



851 Aviation Parkway  
Smyrna, TN 37167

June 2, 2017

Chairman David Jones  
c/o Sharla Dillon  
Tennessee Public Utilities Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243

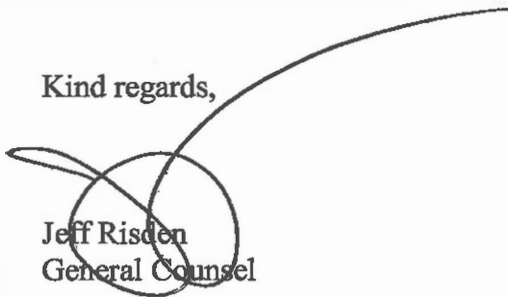
RE: Docket # 16-00139 – TWSI's Informal Discovery Responses

Dear Chairman Jones,

Enclosed, please find an original and four (4) copies of the informal discovery responses Tennessee Wastewater Systems, Inc. has provided the Consumer Protection and Advocate Division throughout the course of the discovery process in the case currently pending before the Commission. The enclosed USB drive contains all the files referenced in the responses as being found via a Dropbox link.

These are informal, unverified responses to CPAD requests which TWSI voluntarily provided in an effort to further assist CPAD and their expert in their efforts to understand the company and its operations. While TWSI is providing these responses to the Commission, the Company does not in doing so agree that all the questions are relevant to the rate case.

Kind regards,



Jeff Ridsen  
General Counsel

**IN THE TENNESSEE REGULATORY AUTHORITY  
AT NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF TENNESSEE</b>	)	
<b>WASTEWATER SYSTEMS, INC.,</b>	)	<b>DOCKET NO. 16-00139</b>
<b>FOR APPROVAL OF ADJUSTMENT</b>	)	
<b>OF ITS RATES AND NEW TARIFF</b>	)	

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**INFORMAL THIRD DISCOVERY REQUEST  
OF THE CONSUMER PROTECTION AND ADVOCATE DIVISION  
TO TENNESSEE WASTEWATER SYSTEMS, INC.**

---

To: Jeff Risdan, Esq.  
General Counsel  
Tennessee Wastewater Systems, Inc.  
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615-346-9516 (fax)  
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Nashville, TN 37203  
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This Third Discovery Request is hereby served upon Tennessee Wastewater Systems, Inc. (Company), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Protection and Advocate Division of the Attorney General's Office (Consumer Advocate) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Protection and Advocate Division, 315 Deaderick Street, 20<sup>th</sup> Floor, Nashville, Tennessee 37243, c/o Karen H. Stachowski,

on or before 4:00 p.m. (CDT), April 21, 2017, as ordered by the Hearing Officer in the adoption of a procedural schedule in this TRA Docket.

### **PRELIMINARY MATTERS AND DEFINITIONS**

These Additional Discovery Requests incorporate the same Preliminary Matters and Definitions as set forth in the *First Discovery Request of the Consumer Advocate and Protection Division to Tennessee Wastewater System Inc.* sent to TWSI on January 13, 2017, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by TWSI which would make a prior response inaccurate, incomplete, or incorrect.

### **THIRD DISCOVERY REQUESTS**

**3-1.** Refer to Exhibits 1 and 2 in the Direct Testimony of Charles Hyatt. Provide revised Exhibits with a Test Period ending December 31, 2016 and Attrition Period ending December 31, 2018.

#### **RESPONSE:**

**3-2.** Refer to the Attachment included by the Company in response to CPAD2-1 for the 2015 and 2016 revenue price-out. Provide this data on a monthly basis from January 2015 through December 2016.

#### **RESPONSE:**

**3-3.** Refer to the Attachment included by the Company in response to CPAD2-1 for the 2015 and 2016 revenue price-out. Indicate the individual billing rates that the Company uses to record

Sewer, Maintenance, Billing & Collecting, Bonding and Escrow Revenues. For example, the Company uses a B&C rate of \$1.5 to calculate the number of customer. What is the source of this charge and the other charge components that the Company uses to record revenues on its books.

**RESPONSE:**

3-4. Refer to the Attachment included by the Company in response to CPAD2-1 for the 2015 and 2016 revenue price-out. Provide a price-out for the Commercial customer class by month from January 2015 through December 2016 using the individual rate components included in the Company's tariff for Commercial customers with food service and Commercial customers without food service.

**RESPONSE:**

3-5. Refer to the Attachment included by the Company in response to CPAD2-1 for the 2015 and 2016 revenue price-out. Provide a price-out for the Residential Cabin customer class by month from January 2015 through December 2016 using the individual rate components included in the Company's Commercial tariff for Overnight Rental Units.

**RESPONSE:**

3-6. Refer to the Company's response to CPAD2-13 regarding developer revenue. The Company's reply to this request appears to be non-responsive in that it did not include the developer contracts that produce the revenue stream for 2010 through 2016. Therefore, provide the developer contracts that produce the revenues associated with Account 421.5.

**RESPONSE:**

**3-7.** Refer to the Company's response to CPAD2-13 regarding developer revenue. The Company indicates that "This revenue is not rate based as the expenses are not inclusive either." Identify the expenses that are associated with the revenues in Account 421.5.

**RESPONSE:**

**3-8.** Refer to the Company's response to CPAD2-13 regarding developer revenue. Provide all support from the TRA substantiating the Company's claim that developer revenue is not included in utility income.

**RESPONSE:**

**3-9.** Refer to Paragraph #9 of the Company's Petition which contains the current and proposed monthly rates. Provide a copy of the Company's current tariff that supports the current monthly rates contained in the Petition.

**RESPONSE:**

**3-10.** Refer to the Company's response to CPAD2-120. The Company's reply to this request appears to be non-responsive in that it did not include documentation to support its explanation of the 3% convenience fee. Therefore, please provide documentation such as the current contract or agreement with Bluefin for processing credit cards.

**RESPONSE:**

**3-11.** Refer to the Company's response to CPAD2-120 and the Authority's response to the Consumer Advocate's Request for Records dated March 24, 2017. In an email with a subject line of "TWSI Bond True Up", it states that the convenience fee is already being charged. Provide documentation to support your answers to the following:

- a. When did the Company begin assessing the Credit Card Convenience Fee (day/month/year) to its customers?
- b. What was the amount of the initial Credit Card Convenience Fee charged to its customers?
- c. What notice was provided to the Company's customers prior to implementation of this new Credit Card Convenience Fee?
- d. The Company states that the "fee is presented to the customer prior to completing and submitting their payment." Is the only notice provided to the Company's customers of this fee when he/she attempts to pay by credit card online?
- e. What is the total amount collected by year since 2011 when the Company started collecting the Credit Card Convenience Fee?

**RESPONSE:**

**3-12.** Regarding the Credit Card Convenience Fee discussed in 3-10 above, answer the following and provide documentation to support your answers:

- a. Did the Company receive multiple bids from vendors for online credit card processing services? If so, how many? If not, what was the process for awarding such contracts?
- b. List all the vendors the Company has contracted over time regarding online credit card processing services and each of the corresponding Credit Card Convenience Fees charged to the Company's customer for each vendor since. Provide copies of any bids and contracts.

