

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TN**

**January 18, 2016**

---

**IN RE:** )  
 )  
**PETITION OF TENNESSEE** )  
**WASTEWATER SYSTEMS, INC., FOR** ) **DOCKET NO.** 16-00007  
**APPROVAL OF CAPITAL** )  
**IMPROVEMENT ASSESSMENT FOR** )  
**STARR CREST RESORTS** )

---

**DIRECT TESTIMONY OF CHARLES HYATT**

---

**Q.** What is your name and occupation?

**A.** I am Charles Hyatt, president of Tennessee Wastewater Systems, Inc. ("TWSI").

**Q.** What is the purpose of your testimony?

**A.** The purpose of my testimony is to attest to the accuracy of the facts stated in the Petition and to provide additional information concerning TWSI's request.

**Q.** Please summarize the petition?

**A.** TWSI requests that the Authority approve an assessment upon the cabin and lot owners of the Starr Crest Resort in Sevier County, TN for the expansion of the on-site wastewater treatment facilities. Over the years the resort has become very popular with vacationers to the area. As a result, the current wastewater treatment facilities which were not designed to accommodate commercial cabins are inadequate to handle the volume of flow from the cabins, especially during peak occupancy. TWSI has been working with the Starr Crest Owners Association ("SCOA") to come to an agreement on a solution for expanding and paying for the current system. The solution we have developed involves expanding the current 28,000 gallon per day system to 60,000 gallon per day. In addition, a storage tank will be added to provide additional

capacity at times of peak occupancy and flow. Lastly, the drip field will be expanded to allow for the proper disbursement of the treated wastewater.

The cabin and lot owners through the SCOA have agreed to be assessed the costs of expanding the system. The assessment will be based on the square footage of each existing cabin or the square footage of the cabin each lot owner has committed to build on their lot.

Q. Why is an assessment necessary?

A. TWSI does not have the capital funds available to invest in a project such as this. The need for the expanded system is a result of the increase of use of the wastewater system which is directly attributable to the owners and renters of the community. An assessment of those directly affected by the wastewater system is appropriate.

Q. How will the assessment be made and collected?

A. The assessment will be made and collected by TWSI. The assessment will be broken up into two payments, one due at the start of construction, the other at the mid-point. Each cabin owner will be assessed based on the square footage of their cabin. Each lot owner will be assessed based on the square footage of the cabin they have committed to build.

We believe using square footage as the basis for the assessment is the most equitable way to apportion the cost. Cabins with more square footage are able to house more people than those with less. For example, a 3000 square foot cabin with 3 bedrooms and 2 ½ baths can ultimately house and sleep more people via sofas, bunks, sleeping bags, etc... than a similarly configured 1500 square foot cabin.

Q. How will TWSI be accountable for the assessments and ensure the funds are only spent on the Starr Crest Resort project?

A. The funds collected from the owners will be deposited into an escrow account. SCOA will be able to review and approve withdraws from the account. In addition, monthly reports will be filed with the TRA and SCOA.

Q. How will any excess funds be handled by TWSI?

A. Any excess funds will be returned to the cabin/lot owners.

Q. How do the plans to expand the system adequately address the current and future needs of the cabin and lot owners of the wastewater treatment facilities?

A. The current treatment capacity is 28,000 gallons per day. Based on current and historical flows our engineer determined that a treatment capacity of 60,000 gallons per day will be sufficient to handle the flows during normal occupancy of the existing and to-be-built cabins. There will be some excess capacity (3,000-4,000 gallons per day) which will be under the control of the SCOA should there be further construction in the development. The storage tank will allow the system to accommodate any higher than expected flows by preventing the system from becoming overloaded. The expansion of the drip field is necessary to allow for the disbursement of the increased amount of treated wastewater.

These plans also address any lingering concerns TDEC raised in its Notice of Violation issued in August (on file in Docket 15-00025 in the October Monthly Report).

Q. Who will perform the construction work on the project?

A. The initial estimate of \$450,000 has been provided by Adenus, a TWSI affiliate. Request for Proposals ("RFP") will be sent out to qualified contractors. TWSI takes no position on who will perform the construction work provided they are able to do the work to TWSI standards. The SCOA will be as involved in the RFP process as it desires including the ability to solicit, evaluate, and approve proposals that meet the standards as established by TWSI for the treatment system.

Q. Are there other associated costs involved with this project not included in the Petition?

A. There are costs involved in preparing the petition and responding to any discovery requests from the TRA and any potential intervening parties. We do not know what those costs will be. TWSI asks that those costs be placed in a deferred account and that TWSI be allowed to recover them as part of this proceeding.

Q. Does this complete your testimony?

A. Yes.

ACKNOWLEDGMENT

State of TENNESSEE )  
County of RUTHERFORD )

Personally appeared before me, Susan R. Chaffin, notary public of this county, Charles Hyatt, the within named witness, with whom I am personally acquainted, and who acknowledged that such person executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 10 day of January, 2016

Susan R. Chaffin  
Notary

My commission expires: 02/20/2018

