

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

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

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**TENNESSEE WASTEWATER SYSTEMS, INC.’s RESPONSE  
TO THE SECOND DISCOVERY REQUEST OF THE  
CONSUMER PROTECTION AND ADVOCATE DIVISION**

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Tennessee Wastewater Systems, Inc. (“TWSI”) files this response to the Consumer Protection and Advocate Division’s (“CAD”) *Second Discovery Request of the Consumer Protection and Advocate Division to Tennessee Wastewater Systems, Inc.* (“Discovery Requests”).

**GENERAL OBJECTIONS**

1. TWSI’s responses and objections to the Discovery Requests are made solely for the purposes of this action. Each response is subject to all objections as to competence, relevance, materiality, propriety, and admissibility, and any and all other objections and grounds that would require the exclusion of any statement contained herein if made by any witness present and testifying in court. All such objections and grounds are reserved and may be interposed at the time of trial.

2. TWSI objects generally to the extent the Discovery Requests seek information which is protected by the attorney-client privilege and/or the work-product doctrine.

3. TWSI objects to the extent that the Discovery Requests seek to impose duties or requirements in addition to any requirements imposed by the Uniform Administrative Procedures Act, found at Tenn.Code Ann. § 4-5-101 et seq., the Uniform Rules of Procedure for Hearing Contested Cases before State Administrative Agencies, found at Tenn. Comp. R. & Regs. ch.

1360-04-01-.01 et seq., and the Tennessee Rules of Civil Procedure. By answering the Discovery Requests, Plaintiff does not agree to abide by any such instructions, agree to the definitions or requirements created in any defined terms, or any other requirements dictated in the Discovery Requests.

4. TWSI objects to these interrogatories and requests in their entirety to the extent that they seek information and/or documents not in his possession, custody, or control on the grounds that such requests are overbroad and unduly burdensome, and constitute annoyance, harassment, and oppression.

5. TWSI objects to the Discovery Requests in their entirety to the extent that they seek confidential, financial, competitive, or proprietary documents or information. Even if any such information was relevant to this case, TWSI objects to producing any such documents absent a protective order containing an "Attorneys Eyes Only" designation.

6. The following responses are based on the information currently available to TWSI based upon reasonably diligent investigation. Except for the explicit facts admitted herein, no incidental or implied admissions are intended. The fact that TWSI answered all or any part of a question shall not be construed as a waiver of any objection to any request. TWSI reserves the right to supplement and/or modify his responses based upon the discovery of different or additional information.

Subject to and without waiving these general objections and any specific objections asserted to particular questions, TWSI provides the following responses:

### **RESPONSES**

2-1. Refer to the Company's response to TRA1-1 in this docket which request a price-out of revenues by month for all of 2015. In the response, the Company invites the TRA staff to the Company's offices to go over the request and any records. The Consumer Advocate requests

access to this information also. In addition, the Consumer Advocate requests the Company 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, 2016 as listed on Exhibit 2 in the Direct Testimony of Charles Hyatt. (Excel format).

**RESPONSE:**

**Per agreement, see attached Exhibit 2-1 which includes annual price outs for 2015 and 2016. This response covers questions 2-1 through 2-14 except for any requested narrative which is provided in response to the applicable question.**

2-2. Refer to the Company's response to Consumer Advocate's *First Discovery Request* (CPAD1) Request 1 regarding the previous annual income statements for the utility. Specifically refer to Account 521.1 – Residential Flat Sewer which indicates the following revenues from 2010 through 2016.

<b>521.1 – Residential Flat Sewer</b>	
2010	\$300,287
2011	303,873
2012	333,238
2013	322,545
2014	353,371
2015	373,741
2016	407,462

Provide a price-out of these revenues for each year.

**RESPONSE:**

**See attached Exhibit 2-1**

2-3. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 521.2 – Commercial Flat Sewer which indicates the following revenues from 2010 through 2016.

521.2 – Commercial Flat Sewer	
2010	\$308,384
2011	296,552
2012	278,302
2013	270,642
2014	267,014
2015	290,750
2016	337,739

Provide a price-out of these revenues for each year. In addition, explain the reasons for the volatility (decline then rise) of the revenues in this account.

**RESPONSE:**

**The fluctuation in due to the addition of Paris Landing State Park and the costs associated with maintenance and operation of such a large facility. See attached Exhibit 2-1.**

2-4. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 536.1 – Sewer Access Fees which indicates the following revenues from 2010 through 2016.

536.1 – Sewer Access Fees	
2010	\$199,700
2011	169,254
2012	208,212
2013	204,997
2014	197,208
2015	182,918
2016	198,628

Provide a price-out of these revenues for each year. In addition, explain the reasons for the volatility (decline then rise) of the revenues in this account.

**RESPONSE:**

See attached Exhibit 2-1. Sewer access fees are based on the number of empty lots in a development which have sewer service available. Empty lots fluctuate based on new home construction and the platted phases of new developments.

2-5. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 536.3 – Operation & Maintenance Revenue which indicates the following revenues from 2010 through 2016.

536.3 Operation & Maintenance Revenue	
2010	\$545,890
2011	591,960
2012	666,496
2013	681,767
2014	704,369
2015	756,922
2016	831,932

Provide a price-out of these revenues for each year.

**RESPONSE:**

See attached Exhibit 2-1.

2-6. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 536.4 – Billing & Collection Revenue which indicates the following revenues from 2010 through 2016.

536.4 Billing & Collecting Revenue	
2010	\$42,002
2011	37,256
2012	38,631
2013	40,171
2014	40,754
2015	46,946

2016	50,159
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Provide a price-out of these revenues for each year. In addition, explain the reasons for the volatility (decline then rise) of the revenues in this account.

**RESPONSE:**

**Billing and Collection is an internal breakout and is the total rate tariff. This account must be evaluated with 521.1, 521.2, and 536.3 to analyze trends. See attached Exhibit 2-1.**

2-7. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 536.5 – Bonding Revenue which indicates the following revenues from 2010 through 2016.

536.5 Bonding Revenue	
2010	\$11,959
2011	12,630
2012	11,683
2013	48,172
2014	61,332
2015	43,804
2016	39,228

Provide a price-out of these revenues for each year. In addition, explain the reasons for the volatility (decline then rise) of the revenues in this account.

**RESPONSE:**

**The fluctuation in the revenue relates to the cost of maintaining the TRA bond and the associated true up. Bonding in 2010 to 2012 was the minimal cost of carrying a letter of credit from Pinnacle Bank. After Pinnacle cancelled the letter of credit, TWSI had to go to the bond market at a much higher rate which is the reason for the increase starting in 2013.**

2-8. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 536.6 – Franchise Revenue which indicates the following revenues from 2010 through 2016.

536.6 – Franchise Revenue
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2010	\$2,265
2011	2,398
2012	2,403
2013	2,305
2014	2,479
2015	2,502
2016	2,582

Provide a price-out of these revenues for each year.

**RESPONSE:**

See attached Exhibit 2-1.

2-9. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 536.7 – Bioxide Revenue which indicates the following revenues from 2010 through 2016.

536.7 – Bioxide Revenue	
2010	\$-1,013
2011	-4,994
2012	1,415
2013	9,633
2014	7,611
2015	10,524
2016	902

Provide a price-out of these revenues for each year. In addition, explain the reasons for the volatility (decline then rise) of the revenues in this account. Finally, provide an explanation of the purpose of a charge for “Bioxide”.

**RESPONSE:**

**Bioxide revenue is related to the Southridge subdivision as stated in Company’s current tariff. Neither this revenue nor the associated expenses are included in regulated operations because these are not charges to consumers for utility services. These amounts were arrived at based on informal discussions with the TRA staff who agreed at the time that both the expenses and revenues should be excluded from regulated operations. This cost is passed along to the customer and is part of TWSI’s tariff. The Southridge tariff must be viewed in totality. 536.7 is an internal account that is used minimally.**

2-10. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 536.9 – Penalty Fee Revenue which indicates the following revenues from 2010 through 2016.