- c. If the Company has only had one vendor providing the online credit card processing service, provide the Credit Card Convenience Fees charged to the Company's customers by year since date of implementation.
- d. Who is the point of contact at the current vendor for the Company? Provide the name, address, telephone number, and email address for the contact person
- e. Provide billing statements from the vendor(s) for 2014, 2015 and 2016.

**RESPONSE:**

**3-13.** From 2011 (implementation of the Credit Card Convenience Fee) to present, provide a history of the payment options available the Company's customers? For example, customers could also send checks by U.S. mail or pay over the telephone in 2014.

**RESPONSE:**

**3-14.** Since 2011 (implementation of the Credit Card Convenience Fee) to present, provide an estimate by year of the number of the Company's customers that utilize the online credit card payment option.

**RESPONSE:**

**3-15.** For customers that have limitations on access to the internet, public transportation or credit cards, do you have a payment option that offers a quick and convenient way to pay their bill? List these options.

**RESPONSE:**

**3-16.** Since 2011 (implementation of the Credit Card Convenience Fee) provide all customer complaints about the Credit Card Convenience Fees.

**RESPONSE:**

**3-17.** Since 2011 (implementation of the Credit Card Convenience Fee), provide all customer complaints about options for payment of bills.

**RESPONSE:**

**3-18.** Refer to Company's response to CPAD1-8. The contract provided lists Barrel Investments, LLC as the lessor for property at 1225 Jayell Rd, Sevierville, TN. However, according to the State of Tennessee, Comptroller of the Treasury website, the Property Owner is Robert Pickney (see [http://www.assessment.state.tn.gov/REF\\_Assessment/PurceDetailIMPACT.aspx](http://www.assessment.state.tn.gov/REF_Assessment/PurceDetailIMPACT.aspx)). Answer the following and provide documentation to support your answer:

- a. Who owns the property 1225 Jayell Rd, Sevierville, TN?
- b. If Barrel Investments, LLC is not the owner of the property, why is it listed as the lessor of the property?
- c. Erin Elizabeth Pickney is listed as the registered agent of Barrel Investments, LLC. Is Erin Elizabeth Pickney related to any of the board of directors of Adenus Group, LLC—Robert Pickney, Charles Pickney, Thomas Pickney or William Pickney?
- d. Identify the Company's point of contact for Barrel Investments, LLC. Provide the name, address, telephone number, and email address for the contact person.
- e. Barrel Investments, LLC is identified as a member-managed corporation on the Secretary of State's website. Who are the managing members of Barrel Investments, LLC?



- f. Identify other properties considered by the Company prior to contracting to lease this property at 1225 Jayell Rd, Sevierville, TN? Provide the details of those other options, including lease rates.
- g. Identify all employees who have worked at the property by year since the Company started utilizing this property.
- h. Explain the use of the property and the particular structures on the property utilized by the Company.
- i. Has the Company made any improvements to the property? If so, what were the improvements and the associated costs.

**RESPONSE:**

**3-19.** Refer to Company's responses to CPAD1-6 through CPAD1-9 regarding written and unwritten contracts with affiliates and non-affiliates respectively. TWSI provided contracts with 3 affiliates: Jeremy Dison, Robert Pickney, and Aviation Parkway Partnership. TWSI provided a contract with one non-affiliate Barrel Investments, LLC. TWSI indicated that there were no unwritten contracts with affiliates or non-affiliates. In the attached Exhibit 3-19A, Robert Pickney identified DRT, LLC as an entity that provides specialized construction to the Company. Answer the following and provide documentation to support your answer:

- a. Why did the company not provide the name of DRT, LLC in response to the Consumer Advocate's First Discovery Request?
- b. There is no listing for DRT, LLC on the Secretary of State's website, but there is a listing for a DRT Services, LLC. Jeremy Dison is the Registered Agent. Is this the

entity that provides specialized construction to the Company as identified by Robert Pickney's attached deposition?


- c. DRT Services, LLC is identified as a member-managed corporation on the Secretary of State's website. Who are the managing members of DRT Services, LLC (or DRT, LLC)?
- d. Provide billing statements from the DRT Services, LLC (or DRT, LLC) for 2014, 2015 and 2016.
- e. Provide copies of the Company's payments to DRT Services, LLC (or DRT, LLC) for 2014, 2015 and 2016.
- f. Identify the Company's point of contact for DRT Services, LLC (or DRT, LLC). Provide the name, address, telephone number, and email address for the contact person.
- g. What was the Company's process for choosing DRT Services, LLC (or DRT, LLC)? If bids were collected or estimates provided, provide copies.
- h. What other vendors did the Company consider before employing DRT Services, LLC (or DRT, LLC)?

**RESPONSE:**

**3-20.** Provide copies of any 1099 tax forms the Company filed for 2014, 2015, 2016.

**RESPONSE:**

RESPECTFULLY SUBMITTED,

  
KAREN H. STACHOWSKI  
(BPR No. 019607)  
Assistant Attorney General  
Office of the Tennessee Attorney General  
Consumer Protection and Advocate Division  
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 7 day of April, 2017.

  
KAREN H. STACHOWSKI

BEFORE THE TENNESSEE DEPARTMENT OF  
ENVIRONMENT AND CONSERVATION

TENNESSEE WASTEWATER  
SYSTEMS, INC.

*Petitioner*

)  
) DIVISION OF WATER RESOURCES  
)  
) Docket No. 04.30-128350J  
) Case No. WPC14-0092

The deposition of  
ROBERT PICKNEY

Taken on Behalf of the Respondent  
August 30, 2016

WILMA O. HUTCHISON  
Licensed Court Reporter  
400 Rivercrest Court  
Nashville, TN 37214  
(615) 889-6288

**ORIGINAL**

EXHIBIT

3-19A

**APPEARANCES:****FOR THE PETITIONER:**

Mr. Jeff Ridsen  
General Counsel  
TN Wastewater Systems, Inc.  
851 Aviation Parkway  
Smyrna, TN 37167

**FOR THE RESPONDENT:**

Mr. George S. Bell, III  
Asst. General Counsel  
TN Dept. of Environment  
& Conservation  
312 Rosa Parks Avenue  
Nashville, TN 37243

**ALSO PRESENT:**

Mr. Brad C. Harris

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Direct Examination by Mr. Bell  
Cross-Examination (None)

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1                   The deposition of ROBERT PICKNEY was taken by  
2                   counsel for the Respondent at Tennessee Department of  
3                   Environment & Conservation, Third Floor, Conference Room B,  
4                   Tennessee Tower-William Snodgrass Building, 312 Rosa Parks  
5                   Boulevard, Nashville, Tennessee, on August 30, 2016, for all  
6                   purposes allowed under the Tennessee Rules of Civil  
7                   Procedure.

8                   It is agreed that Wilma O. Hutchison, Court  
9                   Reporter and Notary Public for the State of Tennessee, may  
10                  swear in the Deponent, take his/her deposition in machine  
11                  shorthand, and afterwards reduce same to typewritten form and  
12                  that the reading and signing of the completed deposition by  
13                  the Deponent is waived.

14                  All formalities as to caption, certificate,  
15                  transmission, filing, et cetera, are waived. All objections  
16                  except to the form of the question are reserved to on or  
17                  before the hearing.  
18  
19  
20  
21  
22  
23  
24  
25

1 there, no.

