

851 Aviation Parkway
Smyrna, TN 37167

June 27, 2016

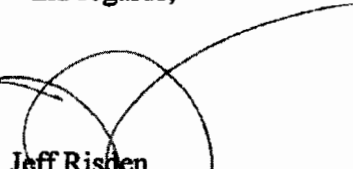
Ms. Monica Smith-Ashford
Hearing Officer
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: Docket # 16-00015

Dear Ms. Smith-Ashford:

This letter is to request the removal of the confidential designation on the contract previously filed in this docket. We ask that the contract be made part of the public record in its entirety.

Kind regards,



Jeff Risten
General Counsel



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Letter of Understanding

This Letter of Understanding (LOU) outlines the fundamental terms of agreement and intentions between Tennessee Wastewater Systems, Inc. (TWS, the Utility), and *Signature Homes, LLC*. (SIG) . Signatures represent acceptance of the terms of this LOU, pending final contract.

Questions and comments should be directed to Keith Townsend at (615) 522-7865 or keith.townsend@adenus.com

Dated: January 27th, 2016

The fundamental terms of agreement and intention between TWS and SIG are as follows:

1. SIG is a developer in Williamson County, TN, and desires to develop a residential subdivision on approximately 252 +/- acres of property, located at 6281 McDaniel Road (Tax Map 135, Parcel 009.00). This property will accommodate approximately +/- 100 single-family residential lots (Equivalent Dwelling Units, or EDU's). This lot count will be used for this Letter of Understanding.
2. TWS is a wastewater utility and has a current Certificate of Convenience and Necessity (CCN) for this property, and has a Regional Facility (Eudailey TF - SOP-05036) capable of providing wastewater service to the same.
3. TWS will coordinate the design requirements of the reuse distribution system with SIG's engineer, as well as the location of the regional collection/reuse mains, and hydraulic requirements.
4. SIG may select their own design engineering firm for the project site work. Additionally, SIG agrees to:
 - Require its design engineer to design the residential subdivision wastewater collection system, the regional reuse distribution system, and the project site disposal system to the specifications of TWS, and to provide a copy of design plans to TWS for review. TWS must approve the plans prior to submitting plans to the Tennessee Department of Environment and Conservation for review and approval.
 - SIG will require their design engineer to include on the cover sheet of the design plans:

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1. TWS approval block (to be provided by TWS)
2. Regional Capacity Statement (to be provided by TWS)
 - SIG will require its design engineer to provide digital, editable copies (AutoCAD, Word, Excel, etc.) of all items prepared for submittals to TWS prior to TWS accepting the system.
5. SIG agrees to prepare all necessary reports, and applications, including but not limited to state operating permits and zoning certificates, for TWS to operate the wastewater treatment and disposal system. TWS will review all information in any reports/applications, and must approve all submittals, and will provide written approval to SIG.
6. SIG understands that a Design Development Report (DDR) and a Detailed Soils Investigation Report (DSIR) must be performed in order to develop property using a drip irrigation system for the disposal of treated wastewater in Williamson County, TN. TWS will coordinate with the engineer for SIG, to ensure compliance with the requirements of the reports, and with TWS requirements.
7. SIG understands that the expansion of the Eudailey TF will require encroachment upon land areas already identified as reserve soils to meet County requirements. SIG will be required to allocate additional suitable soils to partially compensate for the losses. TWS agrees to propose an equitable allocation for recouping the needed soils from SIG.
8. SIG agrees to provide the following for engineering and construction of the treatment, disposal, and sewer collection system:
 - 3000 SF of good soil - soil must provide 0.2 gpd/SF disposal capacity to meet this requirement - per home (EDU's) proposed for disposal/recycling, plus an additional 150 SF of good soil per home for existing reserve area losses. (Approximately 315,000 SF, plus buffers). These soils will be transferred to TWS by warranty deed at the platting of Phase I of the proposed development.
 - Adequate land for the construction of a 40-day dry storage pond, as required by Williamson County, with an access easement provided in a form acceptable to TWS, and Williamson County.
 - 3 original copies of an Extra High Intensity soil map (50' grid), to include pit observations, by a Tennessee Certified Soil Scientist of the drip field areas.
 - Topography map (digital AutoCAD .dwg file) of the entire proposed property @ a 2' contour interval.
 - Overall site plan of the proposed project, with proposed stormwater drainage plans (digital AutoCAD .dwg file).