<b>536.9 – Penalty Fee Revenue</b>	
2010	\$20,037
2011	16,115
2012	18,688
2013	16,867
2014	13,832
2015	14,216
2016	16,403

Provide a price-out of these revenues for each year. In addition, explain the reasons for the volatility (decline then rise) of the revenues in this account.

**RESPONSE:**

**See attached Exhibit 2-1. The revenues in this account reflect the amount of the penalty fees collected from late payers. The volatility of this account is due to the fluctuation in the number of customers' delinquent in paying their bills.**

2-11. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 417 – Interest Revenue which indicates the following revenues from 2010 through 2016.

<b>417 – Interest Revenue</b>	
2010	\$710
2011	213
2012	2,265
2013	130
2014	0
2015	0
2016	0



Provide a price-out of these revenues for each year. In addition, provide the bank statements supporting this interest income. Finally, explain why interest income is no longer realized.

**RESPONSE:**

See attached Exhibit 2-1. Interest revenue, which is tied to a bank account, is not able to be “priced-out”. Interest is no longer realized in this account because only a minimum balance has been kept in the Company’s escrow account since 2013. Interest does not accrue on the minimum balance.

2-12. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 421.3 – Non-Utility Income-Utility Fee Revenue which indicates the following revenues from 2010 through 2016.

421.3 – NUI Utility Fee Revenue	
2010	\$0
2011	1
2012	-63
2013	8,130
2014	0
2015	0
2016	0

Provide a price-out of these revenues for each year. In addition, explain and provide the source and support for this revenue stream. Finally, explain why this revenue is no longer realized.

**RESPONSE:**

See attached Exhibit 2-1. There has been revenue in this account each year.

2-13. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 421.5 – Non-Utility Income-Developer Income Revenue which indicates the following revenues from 2010 through 2016.

421.5 – NUI Developer Revenue
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2010	\$12,800
2011	2,400
2012	227,800
2013	133,300
2014	65,200
2015	309,550
2016	151,030

Provide a price-out of these revenues for each year. In addition, explain and provide the source and support for this revenue stream. Finally, provide a copy of the developer contracts that produce this revenue.

**RESPONSE:**

**See attached Exhibit 2-1. This is the developer inspection fees associated with the inspection, legal, and administrative costs of getting the development sewer accessible before a customer moves in. This revenue is not rate based as the expenses are not inclusive either.**

**2-14.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 421.0 – Non-Utility Income-Other Revenue which indicates the following revenues from 2010 through 2016.

<b>421.0 – NUI Other Revenue</b>	
2010	\$0
2011	29,814
2012	1,229
2013	5,151
2014	3,417
2015	6,041
2016	0

Provide a price-out of these revenues for each year. In addition, explain and provide the source and support for this revenue stream.

**RESPONSE:**

**There is no “price-out” available. The monies in this account is for rent from Danny Holt on farmland. In 2011, \$21,600 should have been booked to account 421.5. There is no revenue in 2016 because the rent payment was made and booked in 2015.**

2-15. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 701 – Salary & Wages-Employees which indicates the following expense from 2010 through 2016.

<b>701 – Salaries and Wages - Employees</b>	
2010	\$0
2011	0
2012	0
2013	0
2014	239,588
2015	516,024
2016	450,488

Specifically note that TWSI recorded no expense in this account 2010 through 2013. Explain why no amounts were recorded for this time period. In addition, explain the volatility in this account for 2014 through 2016. Finally, provide a copy of the payroll register for 2010 through 2016 showing the monthly rates of pay for all employees.

**RESPONSE:**

The following response applies to questions 2-15 to 2-19, 2-42 and 2-43. TWSI had no direct employees until July 2014. Up until that time TWSI still relied on affiliated companies to support the utility. The decision was made in 2014 that TWSI could support itself and in July of that year the utility redirected its business to being a self-supporting, standalone company with its own employees and fleet of vehicles. The amount for 2014 represents a half year.

2-16. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 703 – Salary & Wages-Officers which indicates the following expense from 2010 through 2016.

<b>703 – Salaries and Wages - Officers</b>	
2010	\$0
2011	0
2012	0

2013	0
2014	187
2015	537
2016	875

Specifically note that TWSI recorded no expense in this account 2010 through 2013. Explain why no amounts were recorded for this time period. In addition, provide a copy of the payroll register for 2010 through 2016 showing the monthly rates of pay for all officers.

**RESPONSE:**

See attached Exhibit 2-16.

2-17. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 704.2 – Life Insurance which indicates the following expense from 2010 through 2016.

704.2 – Life Insurance	
2010	\$0
2011	0
2012	0
2013	0
2014	1,403
2015	2,399
2016	1,917

Specifically note that TWSI recorded no expense in this account 2010 through 2013. Explain why no amounts were recorded for this time period. In addition, provide a copy of the invoices for life insurance from 2010 through 2016.

**RESPONSE:**

See attached Exhibit 2-17.

**2-18.** Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 704.1 – Worker's Compensation which indicates the following expense from 2010 through 2016.

<b>704.1 – Worker's Compensation</b>	
2010	\$0
2011	0
2012	0
2013	0
2014	19,787
2015	1,354
2016	16,100

Specifically note that TWSI recorded no expense in this account 2010 through 2013. Explain why no amounts were recorded for this time period. In addition, provide a copy of the invoices for worker's compensation from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-18.**

**2-19.** Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 705 – Simple IRA which indicates the following expense from 2010 through 2016.

<b>705 – Simple IRA</b>	
2010	\$0
2011	0
2012	0
2013	0
2014	1,781.51
2015	5,966.17
2016	6,320.68

Specifically note that TWSI recorded no expense in this account 2010 through 2013. Explain why no amounts were recorded for this time period. In addition, provide a copy of the invoices for Simple IRA from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-19.**

**2-20.** Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 710 – Purchased Wastewater Treatment which indicates the following expense from 2010 through 2016.

<b>710 – Purchased Wastewater Treatment</b>	
2010	\$111,892
2011	99,492
2012	136,839
2013	112,918
2014	115,073
2015	105,897
2016	107,923

Provide a copy of the purchased wastewater treatment invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-20.**

**2-21.** Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 715 – Purchased Power which indicates the following expense from 2010 through 2016.

<b>715 – Purchased Power</b>	
2010	\$37,124
2011	38,843
2012	61,113
2013	94,039

2014	121,791
2015	118,441
2016	132,976

Provide a copy of the purchased wastewater treatment invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-21.**

**2-22.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 716 – Telemetry Monitoring which indicates the following expense from 2010 through 2016.

<b>716 – Telemetry Monitoring</b>	
2010	\$21,165
2011	19,568
2012	37,633
2013	64,378
2014	97,229
2015	124,173
2016	157,838

Provide a copy of the telemetry monitoring invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-22.**

**2-23.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 718 – Bioxide which indicates the following expense from 2010 through 2016.

<b>718 – Bioxide</b>	
2010	\$0
2011	0
2012	17,267
2013	0

2014	0
2015	0
2016	3,882

Explain the purpose of this Bioxide account. In addition, explain how this account differs from Account 536.7-Bioxide. Finally, provide a copy of the Bioxide invoices from 2010 through 2016.

**RESPONSE:**

**Bioxide is the purchase of chemical to treat Southridge sewer before discharging into Clarksville Water and Gas sewer manhole. Account 536.7 is revenue from Southridge customers. Account 718 is the purchase of Bioxide from the vendor.**

2-24. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 720 – Materials & Supplies which indicates the following expense from 2010 through 2016.

<b>720 – Materials and Supplies</b>	
2010	\$3,097
2011	0
2012	92,077
2013	1,520
2014	140,190
2015	179,399
2016	67,969

Provide a copy of the materials & supplies invoices from 2010 through 2016.