2 Q. Have there been any ongoing construction projects  
3 at all in East Tennessee that would require your presence?

4 A. No.

5 Q. At any of the sites managed by Tennessee  
6 Wastewater?

7 A. No.

8 Q. Have you all been doing any repairs at all to your  
9 control systems or replacing those?

10 A. Yes.

11 Q. You don't consider that a major project at all?

12 A. Well, it does require -- we've got people that do  
13 that all the time.

14 Q. Who does that all the time? Whose responsibility  
15 is it?

16 A. Right now it's Charles Myers and Clint  
17 Wayman.

18 Q. And what are their titles?

19 A. I don't know if they've got a title.

20 Q. They're not maintenance techs?

21 A. No.

22 Q. They don't work on a day-to-day basis at any of  
23 the wastewater sites that you are permitted to operate?

24 A. No.

25 Q. So what are their responsibilities? Are they



1 full-time employees of your business?

2 A. Yes.

3 Q. And they're employed by what entity, Tennessee  
4 Wastewater?

5 A. No. They're employed by DRT.

6 Q. DRT?

7 A. Yeah.

8 Q. And who owns DRT?

9 A. Myself, my daughter, and Jeremy Dyson.

10 Q. Is DRT incorporated?

11 A. It's an LLC.

12 Q. And when was it organized? Is it a Tennessee LLC?

13 A. Tennessee LLC. The last couple or three years. I  
14 can't tell you exactly.

15 Q. And what is the function of DRT, LLC?

16 A. They do specialized construction.

17 Q. And does it have any contractual relationship with  
18 any of the companies that you operate to do specialized  
19 construction?

20 A. Yes.

21 Q. And what are those -- describe those contracts.

22 A. Well, if there's things that need to be done, and  
23 Tennessee Wastewater doesn't have the ability to do them,  
24 Charles will get us to go do what needs to be done.

25 Q. Like what?

1           A.    Replacing control systems, upgrading systems,  
2 whatever. If it's a big project and the maintenance techs  
3 can't handle it, we go down there and take care of it.

4           Q.    Building special little houses?

5           A.    Building houses, control boxes. We don't build  
6 control boxes. We install them. But if the system needs to  
7 be upgraded or taken care of where it's over the other guy's  
8 head, that's what they do.

9           Q.    Explain that process. How does that work?

10          A.    I don't understand what your question is.

11          Q.    Well, I mean, do you all just have an ongoing  
12 contract with them, or do you all do it on a job-by-job  
13 basis?

14          A.    Job-by-job basis.

15          Q.    And how does that happen? I mean, you get a  
16 call --

17          A.    Charles says he wants to get this done or that  
18 done, and they go do it.

19          Q.    And then Tennessee Wastewater compensates DRT?

20          A.    Sure.

21          Q.    Do they cut checks to people individually?

22          A.    It goes to DRT.

23          Q.    From what entity?

24          A.    Whatever entity they're working for.

25          Q.    Tennessee Wastewater?

1 A. That's one of them.

2 Q. What other entities? Which other entity do they  
3 have ongoing projects with?

4 A. Well, we do contract work in other states, in  
5 other areas. We do contract work for Adenus Operations. We  
6 do whatever comes up. We do work on property that has  
7 wastewater, and we do a whole bunch of stuff.

8 Q. Does DRT hold a state contracting license?

9 A. It does not.

10 Q. Describe how you're compensated, on a job-by-job  
11 basis or --

12 A. It's generally cost plus.

13 Q. Cost plus?

14 A. Yes, sir.

15 Q. Do you know if DRT should have a contracting  
16 license?

17 A. No, don't need one.

18 Q. Why don't you need one?

19 A. It's just small projects.

20 Q. Some of your Adenus companies are suppliers for  
21 DRT. Do you buy some of your supplies for these special  
22 projects from Adenus?

23 A. Generally speaking, the products are supplied  
24 directly. DRT doesn't buy the products. If there's products  
25 needed, they go straight to Tennessee Wastewater, and the

1 guys just install them. So there's no cost-plus products or  
2 equipment.

3 Q. When you say cost plus, how are you --

4 A. Just labor.

5 Q. So you're just marking up the labor?

6 A. Marking up the labor, yes.

7 Q. Does DRT have a separate bank account?

8 A. Sure.

9 Q. And who is authorized to sign checks on DRT's bank  
10 account?

11 A. I know I am. I can't tell you. I think Suzanne,  
12 the bookkeeper, and Jeremy Dyson. I think my daughter is  
13 authorized too. I couldn't tell you for sure. Suzanne pays  
14 all the bills.

15 Q. What's your daughter's name?

16 A. Erin, E-r-i-n.

17 Q. And what's her last name?

18 A. Pickney.

19 Q. How old is Erin?

20 A. She's mid 30s, 33.

21 Q. Does she have -- who is Erin's mom?

22 A. My wife.

23 Q. And what is her name? Do you remember her?

24 A. Oh, geez, let me back up.

25 Q. And you say Erin, yourself, and who else owns --

1 A. Jeremy Dyson.

2 Q. How was the company capitalized? Did Erin and  
3 Jeremy contribute any money to the business --

4 A. I don't remember, George.

5 Q. -- to DRT?

6 A. I don't remember how we did it. I just don't  
7 remember. I don't know. There was a lot of capital  
8 required, to be honest with you, but I don't remember.

9 Q. Do Charles Myers and Mr. Wayman, do they get paid  
10 salaries?

11 A. Sure.

12 Q. And that money is paid primarily by proceeds from  
13 your contracts with Tennessee Wastewater or other related  
14 entities?

15 A. Well, I mean, obviously the company has to make  
16 money. It comes out of whatever they're working on at the  
17 time.

18 Q. Do you report them as employees of DRT or one of  
19 your Adenus companies?

20 A. No. They're employed with DRT.

21 Q. Do they provide services to the Adenus companies  
22 at all?

23 A. Yes.

24 Q. And do they do that also on a contract basis?

25 A. Sure.

1 Q. Do you actually bother to write these contracts  
2 down?

3 A. Most of the -- because it's just small stuff.  
4 It's not large stuff. "Let's go do this; have them go do  
5 that or whatever." It's just an understanding that the cost  
6 is based on an hourly rate, and they work based on that  
7 hourly rate.

8 Q. So when you go and do what you do through DRT,  
9 LLC, do you ever work with any of the maintenance techs for  
10 Tennessee Wastewater?

11 A. Generally don't. If they've got a project, they  
12 go do it. Might they come around and see something? Sure.  
13 I can't speak to that. But they're not there to work with  
14 the techs on that project.

15 Q. Is it your testimony that you never involved any  
16 maintenance technicians on some of these special projects?

17 A. No, no, no. I'm saying they're around. But if  
18 Charles asks us to go upgrade a system some place, then they  
19 go do it. Might the maintenance techs come around and see  
20 what they're doing? Sure. Might they work with them  
21 sometimes? Maybe. But that's not part of what their job is.

22 Q. So Charles actually retained you?

23 A. Sure.

24 Q. You're not actually involved in the planning of  
25 upgrading systems. Is that your testimony?

**3-1.**

See Exhibit 3-1 at the Dropbox link.

