

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TN

June 27, 2016

IN RE:)	
)	
PETITION OF TENNESSEE)	DOCKET NO. 16-00015
WASTEWATER SYSTEMS, INC., FOR)	
APPROVAL OF SPECIAL CONTRACT)	

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. Signature Homes, LLC (Signature) intends to develop a residential subdivision in Williamson County, TN at 6821 McDaniel Road. The current plans are for the property to accommodate 100 single family residential lots. Signature needs wastewater service provided to the subdivision and TWSI holds a current CCN for the territory as well as owns and operates a regional treatment facility which services the territory.

TWSI has entered into an agreement with Signature to provide certain goods and services for the development of the wastewater treatment and collection system which includes providing treatment and disposal capacity, expansion of the current treatment facility, expansion of the drip field, construction of the 40 day dry storage pond, fencing of the constructed components of the system, and payments to those responsible for engineering, soil mapping, and permit fees as required by local and state boards and agencies.

Q. Will TWSI receive a fee for providing these goods and services?

A. TWSI will receive a capacity development fee of \$6000 per platted lot. This fee is not part of our current tariff and is why we request to have this contract approved.

Q. How will the capacity development fee be accounted?

A. TWSI has an account already established uses account 265.4 to book collected capacity development fees from developers. We intend to use the same account.

Q. Once collected, what will the capacity development fee be used for?

A. In addition to the obligations for which TWSI has agreed to be responsible for under the agreement, the purpose of the capacity development fee is to seed the funding of TWSI's capital account. The capital account will be used to pay for future upgrades to, expansion and new construction of TWSI owned wastewater systems. Examples of upgrades and expansions include the construction of force mains between developments and regional systems, installation of drip piping that is not presently required but will be in the future, and the installation of membrane filters at the membrane plant once it is required to go operational.

Q. Will the capital development fees be used for regular system operation and maintenance costs?

A. We do not consider the capacity development fee part of our operation and maintenance budget. The purposes for the capital development fund and the operation and maintenance fund are separate and distinct. The capacity development fee is to fund upgrades, expansion and construction of TWSI owned systems whereas the operation and maintenance budget is to address routine repair, maintenance and operational issues that arise from the day to day use of TWSI's wastewater systems.

Q. TWSI charges the developer a \$1200 per lot fee prior to signing the final plat for a development. Is the capacity development fee impacted by or associated with this \$1200 fee?

A. No. The purpose of the \$1200 per lot fee is to help offset the costs TWSI incurs with respect to regulatory approvals, setting up new account databases, engineering review, and construction and tank inspections. The capacity development fee does not cover these items as its purpose is to provide for the capital needs of the utility. The \$1200 per lot fee addresses administrative costs.

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 27 day of June, 2016

Susan R. Chaffin
Notary

My commission expires: 02/20/2018