**RESPONSE:**

**This account is for materials and supplies expenses not charged to escrow. Invoices for 2016 are attached as Exhibit 2-24.**

2-25. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 731 – Contractual Services-Professional which indicates the following expense from 2010 through 2016.

<b>731 - Contractual Services – Professional</b>
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2010	\$26,691
2011	55,460
2012	0
2013	100,534
2014	110,435
2015	256,068
2016	48,271

Provide a copy of each contract paid under this account. In addition, provide a copy of the contractual services-professional invoices from 2010 through 2016.

**RESPONSE:**

**There are no contracts under this account. Invoices for 2015 and 2016 are provided as Exhibit 2-25.**

**2-26.** Refer to Company’s Response to CPAD 26-1 regarding Contractual Svc – Professional Services. Explain the following titles of columns in the document and what they represent: “Num”, “Memo”, “Class”, and “Split”. Also, provide this document in an Excel spreadsheet format rather than the Adobe Pdf format previously provided.

**RESPONSE:**

- Num = Number**
- Memo = Memorandum**
- Class = Job or Company Classification**
- Split = if invoice is split between companies**

**Excel spreadsheet is provided in Exhibit 2-25.**

**2-27.** Refer to Company’s Response to CPAD 26-1 regarding Contractual Svc – Professional Services. Provide details, explanation and documentation (e.g. invoices) to support each line of the expenses listed. If a line item is a billing for multiple hours, days, events, etc., provide a detailed breakdown with explanation and documentation to support.

**RESPONSE:**

**See invoices provided in Exhibit 2-25.**

**2-28.** Refer to Company's Response to CPAD 26-1 regarding Contractual Svc – Professional Services. Explain what Trivad is, what are the professional services it provides to the Company, and provide a copy of the contract or agreement between it and the Company.

**RESPONSE:**

**Trivad is an IT consulting firm hired to evaluate our hardware firewall and to discuss what our best generation of firewall should look like. There is no contract.**

**2-29.** Refer to Company's Response to CPAD 26-1 regarding Contractual Svc – Professional Services. Explain what Geo Jobe is, what are the professional services it provides to the Company, and provide a copy of the contract or agreement between it and the Company.

**RESPONSE:**

**Geo-Jobe provides software and maps for GIS mapping of our collection lines, tanks, and treatment plants. There is no contract.**

**2-30.** Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 735 – Contractual Services-Testing which indicates the following expense from 2010 through 2016.

<b>735 – Contractual Services - Testing</b>	
2010	\$745
2011	150
2012	0
2013	0
2014	3,925
2015	12,677
2016	12,305

Provide a copy of each contract paid under this account. In addition, provide a copy of the contractual services-testing invoices from 2010 through 2016.

**RESPONSE:**

**This is for third party lab services for testing water samples. There are no contracts. Invoices for 2016 are attached as Exhibit 2-30.**

2-31. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 736.01 – Contractual Services-Sign-up Costs which indicates the following expense from 2010 through 2016.

<b>736.01 – Contractual Services – Sign-up Costs</b>	
2010	\$210
2011	375
2012	315
2013	255
2014	195
2015	0
2016	0

Explain the nature of this account. In addition, provide a copy of each contract paid under this account. Finally, provide a copy of the contractual services-sign-up costs invoices from 2010 through 2016.

**RESPONSE:**

**This is for payments to East Montgomery Utility District for meter reads for Southridge. These charges are no longer being charged to TWSI. There are no invoices for 2016.**

2-32. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 736.02 – Contractual Services-Maintenance which indicates the following expense from 2010 through 2016.

<b>736.02 – Contractual Services – Maintenance</b>	
2010	\$546,885
2011	590,506
2012	922,352
2013	846,590
2014	387,211
2015	15,212
2016	48,724

Explain the nature of this account. In addition, provide a copy of each contract paid under this account. Finally, provide a copy of the contractual services-maintenance invoices from 2010 through 2016.

**RESPONSE:**

**This account represents cost associated with a third party performing maintenance services for TWSI. The drop off in charges in 2015 and 2016 are due to the charges not going to escrow. There are no contracts. Invoices for 2016 are attached as Exhibit 2-32.**

2-33. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 736.03 – Contractual Services which indicates the following expense from 2010 through 2016.

<b>736.03 – Contractual Service</b>	
2010	\$0
2011	0
2012	\$90
2013	5,460
2014	6,143
2015	22,352
2016	376

Explain the nature of this account. In addition, provide a copy of each contract paid under this account. Finally, provide a copy of the contractual services invoices from 2010 through 2016.

**RESPONSE:**

**Miscellaneous third party services provided to TWSI. The drop off in 2016 are due to charges not going to escrow. There are no contracts. Invoices for 2016 are attached as Exhibit 2-33.**

**2-34.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 736.05 – Contractual Services-Access Fees which indicates the following expense from 2010 through 2016.

<b>736.05 – Contractual Service – Access Fees</b>	
2010	\$132,514
2011	123,247
2012	-252
2013	0
2014	0
2015	0
2016	0

Explain the nature of this account. In addition, provide a copy of each contract paid under this account. Finally, provide a copy of the contractual services-access fees invoices from 2010 through 2016.

**RESPONSE:**

**Payments made to Southeast Environmental Engineering in accordance with its maintenance contract for East Tennessee locations. A copy of the contract is attached as Exhibit 2-34. There were no invoices in 2016.**

**2-35.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 736.08 – Contractual Services - Lawn Mowing which indicates the following expense from 2010 through 2016.

<b>736.08 – Contractual Service – Lawn Mowing</b>	
2010	\$6,910
2011	8,705
2012	6,715
2013	2,605

2014	19,575
2015	20,947
2016	21,890

Provide a copy of each contract paid under this account. In addition, provide a copy of the contractual services-lawn mowing invoices from 2010 through 2016.

**RESPONSE:**

**There are no contracts. Invoices for 2016 are attached as Exhibit 2-35.**

2-36. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 736.10 – Contractual Services One-Call Expenses which indicates the following expense from 2010 through 2016.

<b>736.10 – Contractual Service – One-Call</b>	
2010	\$2,178
2011	2,564
2012	2,279
2013	5,122
2014	2,552
2015	3,169
2016	5,519

Provide a copy of each contract paid under this account. In addition, provide a copy of the contractual services-one call invoices from 2010 through 2016.

**RESPONSE:**

**There are no contracts. Invoices for 2016 are attached as Exhibit 2-36.**

2-37. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 736.12 – Contractual Services – AUG-MGMT Fees which indicates the following expense from 2010 through 2016.

<b>736.12 – Contractual Service –AUG-MGMT Fees</b>	
2010	\$218,560
2011	139,859
2012	68,274
2013	109,993
2014	81,213
2015	148,788
2016	223,460

Explain the nature of this account. In addition, provide a copy of each contract paid under this account. Finally, provide a copy of the contractual services-AUG MGMT Fees invoices from 2010 through 2016.

**RESPONSE:**

**This account involves management fees based on the allocation of time spent by Adenus Utilities Group employees on TWSI work in accordance with the Order issued in the 2009 Rate Case (Docket 08-00202). There are no contracts. Timesheets for 2016 are attached as Exhibit 2-37.**

2-38. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 736.9 – Contractual Services – Adenus Group-MGMT Fees which indicates the following expense from 2010 through 2016.

<b>736.9 – Contractual Service– Adenus Group MGMT Fees</b>	
2010	\$23,400
2011	23,400
2012	23,400
2013	23,400
2014	13,650
2015	0
2016	0

Explain the nature of this account. In addition, provide a copy of each contract paid under this account. Finally, provide a copy of the Contractual Services-Adenus Group MGMT Fees invoices from 2010 through 2016.

**RESPONSE:**

**This account involves management fees based on the allocation of time spent by Aenus Group employees on TWSI work in accordance with the Order issued in the 2009 Rate Case (Docket 08-00202). There are no contracts. The zero dollar amounts for 2015 and 2016 are due to TWSI using its own employees July 2014.**

2-39. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 736.13 – Contractual Services – IT Expenses which indicates the following expense from 2010 through 2016.

