bonding would not be required. TWS would require a non-affiliated company to issue a performance bond to TWS to ensure the availability of funds to complete the project should that company fail to complete construction and installation of the system.

53. Please identify the person(s) responsible for providing TWS' response to the above questions related to Bonding.

Response: Robert Pickney

Construction Contingency 10% - \$13,815:

54. Please explain in detail the purpose of the proposed construction contingency related to the project at Smoky Village.

Response: This was a unit price estimate for the purpose of establishing a budget estimate. Contingencies are included in preliminary estimates for unknown items or minor addition to scope of the project. If Adenus is to do the project, the contingency is reduced to 5% in the construction budget submitted by Adenus in Exhibit A.

55. Please identify the person(s) responsible for providing TWS' response to the above questions related to Construction Contingency.

Response: Robert Pickney

Other:

56. Other than soil mapping, have any of the above costs/expenses related to the proposed project at Smoky Village been paid by TWS from escrow or any other account to any person or entity affiliated with TWS or any other non-affiliated person or entity? If so,

please provide a detailed listing of all such costs/expenses paid by category, date paid, amount paid, payee and the account from which TWS made the payment.

Response: No payments have been made, although engineering is due prior to commencement of the project.

57. Does TWS plan to have a witness available to testify on its behalf in support of the reasonableness and necessity of each category of cost related to the Smoky Village project? If so, **for each category of cost**, please identify the witness, when known by TWS, that will be available to provide such testimony at a hearing on this matter.

Response: At this time the only prices available are from W& O Construction and Eco-Struct. If necessary, they can be subpoenaed to testify as to cost. Robert Pickney can be available if necessary to testify about the budget estimate.

The following questions pertain to the proposed project at Maple Green. In responding to the questions, please refer to the letter dated August 10, 2015, from Brad C. Harris, Manager, Land-Based Systems, Tennessee Department of Environment and Conservation, to Roy Denney, P.E., Adenus Group, LLC. For your convenience a copy of this letter is attached hereto.

58. The letter states (a) that since construction of the project at Maple Green was not commenced within one year of approval, those plans are currently being reevaluated pursuant to TDEC Rule 0400-40-20-.05(1); (b) that the reevaluation of the proposed FWS wetland design at Maple Green will, at a minimum, be subject to the outcome of the appeal/negotiations in Cedar Hill; and (c) that any alternate plans for Maple Green submitted in lieu of the expired FWS wetland system plans would be given prompt consideration to their approval.

- i. Please confirm that TDEC's approval of the plans for the proposed wetland system at Maple Green has expired.

Response: Since construction was not commenced within the year beyond the control of TWSI, the plans have expired.

- ii. Please confirm that TWS currently does not have TDEC's approval of any plans to commence construction of any treatment facility at Maple Green.

Response: TWSI does not have currently approved plans. Roy Denney is working with Senior TDEC engineer George Garden P.E. to get approved plans for Maple Green and Cedar Hill.

- iii. If TWS contends that it has current TDEC approval of plans to commence construction of any project at Maple Green, please provide all documentation that TWS contends supports such approval.

Response: TWSI does not contend it has approved plans since the approval has expired due to the project not commencing within one year of approval and TDEC did not extend the approval.

EXHIBIT A

Project Pricing Worksheet

Project Name	Smoky Village
Location	Sevier County

Engr. / Project Management \$14,167.34

Previous Completed Construction 1869.32

Construction

Labor 46135.00

Material 28296.40

Equipment 34510.00

Total Direct 108941.40

Contingencies (5%) 5447.07

Overhead (15%) 16341.21

Profit 12528.26

Total Construction \$143,257.94

Total Project Cost \$159,294.60

Engineering / Project Management

To Date: (unbilled hours)

	Quantity	Unit	Unit Price	Total
Thru 8/20/15				
R. Pickney	148	hr	53.33	\$7,892.84
K. Townsend	58	hr	24.05	1394.90
Travel	1680	mi	0.57	957.60

Estimated to Complete

Project Engineer	40	hr	53.33	2133.20
Engineer Tech	16	hr	24.05	384.80
Travel	1200	mi	0.57	684.00
GPS Location (Geo-Jobe)	8	hr	90.00	720.00

Total				\$14,167.34
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Smoky Village

Materials/Supplies	Quantity	Unit	Unit price	Total
2" Force Main/Supply/Return Line	1800	lf	0.57	\$1,026.00
Drip Pipe	9500	lf	0.33	3,135.00
Flexible Sch 40 PVC	200	lf	1.02	204.00
Barbed Couplers	100	ea	0.45	45.00
ARV	4	ea	8.10	32.40
18" CMP	40	lf	20.00	800.00
HeadWalls	2	ea	500.00	1,000.00
#4 Stone	75	ton	28.00	2,100.00
DGA	75	ton	23.00	1,725.00
Solenoid Valves	3	ea	105.00	315.00
Check Valves	40	ea	25.00	1,000.00
Shielded control Wire (18 ga. 10 wire sheilded	1800	lf	2.28	4,104.00
Sheilded control wire (18 ga 2 - wire)	1000	lf	0.28	280.00
PVC Fittings (elbow, drip connections, Etc.	250	ea	3.50	875.00
ADS Chambers	32	ea	60.00	1,920.00
EndCaps	8	ea.	20.00	160.00
Valve Boxes	20	ea	30.00	600.00
Tracing Wire	1500	lf	0.20	300.00
Glue/Cleaner	10	qt	25.00	250.00
Silt Fence/Stormwater Protection	400	lf	4.50	1,800.00
Seed/Mulch - soil stabilization	1.5	acres	1500.00	2,250.00
Drip Field Junction Box		ls		500.00
Gates (Including post and Hardware)		ls		375.00
Fencing	1000	ls	2.50	2,500.00
Misc. Materials		ls		1,000.00