**3-2.**

RESPONSE:

See Dropbox link for Exhibit 3-2a and b.

**3-3.**

RESPONSE:

See Dropbox link for See Exhibit 3-2b

**3-4.**

RESPONSE:

See Dropbox link for Exhibit 3-4

**3-5.**

RESPONSE:

See Dropbox link for Exhibit 3-2. As discussed during the phone conference last week, TWSI does not have a separate residential cabin class. Those customers who have classified their cabins as residential fall into the general Residential rate class. That breakout is provided in Exhibit 3-2.

**3-6.**

See Exhibit 3-6 at the Dropbox link. As discussed on the phone conference the other day, these are representative contracts for the purposes of showing charges to the developer to cover expenses unrelated to the provision of utility service. These contractual provisions have been included in all developer contracts for the last eight years. As we discussed, these charges are based on estimates of the expenses incurred by TWSI for preliminary work such as inspection of the site, negotiations with the developer, and proceedings with the TRA. TWSI discussed these estimates with the TPUC staff at the time the charges were first imposed and the staff agreed that the estimates were reasonable at the time and that the charges and associated expenses should be recorded below the line for ratemaking purposes.

**3-7 and 3-8.**

TWSI does not track those expenses and the TPUC has never asked TWSI to do so because both the expenses and the associated revenue are recorded below the line. If requested by the TPUC or the CPAD, TWSI could track those expenses on a going forward basis to determine whether or not the expense estimates made approximately eight years ago are still accurate. TWSI believes that the expenses today would probably be larger than those estimates since the legal and regulatory costs associated with obtaining and maintaining a certificate prior to the provision of service have increased. If TWSI is asked to track those expenses, the categories of expenses associated with this income would include time of Adenus employees spent on contracting, engineering, legal, permitting, project management, accounting, and regulatory costs. These costs are incurred whether or not the project is ever completed and service initiated. TWSI believes that other wastewater utilities in Tennessee also receive revenue from developers to cover expenses in these categories and that these revenues are not recorded as regulated revenue. TWSI affiliates also operate in Alabama, Kentucky, and Ohio. Wastewater service is subject to rate regulation in Kentucky and Ohio. Neither state exercises jurisdiction over negotiations between the utility and the developer or the resulting financial arrangements.

**3-9.**

The rates listed as “current rates” in the petition were the current rates at the time the petition was drafted (and the rate used for the TWSI test period). In the intervening time between the drafting and filing of the petition, the TRA approved the new bonding rate (which is a pass through) which raised the rates by 7 cents across all rate classes. This issue has been discussed with Mr. Novak and TWSI has provided him with the updated tariffs and an explanation of the difference between the current rates and the rates in the petition.

**3-10.**

See Exhibit 3-10 at the Dropbox link. The agreement will be filed in the docket as a supplemental response.

**3-11.**

a. Around August 2009. Initially, all credit card orders had to be processed manually. This was a very difficult, time consuming and cumbersome process thus the credit card option was only available to those customers who needed service restored or some other outlier reason.

b. 3%

c. No notice prior to implementation was provided.

d. Yes. As is the practice of most companies that accept credit cards for payment,

e. This amount is available in the general ledger already provided in discovery. The information may be found by conducting a search for “Bluefin”.

**3-12.**



- a. TWSI looked at several providers and selected the credit card processing company based on the company's ability to interface seamlessly with TWSI's billing software.
- b. Authorize.net and Blue Fin
- c. TWSI has had more than one vendor providing online credit card processing services. A switch was made around 2012 for reasons stated in response 3-11a.
- d. TWSI is not aware of any person who has been designated as the point of contact..
- e. See Exhibit 3-12e at the Dropbox link.

**3-13.**

Presently customers can pay their bills online using a credit card, pay by check via the U.S. Mail, in person at the office, or ACH (auto draft). Previously, bills could be paid over the phone however due to increasing concerns about data security and the liability of storing customers' data, the company has eliminated this option.

**3-14.**

Around 8-10%.

**3-15.**

Customers without a credit card or access to a computer can pay their bill by check via U.S. Mail, in person at the office, or ACH (auto draft check) which can be set up online or through the mail. Moreover, TWSI's residential customers tend to own or rent single family homes or cabins in relatively upscale developments and making arrangements for payment of their bill has not been an issue.

**3-16.**

TWSI has no knowledge of any customer complaints made directly to the company about this issue.

**3-17.**

TWSI has no knowledge of any customer complaints made directly to the company about this issue.

**3-18.**

- a. TWSI has no knowledge of who owns 1225 Jayell Rd., Sevierville, TN.
- b. Barrel Investments, LLC issued the lease agreement for the property TWSI leases and collects the monthly lease payment.
- c. Per the deposition testimony of Robert Pickney provided with this discovery request, Erin Pickney is Mr. Pickney's daughter.
- d. Erin Pickney - 4005 Burrus St., Nashville, TN 37216 – 615-557-8691; [erin@barrelinvestments.com](mailto:erin@barrelinvestments.com)
- e. TWSI has no knowledge of the management structure for Barrel Investments.
- f. No properties were identified in particular. The former operations manager for East TN spent time searching for a workshop/office location in the Sevierville/Pigeon Forge, TN area, however there weren't any found to be available that were deemed suitable for TWSI's needs.
- g. From Exhibit 29 produced with the first round of discovery: Tony Smith, Jeramy Stewart, Tony Dotson, and Hayden Gautreaux, Jr., currently work out of the East TN office. John Czahoroski and Stephen Hanson formerly worked out of the office.
- h. The company utilizes the workshop/warehouse/office space. The space is used by TWSI employees to warehouse and work on the materials and supplies used in the maintenance and repair of wastewater systems. They also use the office portion to conduct TWSI business. The grounds referenced in the lease agreement are used for parking trucks and equipment.
- i. The company has made no capital improvements to the property.

**3-19.**

- a. TWSI has no contracts with DRT. DRT provides construction services on an as needed basis to TWSI.
- b. Yes.
- c. TWSI does not have any knowledge as to the membership structure of DRT, LLC.
- d. See Exhibit 19de at the Dropbox Link.
- e. See Exhibit 19de at the Dropbox Link.

f. Robert Pickney - 1225 Jayell Rd, Sevierville, TN; 615-604-4712; [bob.pickney@adenus.com](mailto:bob.pickney@adenus.com)

g. Selection was based upon DRT's ability to provide services at a lower cost than other companies in the area based on historical bids, meaning the other companies have been consistently higher in their bids to TWSI for RFP'd projects. Further, given the type of work DRT does and is able to do, there is a very limited supply of companies that provide comparable services.

h. WNO and Eco-struct.

**3-20.**

See Exhibit 3-20 at the Dropbox link.