<b>736.13 – Contractual Service–IT Expenses</b>	
2010	\$0
2011	0
2012	0
2013	0
2014	0
2015	0
2016	41,502

Explain the nature of this account. In addition, provide a copy of each contract paid under this account. Finally, provide a copy of the Contractual Services-IT Expense invoices from 2010 through 2016.

**RESPONSE:**

**TWSI's portion of outsourced Aenus Group IT expenses. IT was outsourced to lessen the burden on capital spending and minimize the liability of security breaches to our systems and customer data. The contract is attached as Exhibit 2-39a and invoices are attached as Exhibit 2-39b.**

2-40. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 740 – Rent which indicates the following expense from 2010 through 2016.



740 – Rent	
2010	\$7,333
2011	13,890
2012	6,945
2013	6,945
2014	44,945
2015	60,945
2016	60,945

Explain the nature of this account. In addition, provide a copy of each rental contract paid under this account. Finally, provide a copy of the rental invoices from 2010 through 2016.

**RESPONSE:**

**Rent paid by TWSI for office and warehouse spaces in Smyrna and Sevierville, TN. There are no invoices.**

2-41. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 750.3 – Registration Renewal which indicates the following expense from 2010 through 2016.

750.3 – Registration Renewal	
2010	\$0
2011	0
2012	0
2013	0
2014	118
2015	1,489
2016	288

Provide a copy of the registration renewal invoices from 2010 through 2016.

**RESPONSE:**

**These are truck registration renewals. Invoices for 2016 are not available as renewal payments were made directly by TWSI employees on their company credit cards.**

2-42. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 750.1 – Fuel which indicates the following expense from 2010 through 2016.

750.1 – Fuel	
2010	\$0
2011	0
2012	0
2013	0
2014	20,045
2015	35,185
2016	37,055

Specifically note that TWSI recorded no expense in this account 2010 through 2013. Explain why no amounts were recorded for this time period. In addition, provide a copy of the fuel invoices from 2010 through 2016.

**RESPONSE:**

**Just as TWSI began utilizing its own employees in July 2014, it also established its own fleet of vehicles for use by operators and maintenance personnel. Invoices for 2016 are attached as Exhibit 2-42.**

2-43. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 750.2 – Vehicle Maintenance which indicates the following expense from 2010 through 2016.

750.2 – Vehicle Maintenance	
2010	\$0
2011	0
2012	0
2013	0
2014	\$4,553
2015	26,941
2016	30,197

Specifically note that TWSI recorded no expense in this account 2010 through 2013. Explain why no amounts were recorded for this time period. In addition, provide a copy of the vehicle maintenance invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-43.**

**2-44.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 756 – Insurance which indicates the following expense from 2010 through 2016.

<b>756 – Insurance</b>	
2010	\$335
2011	366
2012	231
2013	641
2014	3,031
2015	11,784
2016	17,744

Provide a copy of each insurance policy paid under this account. In addition, provide a copy of the insurance invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-44.**

**2-45.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 765.1 – Regulatory Commission Expense-Rate Case Work which indicates the following expense from 2010 through 2016.

<b>765.1 – Regulatory Commission Expense-Rate Case Work</b>	
2010	\$0

2011	0
2012	0
2013	0
2014	0
2015	0
2016	2,809

Provide a copy of the rate case invoices from 2010 through 2016.

**RESPONSE:**

**This is for court reporter fees in the rate case pending in Docket 14-00136.**

2-46. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Accounts 765.2 – Regulatory Commission Expense-Filing Fee and 765.3 – Regulatory Commission Expense-Inspection Fee which indicates the following total expense from 2010 through 2016.

<b>765.2 and 765.3 – Regulatory Commission Expense</b>	
2010	\$5,395
2011	5,608
2012	5,583
2013	6,057
2014	6,788
2015	7,032
2016	7,373

Provide a copy of the regulatory commission invoices from 2010 through 2016.

**RESPONSE:**

**TWSI’s UD-20 is filed annually with the Tennessee Regulatory Authority. Copies for 2015 and 2016 are attached as Exhibit 2-46**

2-47. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 770 – Bad Debt Expense which indicates the following expense from 2010 through 2016.

770 – Bad Debt	
2010	\$15,345
2011	7,634
2012	2,998
2013	8,413
2014	2,908
2015	38,787
2016	0

Provide a copy of the billing history for each specific account written off as bad debt from 2010 through 2016.

**RESPONSE:**

**The bad debt has not been written off but reserved. Billing history for 2015 and 2016 attached as Exhibit 2-47.**

2-48. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.21 – Miscellaneous Expense-Website Hosting which indicates the following expense from 2010 through 2016.

775.21 – Website and Internet Hosting	
2010	\$0
2011	0
2012	0
2013	0
2014	0
2015	15,284
2016	10,950

Provide a copy of the website and internet hosting invoices from 2010 through 2016.

**RESPONSE:**

Expenses related to requests 2-48 to 2-50 and 2-56 are due to the redirection of TWSI's business into a stand-alone company in July 2014. Invoices for 2016 are attached as Exhibit 2-48.

2-49. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.27 – Miscellaneous Expense-Equipment Maintenance which indicates the following expense from 2010 through 2016.

<b>775.27 – Miscellaneous Expense-Equipment Maintenance</b>	
2010	\$0
2011	0
2012	0
2013	0
2014	163
2015	835
2016	6,227

Provide a description of what specific equipment is being maintained through charges to this account. In addition, provide a copy of the equipment maintenance invoices from 2010 through 2016.

**RESPONSE:**

**The equipment maintained through charges to this account are skid steers, tractors, and excavators. Invoices for 2016 are attached as Exhibit 2-49.**

2-50. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.26 – Miscellaneous Expense-Equipment Rental which indicates the following expense from 2010 through 2016.

<b>775.26 – Miscellaneous Expense-Equipment Rental</b>	
2010	\$0
2011	0
2012	0
2013	0

2014	\$5,609
2015	1,540
2016	5,754

Provide a copy of the equipment rental contracts that are charged to this account. In addition, provide a copy of the equipment rental invoices from 2010 through 2016.

**RESPONSE:**

**There are no contracts. Invoices for 2016 are attached as Exhibit 2-50.**

**2-51.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.25 – Miscellaneous Expense-Small Equipment Purchases which indicates the following expense from 2010 through 2016.

<b>775.25 – Miscellaneous Expense-Small Equipment Purchases</b>	
2010	\$0
2011	0
2012	0
2013	0
2014	3,047
2015	40,513
2016	47,141

Provide a copy of the small equipment purchase invoices from 2010 through 2016.

**RESPONSE:**

**Small purchases were for attachments to tractors and track hoes, line locators, and GIS units. Invoices for 2016 are attached as Exhibit 2-51.**

**2-52.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.1 – Miscellaneous Expense-Telephone which indicates the following expense from 2010 through 2016.

<b>775.1 – Telephone</b>
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2010	\$497
2011	0
2012	0
2013	1,013
2014	3,742
2015	12,238
2016	13,241

Provide a copy of the telephone bills from 2010 through 2016.

**RESPONSE:**

**Bills for 2016 are attached as Exhibit 2-52.**

**2-53.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.11 – Miscellaneous Expense-Letter of Credit Fees which indicates the following expense from 2010 through 2016.

<b>775.11 – Letter of Credit - Fees</b>	
2010	\$6,735
2011	52,165
2012	60,573
2013	47,243
2014	45,037
2015	43,710
2016	43,710

Provide a copy of the letter of credit invoices from 2010 through 2016.

**RESPONSE:**

**Invoice for 2016 are attached as Exhibit 2-53.**

**2-54.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.12 – Miscellaneous Expense-Depreciation Expense which indicates the following expense from 2010 through 2016.



<b>775.12 – Depreciation Expense</b>	
2010	\$1,533
2011	1,219
2012	1,219
2013	1,219
2014	12,620
2015	56,997
2016	111,638

Provide a copy of the Company’s depreciation expense workpapers supporting the depreciation expense calculations from 2010 through 2016.