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- Lay/Install sewer collection regional main lines, reuse distribution lines, and residential collection lines per requirements of TWS approved plans and specifications, to include any required pump stations and residential service taps, and any force mains required to connect any pump station to the collection main lines returning to the Eudailey TF.
 - Single phase, 100 amp, underground electrical service to any required pump stations.
 - Maintain (mow) the area of soil map grid staking until construction has begun.
 - Dedicate easements as dictated by the final design plans for access to the collection, treatment and reuse/disposal system, the storage impoundment, and for the residential services.
9. TWS needs larger piping infrastructure installed through SIG development to accommodate future development/expansion to the Regional system. TWS will give a credit for the cost of up-sizing the collection FM, and reuse FM. The credit will be the difference in the cost of the actual PVC pipe. Currently, the cost of 10" PVC pipe is \$8.10/LF, and 6" PVC is \$3.15/LF. TWS will require 1-10" PVC collection FM, and 1-8" PVC reuse FM. TWS will give a combined \$10.00/LF (\$5.00/LF for each pipe) credit to SIG for the actual installed LF of the pipe run. It is projected that this extension will be approximately 2500 LF. The credit will be divided over the total lots developed. Therefore, currently, this would give:
- 2500 installed LF * \$10.00/LF credit = \$25,000.00 combined credit
- $\$25,000.00 \div 100 \text{ lots} = \$250.00 \text{ credit/lot}$
- *The credit ONLY applies to the actual installed footage of the Regional collection FM, and Regional reuse FM, and does not apply to the collection lines serving the individual lots within the development.
10. TWS will provide treatment and disposal capacity to the project for the per lot capacity development fee of \$6000.00 per lot. Payment of the fees will be due when the final plat is presented to TWS for signature. Example:
- Phase I plat contains 40 single family residential lots
- ex. - 40 lots @ \$6000.00/per lot capacity fee = \$240,000.00*
- *Any per lot credits would be applied at this time
- ex. - 40 lots @ \$250.00/per lot credit = \$10,000.00*
11. The \$6000.00 per lot capacity development fee will include:
- Construction of treatment and disposal capacity for the project, to include the TF expansion, the drip field disposal expansion, the 40-day

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dry storage pond, and fencing of the constructed components with four-rail wood fence

- Payment of the DDR engineering fee, up to \$15,000.00, total
- Payment of the DSIR soil mapping, pit description, and grid staking fee, up to \$15,000.00
- Payment of up to \$350.00 per lot for the project site wastewater design fees.
- Any other professional report fees/costs agreeable to SIG for preparation and performance of the work

* SIG agrees to reimburse TWS all costs related to all DDR/DSIR, soil mapping, grid staking, and wastewater design in the event the property fails to be developed. SIG agrees to request cost proposals for the work from qualified professionals, and submit SIG agreeable cost proposals to TWS.

*No home will be released to connect to the sewer collection system, or to the treatment and disposal system, until the Developer has paid all sewer development fees.

12. TWS will assume ownership of the treatment, disposal, and collection system once inspections are approved and accepted by TWS. SIG will be required to pay TWS a \$1200.00 per lot fee for all lots presented to TWS for final plat signing. The \$1200.00 per lot fee will be due at the time TWS is requested to sign the final plat for recording (Ex. 10 lots presented for final plat * \$1200.00 per lot = \$12,000.00 due by SIG to TWS at plat signing).

*This fee covers regulatory coordination, new customer accounts database set-up, engineering review, and construction inspection (sewer collection/reuse mains, subdivision collection mains, individual residential tank and lot services, etc.) .

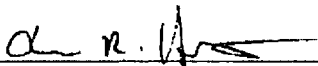
13. SIG agrees to post any bond amounts required by the County, etc., prior to final plat being signed by TWS.
14. Cost of tankage, components, etc, for each individual residence site and installation of sewer collection/reuse main lines (with the exception of any installation credits allowed by TWS), pump stations, and lot services is outside the scope of this agreement.
15. SIG agrees that changes made to TDEC regulations, or to TRA rules, or to Williamson County regulations after the date of this understanding are beyond the control of TWS and could likely cause a change to the proposed costs. Assuming that no regulation changes occur, the costs and fees presented in this understanding shall be valid for a period of not

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more than one (1) year from the date at the beginning of this understanding, regardless of the date the parties sign. Any contracts, or agreements, between the parties that are not signed within this one year time limit will be revised to reflect costs in effect at that time.

16. Signature acknowledges and accepts the aforementioned terms of agreement and intention.

Tennessee Wastewater Systems, Inc.
Utility - Charles Hyatt



Title: President

Date: 1/29/2016

Signature Homes, LLC
Developer - Kris Keown



Title: Authorized Person

Date: 1/27/2016