

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

IN RE:

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

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DOCKET NO. 16-00139

TWSI'S RESPONSE TO TRA DATA REQUEST

Tennessee Wastewater Systems, Inc. ("TWSI") files this response to the Tennessee Regulatory Authority's ("TRA") *Data Request*.

1. Provide a price out for all revenues (residential, commercial with food, commercial without food, cabins, capacity reservation, escrow, disconnection, reconnection, convenience fee, non-payment, returned check and decline fees, etc.) by month for the twelve months ending December 31, 2015 as listed on Exhibit 2. (excel format)

RESPONSE:

TWSI does not keep records in this manner and as such it would be a substantial drain on company resources with regards to personnel, time, and money to attempt pull this information together into a proper response. TWSI is more than happy to have TRA staff come to the TWSI offices to go over this request and any records which would help the staff find the information it seeks.

2. Provide a price out for all salaries and wages for employees and officers by month for the twelve months ending December 31, 2015 as listed on Exhibit 2. This should include wage amount or salary and associated benefits. (excel format)

RESPONSE:

See attached Exhibits 2a and 2b.

3. Provide worksheets detailing the individual amounts included within each category for all Operation expenses by month for the twelve months ending December 31, 2015 as listed on Exhibit 2. (excel format)

RESPONSE:

See attached Exhibit 3.

4. Provide excel workpapers demonstrating the proposed monthly rates included in No. 9 of the Petition will generate a 20% increase as stated in the Petition.

RESPONSE:

See Exhibit 2 on the spreadsheet originally filed with the Petition, Column K.

5. Please explain and provide supporting workpapers demonstrating how TWSI arrived at the \$0.358 per sketched square footage charge for cabins. Define "sketched". Provide a copy of the "research" referred to by Mr. Hyatt in his testimony regarding the square footage of a cabin is more indicative of its capacity.

RESPONSE:

TWSI staff took considerable time reviewing the cabin size data available through Sevier County tax assessor records. At the time the information was obtained, Sevier County had its own tax assessor data. The sketched area is equal to the overall building areas; meaning the data provided represents the overall size of the building footprint on a given lot. The county has since added living square footages. TWSI chose to use sketched square footage because it is the most accurate way to determine the overall capacity of the rental cabins since it includes areas such as porches and basements which are used to sleep people in addition to the stated bedrooms and other common spaces. Those areas are not used in the calculations of livable square feet.

See Exhibit 28 of TWSI's Response to First Set of Discovery Requests by the Consumer Protection and Advocate Division previously filed in this docket.

See Exhibit 2 of the spreadsheet originally filed with the Petition, Columns Q-S. This shows the total sketched square footage for all TWSI cabin customers.

Also, please note that it should be \$0.0358 per sketched square foot per month for cabins. The amount stated in the question is incorrect.

6. Please define "excessive" as used in Section 8 - Cabin Rates Sheet tariff. Please explain why TWSI believes the \$0.358 per sketched square footage charge may not be sufficient and the excessive terms are necessary.

RESPONSE:

Excessive is defined as exceptionally high volume of wastewater flow.

The language in the proposed tariff is essential the same as the language approved in the current tariff in the last rate case. TWSI has never had to resort to using this tariff provision. TWSI believes that the \$0.0358 per sketched square footage charge will be sufficient in most cases and views this provision as a safety valve in the event a customer(s) are demonstrably abusing the wastewater system in accordance with the terms of the tariff.

Also, please note that the amount stated in the question is incorrect. It should be \$0.0358 per sketched square foot per month.

7. Provide a copy of your analysis used to determine that the new rate structure for cabins will have minimal impact on smaller cabin owners that do not rent or otherwise make their cabins commercially available.

RESPONSE:

The existing rates were compared with the proposed rate. For example, Hidden Springs has 7 residential cabins at an average square footage of 1768 and would be charged under the proposed tariff, \$63.29/month plus bonding and the rate rider. Legacy Preserve has 7 residential cabins at an average square footage of 1961. Those would be charged under the proposed tariff, \$70.20/month plus bonding and rate rider. The proposed residential rate is \$56.83. The proposed rates are approximately 20% higher than existing rates.

8. Please explain how the \$6,000 Capital Capacity charge for Williamson County was determined. Provide all supporting workpapers demonstrating this amount is sufficient to cover all costs.

RESPONSE:

The amount is based on constant conversations with those in the business of constructing similar wastewater systems and what the market rate is to construct the current standalone systems presently installed in the County and the includes projected costs of pipeline extensions.

9. Please explain why the \$6,000 Capital Capacity charge is only necessary for Williamson County.

RESPONSE:

The Eudaily facility in Williamson County is a facility which TWSI regularly expands to accommodate regional development. Most TWSI systems are built specifically for the development in which it is constructed, to serve only the needs of that development. TWSI has no other system currently expanding.

10. Explain what is meant by the term "used to seed TWSI's capital account".

RESPONSE:

Cash contributions received to fund future capital requirements.

11. Please explain how you arrived at the \$25.60 contained in the tariff on Section 4, Page 2, Rate Class 10 (37.18 + 2.64 + 25.60 + 2.67 + 1.21).

RESPONSE:

That is a typo. The correct amount should be \$21.33.

12. Provide a detailed list of all the Company's affiliated party transactions by month for the years 2014, 2015 and 2016, including the nature and amount of each transaction.

RESPONSE:

See attached Exhibit 12a, 12b, and 12c.

13. Provide a list of outside professional services provided to the Company by month for the past two (2) years (2015 and 2016), showing the nature of each service and the total charge for each service.

RESPONSE:

See attached Exhibit 13.

14. Provide rationale and justification for requesting a return on net revenues rather than a return on Net Margin.

RESPONSE:

Net revenue is the same as net margin. TWSI has always sought a return on net revenue.

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 17th day of February, 2017.

Jeff Ridsen