**RESPONSE:**

**Per request, depreciation is forecast to continue at approximately \$115.00 per year. Please see attached Exhibit 2-54.**

**2-55.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.2 – Miscellaneous Expense-Postage which indicates the following expense from 2010 through 2016.

<b>775.2 – Postage</b>	
2010	\$4,595
2011	3,728
2012	0
2013	0
2014	3,861
2015	8,049
2016	8,666

Provide a copy of the postage invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-55.**

**2-56.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.20 – Miscellaneous Expense-Software Licenses which indicates the following expense from 2010 through 2016.

<b>775.20– Software Licenses</b>	
2010	\$0
2011	0
2012	0
2013	0
2014	9,400
2015	13,285
2016	12,630

Provide a copy of each software license charged to this account. In addition, provide a copy of the software license invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-56. TWSI does not hold the licenses for the software.**

**2-57.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.3 – Miscellaneous Expense-Licenses & Permits which indicates the following expense from 2010 through 2016.

<b>775.3 – Licenses &amp; Permits</b>	
2010	\$14,470
2011	34,150
2012	35,250
2013	42,484
2014	38,762
2015	11,681
2016	77,052

Provide a copy of the license & permit invoices from 2010 through 2016.

**RESPONSE:**

**The account represents the annual and 5-year permit fees charged by TDEC. Invoices for 2016 are attached as Exhibit 2-57.**

**IN GENERAL RESPONSE TO QUESTIONS 2-58 through 2-72:**

**These questions and responses were discussed during a meeting between TWSI and the Consumer Advocate Division. It is TWSI's understanding that no further responses are needed at this time, except for the additional responses provided below for questions 2-59 and 2-61-64.**

**2-58.** Refer to the Company's response to CPAD1-3 regarding the 2015 General Ledger (GL).

Respond to the following:

- a. Sorting by the column entitled "Name" for "TN Dept of Environment & Conservation", explain why credits and debits are booked in these different accounts: 131.7 Pinnacle Checking, 141 Customer A/R, 231. Accounts Payable, and 775.3 Licenses & Permits.
- b. Explain why the following TDEC permits fees are booked in "231 Accounts Payable" and not "775.3 Licenses & Permits":
  - a. GL Row 20313, 2/27/15, SOP 04065, Tillium Cove Renewal, \$500.00.
  - b. GL Row 20314, 2/27/15, SOP 04045, Legacy Preserve Renewal, \$750.00.
  - c. GL Row 20315, 2/27/15, SOP 04025, Timber Tops Renewal, \$500.00.
  - d. GL Row 20316, 2/27/15, SOP 04047, Wyndsong Renewal, \$500.00.
  - e. GL Row 20317, 2/27/15, SOP 99024, Tall Oaks Renewal, \$750.00.
  - f. GL Row 20318, 4/8/15, Summit View, Plans for expansion of system, \$250.00.
  - g. GL Row 20321, 7/27/15, Eudailey, Revised Permit App., \$3,800.00.
  - h. GL Row 20324, 10/27/15, German Creek, SOP Application, \$750.00.
  - i. GL Row 20325, 11/20/15, SOP 05071, Permit Renewal, \$750.00.
  - j. GL Row 20326, 11/20/15, SOP 05002, Permit Renewal, \$500.00.

- c. Are the 2015 expenses in the General Ledger for “775.3 Licenses and Permits” for TDEC permit fees (e.g. initial, annual, modification, renewal) only? If not, what other expenses are booked within “775.3 Licenses and Permits”?
- d. Sorting by the column entitled “Name” for “TN Dept of Environment & Conservation”, identify in detail (e.g. annual fee, application fee, etc.) for each of the expenses in the 2015 General Ledger.

**RESPONSE:**

**2-59.** Refer to the Company’s response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Rows 151 and 5840 identified as check 5043 dated 1/9/15 from “231 Accounts Payable” and corresponding entry at for “131.7 Pinnacle Checking” in the amount of \$32,880.00.

**RESPONSE:**

**See response in 2-57.**

**2-60.** Refer to the Company’s response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Rows 615 and 6269 identified as number 5143 dated 2/27/15 from “231 Accounts Payable” and corresponding entry for “131.7 Pinnacle Checking” in the amount of \$3,000.00.

**RESPONSE:**

**2-61.** Refer to the Company’s response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Rows 981 and 6618 identified as number 5207 dated

4/08/15 “plans for expansion of system” from “231 Accounts Payable” and corresponding entry for “131.7 Pinnacle Checking” in the amount of \$250.00.

**RESPONSE:**

**These are the plans fees required by and submitted to TDEC with the revised engineering plans to expand the related wastewater system. There is no invoice as it is TDEC’s standard fee.**

2-62. Refer to the Company’s response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Rows 1769 and 7391 identified as number 5372 dated 6/29/15 “collection liens plans Phase V- Grove” from “231 Accounts Payable” and corresponding entry for “131.7 Pinnacle Checking” in the amount of \$675.00.

**RESPONSE:**

**There are the plans fees required by and submitted to TDEC with the plans for the Collection Lines in Phase V – Grove. There is no invoice as it is TDEC’s standard fee.**

2-63. Refer to the Company’s response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Rows 7380 and 20319 identified as number Grove Phase V dated 6/29/15 “collection lines plans Phase V- Grove” from “231 Accounts Payable” and corresponding entry for “775. 3 License & Permits” in the amount of \$675.00.

**RESPONSE:**

**There are the plans fees required by and submitted to TDEC with the plans for the Collection Lines in Phase V – Grove. There is no invoice as it is TDEC’s standard fee.**

2-64. Refer to the Company’s response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Rows 2089 and 5566 identified as number 48130915 dated 7/30/15 from “141 Customer A/R” and corresponding entry for “131.7 Pinnacle Checking” in the amount of \$775.00.

**RESPONSE:**

**TWSI invoiced TDEC in September 2014 for an excess fee charged on the annual fee sheet in December 2013. In 2014 there was a corresponding credit in account 775.3 License and Fees for \$750. In July 2015 TWSI received the payment from TDEC on this outstanding invoice.**

**2-65.** Refer to the Company's response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Rows 3260 and 8783 identified as check 5693 dated 11/20/15 from "231 Accounts Payable" and corresponding entry for "131.7 Pinnacle Checking" in the amount of \$1,250.00.

**RESPONSE:**

**2-66.** Refer to the Company's response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Row 20320 identified as Enclave, SOP Application dated 7/15/15 from "231 Accounts Payable" in the amount of \$750.00. There is no corresponding credit entry in the General Ledger, should there be?

**RESPONSE:**

**2-67.** Refer to the Company's response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Row 7547 identified as Enclave, Nolensville-Dove Lake Treatment Facility dated 7/15/15 from "775.3 Licenses & Permits" in the amount of \$750.00. There is no corresponding debit entry in the General Ledger, should there be?

**RESPONSE:**

**2-68.** Refer to the Company's response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Rows 1923 and 7548 identified as 5403, Nolensville-Dove Lake Treatment Facility dated 7/15/15 from "775.3 Licenses & Permits" and corresponding entry from "131.7 Pinnacle Checking" in the amount of \$750.00.

**RESPONSE:**

**2-69.** Refer to the Company's response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support GL Rows 2064 and 7670 identified as 5448, Revised Permit App dated 7/27/15 from "231 Accounts Payable" and corresponding entry for "131.7 Pinnacle Checking" in the amount of \$3,800.00.

**RESPONSE:**

**2-70.** Refer to the Company's response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support GL Rows 2064 and 20321 identified as Eudailey, Revised Permit App dated 7/27/15 from "775.3 Licenses & Permits" and corresponding entry for "231 Accounts Payable" in the amount of \$3,800.00.