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF TENNESSEE</b>	)	
<b>WASTEWATER SYSTEMS, INC.,</b>	)	<b>DOCKET NO. 16-00139</b>
<b>FOR APPROVAL OF ADJUSTMENT</b>	)	
<b>OF ITS RATES AND NEW TARIFF</b>	)	

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**INFORMAL FOURTH DISCOVERY REQUEST  
OF THE CONSUMER PROTECTION AND ADVOCATE DIVISION  
TO TENNESSEE WASTEWATER SYSTEMS, INC.**

---

To: Jeff Ridsen, Esq.  
General Counsel  
Tennessee Wastewater Systems, Inc.  
851 Aviation Parkway  
Smyrna, TN 37167  
615-220-7171  
615-346-9516 (fax)  
[Jeff.ridsen@adenus.com](mailto:Jeff.ridsen@adenus.com)

Henry M. Walker, Esq.  
Bradley, LLP  
1600 Division St., Suite 700  
Nashville, TN 37203  
615-252-2363  
615-252-6363 (fax)  
[hwalker@bradley.com](mailto:hwalker@bradley.com)

This Fourth Discovery Request is hereby served upon Tennessee Wastewater Systems, Inc. (Company), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Protection and Advocate Division of the Attorney General's Office (Consumer Advocate) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Protection and Advocate Division, 315 Deaderick Street, 20<sup>th</sup> Floor, Nashville, Tennessee 37243, c/o Karen H. Stachowski,

on or before 4:00 p.m. (CDT), April 21, 2017, as ordered by the Hearing Officer in the adoption of a procedural schedule in this TPUC Docket.

### **PRELIMINARY MATTERS AND DEFINITIONS**

These Additional Discovery Requests incorporate the same Preliminary Matters and Definitions as set forth in the *First Discovery Request of the Consumer Advocate and Protection Division to Tennessee Wastewater System Inc.* sent to TWSI on January 13, 2017, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by TWSI which would make a prior response inaccurate, incomplete, or incorrect.

### **FOURTH DISCOVERY REQUESTS**

**4-1.** Refer to the Company's response to CPAD2-15. Please provide a copy of the payroll registers showing the monthly rates of pay for all employees from January 2015 through December 2016.

**RESPONSE:**

**4-2.** Refer to the Company's response to CPAD2-23. Please provide a copy of the invoices and any other documentation supporting the Bioxide expense for 2016.

**RESPONSE:**

**4-3.** Refer to the Company's response to CPAD2-33. Please identify all amounts used to calculate the \$376 expense for account 736.03 – Contractual Service

**RESPONSE:**

4-4. Refer to the Company's response to CPAD2-37. Due to some months having multiple timesheets, please identify which specific timesheets were used to calculate the \$223,460 expense for Contractual Service – AUG-MGMT Fees.

**RESPONSE:**

4-5. Refer to the Company's response to CPAD2-40. Please provide documentation supporting the Company's rent expense of \$60,945 for 2015 and 2016.

**RESPONSE:**

4-6. Refer to the Company's response to CPAD2-41. Please provide documentation that would support the registration renewal expense of \$1,489 and \$288 for 2015 and 2016.

**RESPONSE:**

4-7. Refer to the Company's response to CPAD2-51. Please provide the invoices or documentation for the \$3,750.00 withdrawal that occurred on 08/08/2016 and the \$1,900 expense incurred by Danny Crawford that occurred on 08/18/2016.

**RESPONSE:**

4-8. Refer to the Company's response to CPAD2-54. Please provide a copy of the workpapers supporting the \$111,638 calculation (in Excel format) of Depreciation Expense for 2016.

**RESPONSE:**

**4-9.** Refer to the Company's response to CPAD2-84. Please provide a copy of the workpapers supporting the \$37,955 calculation (in Excel format) of Payroll Tax for 2016.

**RESPONSE:**

**4-10.** Refer to the Company's response to CPAD2-94. Please provide a copy of the workpapers supporting the \$13,237 calculation (in Excel format) of interest expense for 2016.

**RESPONSE:**

**4-11.** Please provide the monthly billing determinants for the Southridge Development from January 2015 through December 2016.

**RESPONSE:**

**4-12.** Please provide the monthly number of Nonpayment Charges (5% fee) from January 2015 through December 2016.

**RESPONSE:**

**4-13.** Please provide the monthly number of Reconnection Charges (\$50.00 fee) from January 2015 through December 2016.

**RESPONSE:**

**4-14.** Please provide the monthly number of Disconnection Charges (\$40.00 fee) from January 2015 through December 2016.

**RESPONSE:**

**4-15.** Please provide the monthly number of Returned Check Charges (\$25.00 fee) from January 2015 through December 2016.

**RESPONSE:**

**4-16.** Please provide the monthly number of Credit Card Convenience Fee Charges (3% fee) from January 2015 through December 2016.

**RESPONSE:**

**4-17.** Please provide the base amount that the City of Coopertown Franchise Fee (3% fee) is applied to from January 2015 through December 2016.

**RESPONSE:**

**4-18.** Please provide the monthly number of Pre-Construction Tap Fee Charges (\$3,000.00 fee) from January 2015 through December 2016.

**RESPONSE:**

**4-19.** Please provide the monthly number of Post-Construction Tap Fee Charges (\$3,500.00 fee) from January 2015 through December 2016.

**RESPONSE:**

**4-20.** Please provide the monthly treatment cost revenue (pass-through amount) for the City of Clarksville from January 2015 through December 2016.

**RESPONSE:**



RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Karen H. Stachowski", written over a horizontal line.

KAREN H. STACHOWSKI (BPR No. 019607)

Assistant Attorney General

Office of the Tennessee Attorney General

Public Protection Section

Consumer Protection and Advocate Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

Phone: 615) 741-2370

Fax: (615) 532-2910

Email: karen.stachowski@ag.tn.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

Jeff Ridsen, Esq.  
General Counsel  
Tennessee Wastewater Systems, Inc.  
851 Aviation Parkway  
Smyrna, TN 37167  
615-220-7171  
615-346-9516 (fax)  
Jeff.ridsen@adenus.com

Henry M. Walker, Esq.  
Bradley, LLP  
1600 Division St., Suite 700  
Nashville, TN 37203  
615-252-2363  
615-252-6363 (fax)  
hwalker@bradley.com

This the 11<sup>th</sup> day of April, 2017.

Karen H Stachowski  
KAREN H. STACHOWSKI

4-1.

RESPONSE:

Exhibit 2-15A shows that information by employee by pay period for 2015 and 2016.

4-2.

RESPONSE:

See Dropbox link for Exhibit 4-2.

4-3.

RESPONSE:

CPAD2-33 does not include an expense item for \$376. There is an expense for \$375 on 5/12/15 for a tank pumping. There are no amounts to calculate this expense as the \$375 is the lump sum cost for the pumping.

4-4.

RESPONSE:

This information is included in Exhibit 2-37.

4-5.

RESPONSE:

The lease agreements supporting this rent expense have already been provided in TWSI's first discovery response. See Exhibits 6 and 8.

4-6.

RESPONSE:

Details have been provided in the General Ledger. Further, the credit card bill referencing these payments was provided in response to the initial request. There are no invoices or receipts available – other than the registrations themselves – which the company no longer has in its possession.

**4-7.**

**RESPONSE:**

See Dropbox link for Exhibit 4-7

**4-8.**

**RESPONSE:**

This information was provided in the response to the initial request. Depreciation is calculated in Quickbooks. Assets in Account 390 and 391 comprise the depreciable assets.

**4-9.**

**RESPONSE:**

Detail by employee provided in General Ledger for 2016 by employee. Charges are company portion of Social Security, FICA, and Medicare, federal and state unemployment rates.

**4-10.**

**RESPONSE:**

This information has been provided in the General Ledger.