Total

\$28,296.40

Crew		Month 1			
Role	Rate	Hrs./Wk.	# Wks.	Total	
Superint.	37.0	40	9	\$13,320.00	
Lead	34.0	40	9	12,240.00	
Labor	20.0	40	9	7,200.00	
Labor	20.0	40	9	7,200.00	
(Super & Lead) Per Diem	Rate 65.0	days/wk 5	19	6,175.00	
Total		160	1440	\$46,135.00	

Equipment	Rate	Month 1	Month 2	Month 3	Total
Dozer (small)	\$1,850	1	0	1	
Total	XXXXXX	\$1,850	\$0	\$1,850	\$3,700
Mini-Excavator	\$1,850	1	1	1	
Total	XXXXXX	\$1,850	\$1,850	\$1,850	\$5,550
Skid loader	\$1,500	1	1	1	
Total	XXXXXX	\$1,500	\$1,500	\$1,500	\$4,500
Plow (Drip)	\$1,200	1	1	0	
Total	XXXXXX	\$1,200	\$1,200	\$0	\$2,400
Service Truck	\$800	1	1	1	
Total	XXXXXX	\$800	\$800	\$800	\$2,400
Hydro-ax	\$3,000	1	0	0	
Total	XXXXXX	\$3,000	\$0	\$0	\$3,000
Job Storage/Office	\$150	1	1	1	
Total	XXXXXX	\$150	\$150	\$150	\$450
misc./small tools	\$250	1	1	1	
	XXXXXX	\$250	\$250	\$250	\$750
Milage (2 Vehicles)	0.57	3500	3500	3500	
		1995	1995	1995	\$6985
Fuel & Lube (Equipment)	2.75	700	700	700	
		1925	1925	1925	\$775

Total

\$34,510

Previously Completed Construction

Up-Grade Controls -Electrical Work	4	hr	42.86	\$171.44
Electrical Components		ls		\$186.00
Equipment/Operator - Trackhoe (Clearing/access)	8	hr	45.00	360.00
Travel	800	mi	0.57	456.00
Preliminary Layout of Drip Components	6	hr	34.00	204.00
Misc. - Flags, Stakes Etc.		ls		45.00
Milage	784	mi	0.57	446.88

Total Previous Construction**\$1,869.32**

EXHIBIT B

Adenus Technologies, LLC

849 Aviation Parkway
Smyrna, TN 37167

Estimate

DATE	ESTIMATE #
8/27/2015	20AB2075PH

NAME / ADDRESS
Tennessee Wastewater Systems, Inc. 851 Aviation Pkwy Smyrna, TN 37167

TERMS	Valid Through	PROJECT
Due on receipt	8/27/2015	

ITEM	DESCRIPTION	QTY	COST	AMOUNT	MARKUP	TOTAL
	Smoky Village					
AT-Drip-600... Drip Pipe-24...	Drip Pipe- 1/2" Netafim, 08WRAM-6-24V 24" spacing (Call for price) (specifically for wastewater) (AO=AN)	10,000	0.22102	2,210.20	49.31%	3,300.00T
BFPIPE-200	1/2" Black Flex PVC Tubing. Price per foot (AO=200)	200	0.59865	119.73	70.38%	204.00T
SV-2NC	2" Solenoid Valve-NC 24 VAC-fipt x fipt	3	70.00	210.00	50.00%	315.00T
ARV.05	1/2" Air Vac Valve	4	4.00	16.00	102.50%	32.40T
	One 6,000 lf drip zone with components for an ASG designed dripfield - 1/2" drip with 2" mains.					3,851.40
EP-Cable 18/...	18 awg 2 cond w/drain direct burial signal cable - price/ft #27325AS	1,000	0.18195	181.95	53.89%	280.00T
EP-Cable 18/...	18 awg 10 cond w/drain direct burial signal cable - price/ft #A21810	1,800	1.50	2,700.00	50.00%	4,050.00T
FFRT-2R2D-...	Adenus Custom Control Panel FFRT-2R2D-5Drip Ethernet PLC	1	4,718.61	4,718.61	270.22%	17,469.47T
	Subtotal					25,650.87
Discount-TN...	Tennessee Wastewater, LLC		-10.00%	-2,565.09		-2,565.09
				(9.75%)		\$2,250.86
				TOTAL		\$25,336.64

Estimate is valid for 30 days. Materials must be picked up at Adenus or shipped prior to the 30 day expiration. Materials shipped or picked up after the 30 day period will be sold at the current market price. Call for updated pricing after the 30 days expires.

Adenus not responsible for incorrect components or quantities if detail drawings are not available. A 25% restocking fee will be charged for all returned items.

All custom control panels subject to price change without notice.

Liners and Custom Control Panels are non refundable

Restocking fee of 25% will be charged for all returned items.

SIGNATURE _____