**RESPONSE:**

**2-71.** Refer to the Company's response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Row 8532 identified as 5635, SOP-05045 dated 10/27/15 from "131.7 Pinnacle Checking" in the amount of \$750.00. There is no corresponding credit entry in the General Ledger, should there be?

**RESPONSE:**

2-72. Refer to the Company's response to CPAD1-3 regarding the 2015 General Ledger. Provide detail and documentation in support for GL Rows 8531 and 20324, German Creek dated 10/27/15 from "775.3 Licenses & Permits" and corresponding entry for "231 Accounts Payable" in the amount of \$750.00.

**RESPONSE:**

2-73. Refer to attached Exhibit 2-A regarding Clovercroft Subdivision, TDEC SOP No. 13026. In this exhibit, a fee of \$1,125.00 is referenced - \$500.00 for the decentralized wastewater system and \$25 per 250 linear feet of forcemain. This expense does not appear to be captured in 2015 General Ledger provided by the Company in response to CPAD1-3. How did the Company record this expense?

**RESPONSE:**

**This was not a TWSI expense. The developer is typically responsible for this expense and like the responses to 2-74 and 2-75, the developer likely wrote a check (a copy of the check for this application was not provided in the Exhibit) directly to TDEC which would have been included with the SOP application submission.**

2-74. Refer to attached Exhibit 2-B regarding Fiddlers Glenn Subdivision, TDEC SOP No. 15012. In this exhibit, a fee of \$1,000.00 is referenced and a copy of the check provided. This expense does not appear to be captured in 2015 General Ledger provided by the Company in response to CPAD1-3. How did the Company record this expense?

**RESPONSE:**

**This was not a TWSI expense. As evidenced by the check, the expense was paid by the developer.**



2-75. Refer to attached Exhibit 2-C regarding Lookaway Farms Subdivision, TDEC SOP No. 15007. In this exhibit, a copy of a \$750.00 check is provided. This expense does not appear to be captured in 2015 General Ledger provided by the Company in response to CPAD1-3. How did the Company record this expense?

**RESPONSE:**

**This was not a TWSI expense. As evidenced by the check, the expense was paid by the developer.**

2-76. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.4 – Miscellaneous Expense-Membership Dues which indicates the following expense from 2010 through 2016.

<b>775.4 – Membership Dues</b>	
2010	\$105
2011	440
2012	440
2013	3,590
2014	680
2015	4,784
2016	690

Provide a copy of the membership dues invoices from 2010 through 2016.

**RESPONSE:**

**The recent fluctuation in dues is due to some charges being applied to IT as a vendor has taken on some of the hosting responsibilities and dues are no longer required for those services. Invoices for 2016 are attached as Exhibit 2-76.**

2-77. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.5 – Miscellaneous Expense-Deed Registration which indicates the following expense from 2010 through 2016.

<b>775.5 – Deed Registration</b>	
2010	\$0

2011	0
2012	12
2013	0
2014	1,000
2015	172
2016	0

Provide a copy of the specific deed registered and charged to this account. In addition, provide a copy of the deed registration invoices from 2010 through 2016.

**RESPONSE:**

**These expenses are associated with the cost of acquiring the Lyons property at Dyer's Hollow. See attached Exhibit 2-77 for the deed.**

2-78. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.6 – Miscellaneous Expense-Franchise Fees which indicates the following expense from 2010 through 2016.

<b>775.6 – Franchise Fees</b>	
2010	\$2,279
2011	2,390
2012	2,405
2013	2,449
2014	2,464
2015	2,506
2016	2,580

Provide a copy of the specific franchises that are charged to this account. In addition, provide a copy of the franchise fee invoices from 2010 through 2016.

**RESPONSE:**

**These fees are the 3% pass-through franchise fees for the town of Coopertown. Invoice for 2016 are attached as Exhibit 2-78.**

2-79. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.8 – Miscellaneous Expense-Interest on Customer Deposits which indicates the following expense from 2010 through 2016.

775.8 – Interest on Customer Deposits	
2010	\$961
2011	0
2012	0
2013	29
2014	275
2015	0
2016	0

Provide a copy of the Company's workpapers supporting the interest on customer deposit calculations from 2010 through 2016.

**RESPONSE:**

**TWSI no longer takes customer deposits. The figures from previous years represent the payment of interest to customers on their deposits.**

2-80. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775.9 – Miscellaneous Expense-Billing Costs which indicates the following expense from 2010 through 2016.

775.9 – Billing Costs	
2010	\$2,884
2011	960
2012	2,099
2013	480
2014	960
2015	960
2016	720

Provide a copy of the billing cost invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-80.**

2-81. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 775 – Miscellaneous Expense which indicates the following expense from 2010 through 2016.

<b>775 – Miscellaneous Expense</b>	
2010	\$1320
2011	13,000
2012	10,400
2013	9,400
2014	720
2015	1,033
2016	860

Provide a copy of the miscellaneous expense invoices from 2010 through 2016.

**RESPONSE:**

**No response required per agreement between the parties.**

2-82. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 408.1 – Taxes Other Than Income-Property Taxes which indicates the following expense from 2010 through 2016.

<b>408.1 – Property Tax</b>	
2010	\$56,733
2011	75,451
2012	64,537
2013	65,555
2014	58,787
2015	51,983
2016	77,933

Provide a copy of the property tax invoices from 2010 through 2016.

**RESPONSE:**

**No response required per agreement between the parties.**

2-83. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 408.2 – Taxes Other Than Income-Franchise & Excise Taxes which indicates the following expense from 2010 through 2016.

408.2 – Franchise & Excise Tax	
2010	\$80,704
2011	64,839
2012	48,824
2013	95,096
2014	37,427
2015	53,650
2016	40,240

Provide a copy of the franchise & excise tax invoices from 2010 through 2016.

**RESPONSE:**

**No response required per agreement between the parties. Information was previously provided in the tax returns in CPAD 1-16b.**

2-84. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 408.12 – Taxes Other Than Income-Payroll Taxes which indicates the following expense from 2010 through 2016.

408.12 – Payroll Tax	
2010	\$0
2011	0
2012	0
2013	0
2014	19,089
2015	42,459
2016	37,955

Provide a copy of the payroll tax invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-84.**

**2-85.** Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 409 – Income Taxes which indicates the following expense from 2010 through 2016.

<b>409 – Income Tax</b>	
2010	\$0
2011	0
2012	0
2013	136,365
2014	-68,200
2015	0
2016	0

Provide a copy of the income tax returns and invoices from 2010 through 2016.

**RESPONSE:**

**No response required per agreement between the parties. Information was previously provided in CPAD 1-16a.**

**2-86.** Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to the series of accounts segregated under Account 426 – Miscellaneous Nonutility Expenses. Does the Company consider these "Nonutility" expenses to be "below-the-line" and therefore not appropriate for recovery from utility customers?

**RESPONSE:**

**No. TWSI is following the 1996 Nation Association of Regulatory Utility Commissions chart of accounts.**

**2-87.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 426.9 – Miscellaneous Nonutility Expense-Lodging which indicates the following expense from 2010 through 2016.

<b>426.9 – Lodging</b>	
2010	\$0
2011	0
2012	0
2013	0
2014	0
2015	364
2016	265

Provide a copy of the lodging invoices from 2010 through 2016.

**RESPONSE:**

**No response required per agreement between the parties.**

**2-88.** Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 426.8 – Miscellaneous Nonutility Expense-Meals & Entertainment which indicates the following expense from 2010 through 2016.

<b>426.8 – Meals &amp; Entertainment</b>	
2010	\$0
2011	0
2012	0
2013	0
2014	844
2015	2,402
2016	2,773

Provide a copy of the meals & entertainment invoices from 2010 through 2016.

**RESPONSE:**

**No response required per agreement between the parties.**

2-89. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 426.1 – Miscellaneous Nonutility Expense-Dues & Subscriptions which indicates the following expense from 2010 through 2016.