**4-11.**

**RESPONSE:**

See Exhibit 3-2.

**4-12.**

**RESPONSE:**

See Dropbox link for Exhibit 4-12a and b.

**4-13.**

**RESPONSE:**

See Dropbox link for Exhibit 4-13.

**4-14.**

**RESPONSE:**

See Dropbox link for Exhibit 4-13.

**4-15.**

**RESPONSE:**

See Dropbox link for Exhibit 4-15.

**4-16.**

**RESPONSE:**

See Dropbox link for Exhibit 4-16a and b.

**4-17.**

**RESPONSE:**

This information has been provided in Exhibit 2-78. Take the amounts and divide by .03.

**4-18.**

**RESPONSE:**

There are none.

**4-19.**

**RESPONSE:**

There are none.

**4-20.**

**RESPONSE:**

See Dropbox link for Exhibit 4-20.

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF TENNESSEE WASTEWATER SYSTEMS, INC., FOR APPROVAL OF ADJUSTMENT OF ITS RATES AND NEW TARIFF</b>	) ) ) ) ) )	<b>DOCKET NO. 16-00139</b>

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**INFORMAL FIFTH DISCOVERY REQUEST  
OF THE CONSUMER PROTECTION AND ADVOCATE DIVISION  
TO TENNESSEE WASTEWATER SYSTEMS, INC.**

---

To: Jeff Ridsen, Esq.  
General Counsel  
Tennessee Wastewater Systems, Inc.  
851 Aviation Parkway  
Smyrna, TN 37167  
615-220-7171  
615-346-9516 (fax)  
[Jeff.ridsen@adenus.com](mailto:Jeff.ridsen@adenus.com)

Henry M. Walker, Esq.  
Bradley, LLP  
1600 Division St., Suite 700  
Nashville, TN 37203  
615-252-2363  
615-252-6363 (fax)  
[hwalker@bradley.com](mailto:hwalker@bradley.com)

This Fifth Discovery Request is hereby served upon Tennessee Wastewater Systems, Inc. (Company), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Protection and Advocate Division of the Attorney General's Office (Consumer Advocate) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Protection and Advocate Division, 315 Deaderick Street, 20<sup>th</sup> Floor, Nashville, Tennessee 37243, c/o Karen H. Stachowski,

on or before 4:00 p.m. (CDT), April 26, 2017, for *Section A. Previously Provided Documents—Request for Excel Format* and on or before 4:00 p.m. (CDT), May 1, 2017, for *Section B. Follow-up to Previous Responses*.

### **PRELIMINARY MATTERS AND DEFINITIONS**

These Additional Discovery Requests incorporate the same Preliminary Matters and Definitions as set forth in the *First Discovery Request of the Consumer Advocate and Protection Division to Tennessee Wastewater System Inc.* sent to the Company on January 13, 2017, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

### **FIFTH DISCOVERY REQUESTS**

#### **A. Previously Provided Documents—Request for Excel Format**

- 5-1. Refer to Attachment “3-2b Southridge” of the Company’s response to CPAD Data Request 3-2. Please provide this response in Excel format.

**RESPONSE:**

- 5-2. Refer to the four Attachments of the Company’s response to CPAD Data Request 3-4. Please provide these Attachments in Excel format.

**RESPONSE:**

- 5-3. Refer to the two attachments included in the Company’s response to CPAD Data Request 4-12 regarding nonpayment charges. Please provide these attachments in Excel format.

**RESPONSE:**



**5-4.** Refer to the attachment included in the Company's response to CPAD Data Request 4-13 regarding reconnection charges. Please provide this attachment in Excel format.

**RESPONSE:**

**5-5.** Refer to the attachment included in the Company's response to CPAD Data Request 4-15 regarding returned check charges. Please provide this attachment in Excel format.

**RESPONSE:**

**5-6.** Refer to the two attachments included in the Company's response to CPAD Data Request 4-16 regarding credit card convenience fee charges. Please provide these attachments in Excel format.

**RESPONSE:**

**5-7.** Refer to the attachment included in the Company's response to CPAD Data Request 4-20 regarding City of Clarksville treatment charges. Please provide this attachment in Excel format.

**RESPONSE:**

**B. Follow-up to Previous Responses**

**5-8.** Refer to the Company's response to CPAD Data Request 4-4 regarding Contractual Services-AUG-MGMT Fees. We have been unable to reconcile the Company's 2016 management fee expense of \$223,460 from the invoices provided. Please provide an analysis (in Excel format) of the Company's invoices for management fee expense that supports the 2016 expense for \$223,460.

**RESPONSE:**

**5-9.** Refer to the Company's response to CPAD Data Request 4-5 regarding rent expense. Please provide documentation supporting the 2016 rent payment of \$60,945 for 2015 and 2016.

**RESPONSE**

**5-10.** Refer to the Company's response to CPAD Data Request 4-7 regarding documentation for small equipment purchases for \$1,900 on 8/18/2016 and \$3,750 on 8/8/2016. Please provide a copy of the executed bill of sale showing the signature of both the buyer and seller as well as the signature date.

**RESPONSE:**

**5-11.** Refer to the Company's response to CPAD Data Request 3-4. Please provide the source and support for the individual commercial billing rates for that the Company uses to record journal entries for Sewer, Escrow, Maintenance, and Billing & Collecting.

**RESPONSE:**

**5-12.** Refer to Attachment 3-2a of the Company's response to CPAD Data Request 3-2. This request asked for a revenue price-out by month from January 2015 through December 2016. The Company's response in Attachment "3-2a" appears to only include a revenue price-out from January 2016 through December 2016. Please provide a revenue price-out from January 2015 to December 2015 to complete this response.

**RESPONSE:**

**5-13.** Refer to the Company's response to CPAD Data Request 3-3. This item requested the source and support for the individual residential billing rates for Sewer, Maintenance, Billing & Collecting, Bonding and Escrow Revenues. This information is needed in order to confirm the revenues that the Company's posts to these accounts in its ledger. The response to this request referred to Exhibit 3-2b which is non-responsive. Please provide the source of the individual residential billing rates that the Company uses to record journal entries for Sewer, Maintenance, Billing & Collecting, Bonding and Escrow Revenues.

**RESPONSE:**

**5-14.** Refer to the Company's response to CPAD Data Request 4-9 regarding payroll taxes of \$37,955 for 2016. We are unable to reconcile the Company's ledger expense of \$37,955 with the invoices provided in response to CPAD2-84. Please provide an analysis (in Excel format) of the Company's invoices for payroll tax expense that supports the 2016 expense for \$37,955.

**RESPONSE:**

**5-15.** Refer to the Company's response to CPAD Data Request 4-10 regarding interest expense of \$13,237 for 2016. We are unable to reconcile the Company's ledger expense of \$13,237 with the invoices provided in response to CPAD2-94. Please provide an analysis (in Excel format) of the Company's invoices for interest expense that supports the 2016 expense for \$13,237.