<b>426.1 – Dues &amp; Subscriptions</b>	
2010	\$1,000
2011	123
2012	0
2013	390
2014	3,840
2015	7,050
2016	939

Provide a copy of the dues & subscription invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2015 and 2016 are attached as Exhibit 2-89.**

2-90. Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 426.2 – Miscellaneous Nonutility Expense-Bank & NSF Fees which indicates the following expense from 2010 through 2016.

<b>426.2 – Bank &amp; NSF Fees</b>	
2010	\$4,446
2011	6,929
2012	7,018
2013	6,191
2014	3,112
2015	5,697
2016	5,378

Provide a copy of the bank & NSF fee invoices from 2010 through 2016.

**RESPONSE:**



**Invoices for 2016 are attached as Exhibit 2-90.**

**2-91.** Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 426.3 – Miscellaneous Nonutility Expense-Miscellaneous which indicates the following expense from 2010 through 2016.

<b>426.3 – Miscellaneous</b>	
2010	\$11,200
2011	0
2012	0
2013	244
2014	350
2015	623
2016	3,182

Provide a copy of the miscellaneous invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-91.**

**2-92.** Refer to the Company's response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 426 – Miscellaneous Nonutility Expense-Misc Nonutility Expense which indicates the following expense from 2010 through 2016.

<b>426 – Miscellaneous</b>	
2010	\$0
2011	0
2012	-2
2013	44,958
2014	0
2015	-44,958
2016	0

Provide a copy of the miscellaneous invoices from 2010 through 2016.

**RESPONSE:**

**No response required per agreement between the parties. This represents the cost of the bond required by TDEC-Parks to construct the system at Paris Landing. The cost of this bond was recovered upon the completion of the project.**

2-93. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 426.7 – Miscellaneous Nonutility Expense-Construction Expense which indicates the following expense from 2010 through 2016.

<b>426.7 – Construction Expense</b>	
2010	\$0
2011	0
2012	0
2013	0
2014	0
2015	0
2016	16,709

Provide a copy of the construction expense invoices from 2010 through 2016.

**RESPONSE:**

**Invoices for 2016 are attached as Exhibit 2-93.**

2-94. Refer to the Company’s response to CPAD1-1 regarding the previous annual income statements for the utility. Specifically refer to Account 427.2 – Interest Expense-Loan Interest and Account 427 Interest Expense-Other which indicates the following total expense from 2010 through 2016.

<b>427 – Interest Expense</b>	
2010	\$4,335
2011	2,294
2012	761
2013	0
2014	192
2015	10,116
2016	13,237

Provide a copy of the debt instruments which make up the loans for these interest charges. In addition, provide a copy of the interest expense invoices from 2010 through 2016.

**RESPONSE:**

**Copies of the debt instruments are attached as Exhibit 2-94a and invoices for 2016 are attached as Exhibit 2-94b.**

**2-95.** Refer to Exhibit 1 included with the Company's filing. Specifically refer to the \$32,421 hard-coded adjustment that the Company has made to Account 521.1 – Residential Flat Sewer. Provide the source and support for this adjustment.

**RESPONSE:**

**Source – TWSI General Ledger and UMS Billing.**

**46,945.92 – Account 536.4 minus 2-99 minus 2-97.**

**2-96.** Refer to Exhibit 1 included with the Company's filing. Specifically refer to the \$373,831 hard-coded adjustment that the Company has made to Account 521.1 – Residential Flat Sewer. Provide the source and support for this adjustment.

**RESPONSE:**

**Source – TWSI General Ledger and UMS Billing.**

**\$756, 922.53 – Account 536.3 minus 2-98 minus 2-100.**

**2-97.** Refer to Exhibit 1 included with the Company's filing. Specifically refer to the \$1,061 hard-coded adjustment that the Company has made to Account 521.2 – Commercial Flat Sewer. Provide the source and support for this adjustment.

**RESPONSE:**

**Source – UMS Billing. See Response to CPAD 1-21; Page 1 (1) \$664.50 plus Page 2 (1) \$396.00 = \$1060.50.**

**2-98.** Refer to Exhibit 1 included with the Company’s filing. Specifically refer to the \$78,923 hard-coded adjustment that the Company has made to Account 521.2 – Commercial Flat Sewer. Provide the source and support for this adjustment.

**RESPONSE:**

**Source – UMS Billing. See Response to CPAD 1-21; Page 1 \$54,401.28 plus Page 2 \$24,521.66.**

**2-99.** Refer to Exhibit 1 included with the Company’s filing. Specifically refer to the \$13,464 hard-coded adjustment that the Company has made to Commercial Cabin Sewer. Provide the source and support for this adjustment.

**RESPONSE:**

**Source – UMS Billing. See Response to CPAD 1-23.**

**2-100.** Refer to Exhibit 1 included with the Company’s filing. Specifically refer to the \$304,169 hard-coded adjustment that the Company has made to Commercial Cabin Sewer. Provide the source and support for this adjustment.

**RESPONSE:**

**See Response to CPAD 1-21.**

**2-101.** Refer to Exhibit 1 included with the Company’s filing. Specifically refer to the \$-756,924 hard-coded adjustment that the Company has made to Account 536.3 O&M Revenues. Provide the source and support for this adjustment.

**RESPONSE:**

**TWSI General Ledger Account 536.3 and UMS Billing software.**

**2-102.** Refer to Exhibit 1 included with the Company's filing. Specifically refer to the \$-46,945 hard-coded adjustment that the Company has made to Account 536.4 Billing & Collecting Revenues. Provide the source and support for this adjustment.

**RESPONSE:**

**Source - TWSI's Financial Statement. UMS Billing software is support.**

**2-103.** Refer to Exhibit 1 included with the Company's filing. Specifically refer to the \$-309,550 hard-coded adjustment that the Company has made to Account 421.5 Developer Income. Provide the source and support for this adjustment.

**RESPONSE:**

**TWSI's Financial Statement.**

**2-104.** Refer to the Company's response to CPAD1-21. This request specifically asked for the Company's source and support for the \$206,431 hard coded adjustment to Account 521.1 – Residential Flat Sewer. The Company's response included only an attachment containing the total of this adjustment. Provide a narrative of the Company's rationale supporting this adjustment, along with the source and support for the detail included within the Attachment to CPAD1-21.

**RESPONSE:**

**Source – UMS Billing software. This adjustment represents the escrow revenue collected from Residential accounts that was booked to the escrow reserve and now is proposed to be tariffed revenue.**

2-105. Refer to the Company's response to CPAD1-22. This request specifically asked for the Company's source and support for the \$53,042 hard coded adjustment to Account 521.2 – Commercial Flat Sewer. The Company's response included only an attachment containing the total of this adjustment. Provide a narrative of the Company's rationale supporting this adjustment, along with the source and support for the detail included within the Attachment to CPAD1-22.

**RESPONSE:**

**Source – UMS Billing software. This adjustment represents the escrow revenue collected from Commercial accounts that was booked to the escrow reserve and is now proposed to be tariffed revenue.**

2-106. Refer to the Company's response to CPAD1-23. This request specifically asked for the Company's source and support for the \$148,244 hard coded adjustment to Cabin Sewer. The Company's response included only an attachment containing the total of this adjustment. Provide a narrative of the Company's rationale supporting this adjustment, along with the source and support for the detail included within the Attachment to CPAD1-23.

**RESPONSE:**

**Source – UMS Billing software. This adjustment is the amount of escrow revenue received in 2015 from the Commercial Cabin customers that is proposed to be tariffed revenue.**

2-107. Refer to the Company's response to CPAD1-28. This request specifically asked for the Company's source and support for the square footage determinant and rate proposed for Cabin Sewer. The Company's response included only an attachment containing the total of this adjustment. Provide a narrative of the Company's rationale supporting this adjustment, along with the source and support for the detail included within the Attachment to CPAD1-28.