**RESPONSE:**

RESPECTFULLY SUBMITTED,



KAREN H. STACHOWSKI (BPR No. 019607)

Assistant Attorney General

Office of the Tennessee Attorney General

Public Protection Section

Consumer Protection and Advocate Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

Phone: (615) 741-2370

Fax: (615) 532-2910

Email: karen.stachowski@ag.tn.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

Jeff Riden, Esq.  
General Counsel  
Tennessee Wastewater Systems, Inc.  
851 Aviation Parkway  
Smyrna, TN 37167  
615-220-7171  
615-346-9516 (fax)  
Jeff.riden@adenus.com

Henry M. Walker, Esq.  
Bradley, LLP  
1600 Division St., Suite 700  
Nashville, TN 37203  
615-252-2363  
615-252-6363 (fax)  
hwalker@bradley.com

This the 24<sup>th</sup> day of April, 2017.

Karen H. Stachowski  
KAREN H. STACHOWSKI

**5-1 through 5-8:**

See Dropbox link for Excel files.

**5-9:**

The supporting documentation for the rent payments are the lease agreements for the Jayell Rd. property in East TN, the office in Smyrna, and the attached 99 year lease for the Holt property. TWSI does not receive a monthly invoice for these payments. The lease agreements for Smyrna and Jayell Rd. were provided in responses 1-6 and 1-8. Article 2 on page 1 contains the monthly rent payment for each agreement. The payment terms on the Holt property is available in Article 2 on page 1.

**5-10:**

There is no executed bill of sale signed and dated by the parties.

**5-11 and 5-13:**

Source and support for the individual billing rates come directly from the tariff. The \$1.50 amount per customer for billing and collecting is included in the base rate. These amounts are broken down even further in the price outs provided in 3-2. If there is something more specific being sought, I would suggest that Hal call Charles directly so the specific information or explanation can be provided.

**Supplemental Response to 5-11 and 5-13:**

The \$1.50 billing and collection "charge" is an internal TWSI allocation amount, not a tariffed rate. This allocation dates back to when TWSI had a separate operation handling its East TN accounts. The company responsible for the East TN operations handled, among other things, the billing and collecting of the monthly wastewater fees from customers in the eastern portion of the state. In exchange, they received a portion of the monthly bill as compensation for these services. That amount was determined to be \$1.50. The source of the \$1.50 amount is a bit hazy as it may have come from an old (pre-2008) rate case or have been based on the practices of other utilities and the amount they allocated to their billing and collection services. Regardless, as Charles has repeatedly stated, the \$1.50 is not a tariffed rate or a direct customer charge.

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

**IN RE:**

**PETITION OF TENNESSEE  
WASTEWATER SYSTEMS, INC.,  
FOR APPROVAL OF ADJUSTMENT  
OF ITS RATES AND NEW TARIFF**

**DOCKET NO. 16-00139**

---

**INFORMAL SIXTH DISCOVERY REQUEST  
OF THE CONSUMER PROTECTION AND ADVOCATE DIVISION  
TO TENNESSEE WASTEWATER SYSTEMS, INC.**

---

To: Jeff Ridsen, Esq.  
General Counsel  
Tennessee Wastewater Systems, Inc.  
851 Aviation Parkway  
Smyrna, TN 37167  
615-220-7171  
615-346-9516 (fax)  
[Jeff.ridsen@adenus.com](mailto:Jeff.ridsen@adenus.com)

Henry M. Walker, Esq.  
Bradley, LLP  
1600 Division St., Suite 700  
Nashville, TN 37203  
615-252-2363  
615-252-6363 (fax)  
[hwalker@bradley.com](mailto:hwalker@bradley.com)

This Sixth Discovery Request is hereby served upon Tennessee Wastewater Systems, Inc. (Company), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Protection and Advocate Division of the Attorney General's Office (Consumer Advocate) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Protection and Advocate

Division, 315 Deaderick Street, 20<sup>th</sup> Floor, Nashville, Tennessee 37243, c/o Karen H. Stachowski, on or before 4:00 p.m. (CDT), May 5, 2017.

### **PRELIMINARY MATTERS AND DEFINITIONS**

These Additional Discovery Requests incorporate the same Preliminary Matters and Definitions as set forth in the *First Discovery Request of the Consumer Advocate and Protection Division to Tennessee Wastewater System Inc.* sent to the Company on January 13, 2017, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

### **SIXTH DISCOVERY REQUESTS**

**6-1.** Refer to Attachment "MTN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

#### **Account 606 (TNCOM0012) for January 2015**

Sewer Revenue	\$886.62
Escrow Revenue	368.88
Maintenance Revenue	488.83
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$1,747.31</b>

#### **RESPONSE:**

**6-2.** Refer to Attachment "MTN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown



below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 619 (TNCOM0014) for January 2015**

Sewer Revenue	\$130.39
Escrow Revenue	56.10
Maintenance Revenue	73.11
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 262.58</b>

**RESPONSE:**

6-3. Refer to Attachment "MTN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 1167 (TNCOM0021) for January 2015**

Sewer Revenue	\$97.20
Escrow Revenue	41.11
Maintenance Revenue	54.37
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 195.66</b>

**RESPONSE:**

6-4. Refer to Attachment "MTN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 1202 (TNCOM0024) for January 2015**

Sewer Revenue	\$70.05
---------------	---------

Escrow Revenue	30.18
Maintenance Revenue	39.56
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 142.77</b>

**RESPONSE:**

**6-5.** Refer to Attachment "MTN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 1331 (TNSSP001A) for January 2015**

Sewer Revenue	\$130.39
Escrow Revenue	56.10
Maintenance Revenue	73.11
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 262.58</b>

**RESPONSE:**

**6-6.** Refer to Attachment "MTN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 551 (TNCOM0002) for January 2015**

Sewer Revenue	\$938.72
Escrow Revenue	394.98
Maintenance Revenue	519.25
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$1,855.93</b>

**RESPONSE:**

6-7. Refer to Attachment "MTN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 2169 (TNCOM0003) for January 2015**

Sewer Revenue	\$50.30
Escrow Revenue	21.75
Maintenance Revenue	28.60
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 103.63</b>

**RESPONSE:**

6-8. Refer to Attachment "MTN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 557 (TNCOM0008) for January 2015**

Sewer Revenue	\$291.72
Escrow Revenue	123.19
Maintenance Revenue	161.94
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 579.83</b>

**RESPONSE:**

6-9. Refer to Attachment "MTN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown

below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 560 (TNCOM0011) for January 2015**

Sewer Revenue	\$586.04
Escrow Revenue	246.50
Maintenance Revenue	324.35
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$1,159.87</b>

**RESPONSE:**

**6-10.** Refer to Attachment "MTN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 551 (TNCOM0017) for January 2015**

Sewer Revenue	\$938.72
Escrow Revenue	394.98
Maintenance Revenue	519.25
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$1,855.93</b>

**RESPONSE:**

**6-11.** Refer to Attachment "MTN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 551 (TNCOM0025) for January 2015**

Sewer Revenue	\$938.72
Escrow Revenue	394.98
Maintenance Revenue	519.25

Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$1,855.93</b>

**RESPONSE:**

6-12. Refer to Attachment "MTN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 557 (TNCOM0030) for January 2015**

Sewer Revenue	\$233.05
Escrow Revenue	98.41
Maintenance Revenue	129.37
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 463.81</b>

**RESPONSE:**

6-13. Refer to Attachment "MTN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 2642 (TNCOM0035) for January 2015**

Sewer Revenue	\$4,534.87
Escrow Revenue	1,928.90
Maintenance Revenue	2,517.38
Billing Revenue	1.50
Bonding Revenue	1.14
<b>Total Revenue</b>	<b>\$8,983.79</b>

**RESPONSE:**

**6-14.** Refer to Attachment "MTN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for October 2016 with the Company's tariffs for the following account:

**Account 2980 (TNCOM0038) for October 2016**

Sewer Revenue	\$643.80
Escrow Revenue	466.86
Maintenance Revenue	855.10
Billing Revenue	3.00
Bonding Revenue	2.42
<b>Total Revenue</b>	<b>\$1,971.18</b>

**RESPONSE:**

**6-15.** Refer to Attachment "MTN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for June 2016 with the Company's tariffs for the following account:

**Account 1706 (TNGRVCLUB) for June 2016**

Sewer Revenue	\$1,836.87
Escrow Revenue	1,331.97
Maintenance Revenue	2,439.06
Billing Revenue	4.50
Bonding Revenue	3.42
<b>Total Revenue</b>	<b>\$5,615.82</b>

**RESPONSE:**

**6-16.** Refer to Attachment "ETN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 564 (TNBCO0002) for January 2015**

Sewer Revenue	\$52.51
Escrow Revenue	34.53
Maintenance Revenue	73.59
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 163.61</b>

**RESPONSE:**

**6-17.** Refer to Attachment "ETN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 782 (TNTCO0001) for January 2015**

Sewer Revenue	\$116.81
Escrow Revenue	75.18
Maintenance Revenue	159.43
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 354.40</b>

**RESPONSE:**

**6-18.** Refer to Attachment "ETN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 1637 (TNTCO002A) for January 2015**

Sewer Revenue	\$114.48
Escrow Revenue	74.22
Maintenance Revenue	154.81
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 346.49</b>

**RESPONSE:**

**6-19.** Refer to Attachment "ETN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 1637 (TNCO002B) for January 2015**

Sewer Revenue	\$73.39
Escrow Revenue	47.65
Maintenance Revenue	99.46
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 223.48</b>

**RESPONSE:**

**6-20.** Refer to Attachment "ETN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 798 (TNTTR0001) for January 2015**

Sewer Revenue	\$219.22
Escrow Revenue	141.97
Maintenance Revenue	295.95
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 660.12</b>

**RESPONSE:**

**6-21.** Refer to Attachment "ETN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown



below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 2009 (TNTTS7967) for January 2015**

Sewer Revenue	\$43.75
Escrow Revenue	29.00
Maintenance Revenue	61.90
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 137.63</b>

**RESPONSE:**

**6-22.** Refer to Attachment "ETN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 828 (TNTTS0002) for January 2015**

Sewer Revenue	\$231.87
Escrow Revenue	147.92
Maintenance Revenue	313.09
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 695.86</b>

**RESPONSE:**

**6-23.** Refer to Attachment "ETN Commercial with Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Please reconcile the billing revenue as shown below from this Attachment for January 2015 with the Company's tariffs for the following account:

**Account 830 (TNTTS7955) for January 2015**

Sewer Revenue	\$166.72
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Escrow Revenue	106.73
Maintenance Revenue	226.08
Billing Revenue	1.50
Bonding Revenue	1.48
<b>Total Revenue</b>	<b>\$ 502.51</b>

**RESPONSE:**

**6-24.** Refer to the four Attachments included with the Company's response to CPAD Data Request 5-2 which contain the monthly commercial billing detail for January 2015 through December 2016. Please provide the source and support documents that the Company relies upon to determine the current expected design flow for all commercial customers.

**RESPONSE:**

**6-25.** Refer to the four Attachments included with the Company's response to CPAD Data Request 5-2 which contain the monthly commercial billing detail for January 2015 through December 2016. Almost all of these commercial customers are billed using the same expected design flow for each month of this two year period. Provide a copy of the Company's policy for reassessing expected design flow for commercial customers, and how often this reassessment takes place.

**RESPONSE:**


**6-26.** Refer to Attachment "ETN Commercial without Food 1-1-2016 through 12-31-16" of the Company's response to CPAD Data Request 5-2. Specifically refer to the following accounts in this spreadsheet.

Account 564 (Location TNBCO0002)  
Account 1637 (Location TNTCO002A)  
Account 1637 (Location TNTCO002B)

Account 798 (Location TNTTR0001)

The bills for each of these accounts varies for each month of this two year period. Explain how the Company determines and implements the expected design flow on a monthly basis to determine the billing amount for each of these customers.

RESPECTFULLY SUBMITTED,

  
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 28 day of April, 2017.

Karen H Stachowski  
KAREN H. STACHOWSKI

## **Sixth Discovery Request – General Informal Response:**

Regarding questions 1-23:

I believe that all of these questions arise from the same issue. Let's take one account and walk through it.

– Look at TNCOM0015 on the MTN Commercial without Food spreadsheet (line 1227 on exhibit 5-2):

Sewer Charge - \$50.30  
Escrow Charge - \$21.75  
Maintenance Charge - \$28.60  
Billing and Collecting - \$1.50  
Bonding Charge - \$1.48  
Total - \$103.63

The total amount billed to the customer ---\$103.63---is calculated from Section 6 of the TWSI tariff, Tier 1 on the Commercial w/out Food rate. (I can walk you through the tariff if you would like.) That total amount consists of 1. the basic rate for service ( \$80.40) plus 2. the cost of bonding (\$1.48) and 3. money for the escrow account (\$21.75).

Here is the confusing part: the basic rate for service of \$80.40 is not shown on this chart. It is the sum of three numbers : “sewer “ (\$50.30) “ maintenance” (\$28.60) and “billing and collection” (\$1.50). Those three numbers are used purely for TWSI's internal, cost allocation purposes. They have nothing to do with TWSI's retail rates.

These allocation numbers were developed years ago when TWSI paid another company to handle all the maintenance as well as the billing and collection for TWSI's properties in East Tennessee. Under the parties' agreement, the parties estimated that the cost of “maintenance” per customer was about 35% of the customer's charge for basic service (exclusive of escrow and bonding costs) and that the cost of billing and collection for that customer was \$1.50. In this example, the customer's basic charge for service was \$80.40. Of that amount, TWSI paid its East Tennessee partner \$28.60 for “maintenance “ and \$1.50 for “billing and collections.” Although TWSI no longer has any relationship with that company, we still show these internal allocations on the books of TWSI.

To reiterate, the total amount of revenue collected from the customer by the company is \$103.63. That includes the basic cost of providing service, plus bonding costs and escrow charges. The basic cost of providing service (\$80.40) is not shown on this chart but is the sum of the “sewer charge” the “maintenance charge” and the “billing and collection” charge. It is broken out that way for internal reasons that today have nothing to do with how the company operates and has never had anything to do with how ratepayers are billed.

This analysis applies to questions 1-23 in your latest request for information.

For question 24 and 25, we are currently working on our responses to TPUC's Second Data Request. These responses are due next Monday (5/8). I believe our responses should address these two questions. If not, we can discuss anything you feel needs to be clarified.



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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Vance Broemel, Esq.  
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This the 2nd day of June, 2017.

  
\_\_\_\_\_  
Jeff Riden