**RESPONSE:**

**Data is retained in the UMS billing system. The source at the time of input was the sketched square footage from the State of Tennessee Tax Assessor website.**

**2-108.** Refer to the Company's response to CPAD1-34. This request specifically asked for the Company's source and support for the Maintenance, B&C, Sewer, Escrow and Square Footage hard-coded details included on Exhibit 6 of the Company's filing. The Company's response included only two attachments containing the total of this adjustment. Provide a narrative of the Company's rationale supporting this detail, along with the source and support for the detail included within the Attachment to CPAD1-34.

**RESPONSE:**

**Source – UMS billing software is the source of the document. The response detail in CPAD 1-34 included every cabin community billing for 2015 with Residential cabins identified by associated square footages and billing dollars.**

**2-109.** Refer to the Company's response to CPAD1-19. This request specifically asked for the Company's source and support for the \$81,825 adjustment to Account 731 – Contractual Services-Professional of the Company's filing. The Company's response included only an attachment containing the total of this adjustment. Provide a narrative of the Company's rationale supporting this detail, along with the source and support for the detail included within the Attachment to CPAD1-19.

**RESPONSE:**

**This adjustment represents the attorney fees which are included in the settlement agreement in Docket 16-00096. They have been backed out of this rate case and the amount amortized over 5 years.**

**2-110.** Refer to Exhibit 1 included with the Company's filing. Provide a narrative of the Company's \$44,958 adjustment to Account 426 – Miscellaneous Nonutility Expense that is

labelled as “Paris Landing Bond Recover”. Specifically provide the nature of this adjustment along with the source and support for the test period amount.

**RESPONSE:**

**See response to 2-92.**

**2-111.** Refer to the Company’s 2010 and 2011 balance sheet that was provided in response to CPAD1-2. Specifically refer to Account 232.3 – Notes Payable – Wilson B&T (2) 2016 Chevy Truck. Explain how this loan associated with a 2016 truck was recorded on the Company’s books as early as 2010.

**RESPONSE:**

**Account 232.3 prior to 2013 was in relationship with a different note. The balance in this account was zero in August 2012. The truck note was recorded August 23, 2016 for the two 2016 Chevy trucks.**

**2-112.** Refer to the Company’s response to CPAD1-24. This request specifically asked for the Company’s source and support for the \$33,240 adjustment to Account 775.3 – Licenses & Permits. The Company’s response included only an attachment containing the total of this adjustment. Provide a narrative of the Company’s rationale supporting this detail, along with the source and support for the detail included within the Attachment to CPAD1-24.

**RESPONSE:**

**Source – Quickbooks. See attached Exhibit 2-112.**

**2-113.** Refer to the Company’s response to CPAD1-25. This request specifically asked for the Company’s source and support for the \$250,188 adjustment to Account 720 – Materials &



Supplies. The Company's response included only an attachment containing the total of this adjustment. Provide a narrative of the Company's rationale supporting this adjustment, along with the source and support for the detail included within the Attachment to CPAD1-25.

**RESPONSE:**

**Source – TWSI's Financial Statement. This adjustment is the materials and supplies cost that currently is being charged to the escrow balance sheet account. The proposed tariff would eliminate this practice and the changes would be on the profit and loss statement.**

2-114. Refer to the Company's response to CPAD1-28. This request specifically asked for the Company's source and support for the square footage for Cabin Sewer. The Company's response included only an attachment containing the total of this adjustment. Provide a narrative describing the source of this data and how it was obtained.

**RESPONSE:**

**Data is retained in the UMS billing system. The source at the time of input was the sketched square footage from the State of Tennessee Tax Assessor website.**

2-115. Refer to the Company's response to CPAD1-29. This request specifically asked for the Company's source and support for the 2016 Base Wages and Base Adjustments included on Exhibit 3 of the Company's filing. The Company's response included only an attachment containing a total that does not appear to tie to the amounts included on Exhibit 3. Provide a narrative describing how these amounts were determined along with the source of this data that ties to the \$531,840 and \$24,633 amounts included on Exhibit 3.

**RESPONSE:**

**Source – 2016 payroll salary on an annual basis. Base adjustments are explained in comments on Exhibit 3.**

**2-116.** Refer to the Company's response to CPAD1-30. This request specifically asked for the Company's source and support for the IRA Percentage included in the Company's filing. The Company's response included only a statement mentioning that the "Company matches 100% of employee contributions... up to 3% of an employee's earning. Provide the support for the historical IRA amounts paid by the Company for each employee from 2010 through 2016.

**RESPONSE:**

**Please see attached Exhibit 2-116.**

**2-117.** Refer to the Company's response to CPAD1-32. Provide the source and support for the \$546,510 and \$589,564 amounts included here for Clovercroft Farms and Clovercroft Preserve.

**RESPONSE:**

**Please see attached Exhibit 2-117.**

**2-118.** Refer to the Company's response to CPAD1-33. Provide a copy of the loan agreements referenced in Exhibit 33. In addition, provide a narrative of the particular assets covered by these loan agreements. Finally, provide a copy of the monthly statements related to these loan agreements from 2010 through 2016.

**RESPONSE:**

**The loans include the purchase of the Lyon's property for Dyers Hollow, vehicles (trucks) for TWSI employees, and some Kubota equipment. Documentation and further explanation for these loans can be found in TRA Dockets 15-00071 and 16-00100. Monthly statements are attached as Exhibit 2-118.**

**2-119.** Refer to attached Exhibit 2-D, which is a real estate assessment for a cabin located in the Summit View subdivision. Please state the total sketched square footage the company would use

for billing purposes in regards to this cabin. Please provide the company's process for determining total sketched square footage and any other analysis used.

**RESPONSE:**

**Based on the records provided the sketched square footage would be 2808 sq. ft. This figure is arrived at by adding the stated building areas. The building is 3 levels (finished basement, base living area, and upper story low) each with 888 square feet for a total of 2664 sq. ft. The cabin also has an enclosed porch with 144 sq. ft. bring the total sketched square footage to 2808 sq. ft. The enclosed porch is included because it can be used to sleep additional guests in sleeping bags and/or blow up mattresses.**

**The livable square footage of this cabin is listed at 1154 sq. ft. with rental advertisements stating it has 3 bedrooms and sleeps 10 (see attached Exhibit 2-119a). Based on the sketched figures, it is clear the livable square footage is not accurate, especially when one considers cramming 10 (or more) guests into a cabin with that stated size. In addition, the sewer contract the owner of this cabin signed with TWSI states that the cabin is 4 bedrooms and sleeps 12 (see attached Exhibit 2-119b). Lastly the owner of this cabin makes their cabin available commercially for \$300 per night and offers a monthly rate ranging from \$2888 to \$7659 per month depending on the time of year.**

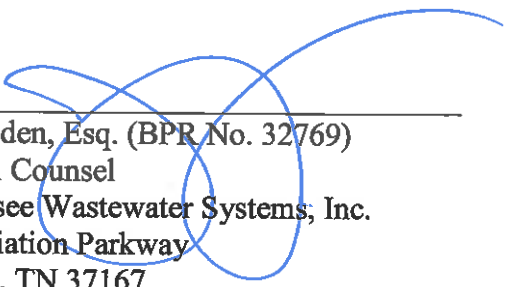
2-120. Refer Testimony of Charles Hyatt that was provided with the company's petition. Specifically, refer to page 5 of his testimony. Provide the source and support for the company's proposal of credit card convenience fee of 3%. Provide support that a percentage based charge is more appropriate than a set fee amount.

**RESPONSE:**

**The credit card convenience fee has been charged to customers since 2011. When it was initially instituted by TWSI the TRA did not require the fee to be included in the tariff. Upon recent discussions with the TRA about the fee, it was determined that was an oversight and the Authority has asked that we include it in the proposed tariff.**

**The fee is a pass through and is percentage based because that is how TWSI is charged by Bluefin for processing the credit card payments. The fee is uniform among the customer base and the total amount of the convenience fee is presented to the customer prior to completing and submitting their payment. If they wish not to pay the convenience fee they can pay their bill several other ways without incurring a fee.**

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 March, 2017.

Jeff Riden

