

Staff Data Request #3

1. All finalized Agreements/Contracts entered into by the utility, construction companies, developers and/or landowners should be signed by all appropriate parties and filed in Docket No. 21-00001. Contracts must include the following pursuant to 1220-4-13-.17(2)(b)(3).
 - a. System specifications that are in line with the TDEC State Operating Permit;
 - b. Costs for the wastewater system being built;
 - c. Timeline for the system to be built;
 - d. Rights to the system once it is completed; and
 - e. All documents presented by the Utility should be signed by all parties and bear marks or stamps, such as those provided by notaries or public officials.
2. Provide responses to the items below regarding the *Wastewater Facility Construction Agreement* ("Construction Agreement").
 - a. Paragraph 3 on page 1 states that SWS owns the property where the facilities will be constructed: Paragraph 6 on same page 1, however, states that McCanless is currently conducting due diligence on certain property in Williamson County, Tennessee shown in Exhibit A (the "Contract Property"), on which it plans to build a residential development consisting of not less than 27 single-family homes. Please confirm the entity that currently owns the property that will ultimately be deeded to the Utility.
 - b. Please provide a copy of the deed showing the entity which now owns the property referenced above.
 - c. Provide Exhibit A to the Construction Agreement that includes the description and details as to the property (A blank Exhibit A was included with the email.)
 - d. Is McCanless and Company/WDG (referred to on pg. 5) the same company as McCanless and Company. If so, please make sure that the name is changed accordingly on all the documentation filed in this Petition. If not, please explain.
 - e. The License that was provided to build the system is that of John Powell Construction. The signature on the Construction Agreement gives reference to a company named JP Construction Communities, LLC. Please explain.
 - f. There are references for Assignments of the Construction Contract for both McCanless and Company and John Powell Construction. Any assignment made pursuant to a contract would have to be filed and approved by Commission if it involves a change to any part of an approved CCN. New deeds and new licenses would need to be filed.

Please confirm in writing by all parties their understanding that assignments cannot be made without approval of the Commission.

- g. It is requested that the contract state that McCanless and Company will deed the land for drip fields and reserve drip fields, the treatment system and any additional ponds required by Williamson County and will be in areas accepted by TDEC. Also, it is requested that McCanless and Company state that easements will be provided by McCanless and Company to access all other components such as, but not limited to, pipes, force mains, tanks, and connections to all components. Easements are normally laid out in the plat that retains all the official signatures.
 - h. #3 on page 2 of the Construction Agreement provides a description of the system to be constructed and includes construction of “*new treatment additions*”. Will the treatment system be entirely new or is there a treatment system that will just require new treatment additions? Please explain.
 - i. Please list items/components included in construction of the collection system and connection to collection system including tanks, connection lines from home to tank and from tank to pump station, along with any other components. Is this where the “cut-off” valve will be installed? For this installation, is \$5,000 what the homeowner pays to JP Construction? Does this include a 1,500-gallon tank?
 - j. The cost for the treatment system as stated in the Petition (Exhibit 5.6) and the Engineers Cost Estimates in the Design Development Report for The Homes at Mulberry Meadows is \$334,000; however, in the most recent Construction Agreement, the contract price for building the system is \$214,000. Please reconcile and explain.
3. Regarding the *Wastewater Treatment Facility Service Agreement* between the Developer and the Utility (Petition Exhibit 2.3), Staff requests further clarification of contract provisions listed below:
- a. Has McCanless and Company finished its diligence and purchased the property for the residential development where the wastewater treatment system is to be built? (*Agreement* pg. 1). Please provide documentation.
 - b. Based on the Construction Agreement Page 2), is McCanless and Company hiring John Powell Construction to build the wastewater system? If John Powell Construction has been hired, please explain why is there a need for any re-assignment language?
 - c. Please provide a map showing the location of the new treatment system (SOP-20021) and the existing treatment system (SOP-03032).
 - d. It is requested the Service Agreement state that the entire wastewater facility will be conveyed to the Utility by McCanless and Company by entitlement to

facility and deeds to land areas and easements will be designated on the final plats to service, repair and maintain all wastewater facility components.

- e. The tariffed annual access fee revenue of \$84 for each unsold lot or per lot should be clearly stated.
 - f. Will Superior be billing each customer directly for Superior's tariffed wastewater fees? Please provide a copy of a proposed customer bill that will be sent to customers at the Homes at Mulberry Meadows.
 - g. The *Agreement* states that Superior may request the installation of water cut off valves at its sole discretion in between the water fee and valve and the home. Does Mr. McCanless know that it is a Commission rule requirement that each home must have this required installation? Staff requests this requirement be made clear in the Service Agreement and identify who will bill and collect the installation fee.
 - h. In the *Agreement*, under the title Utility Fees, it is stated that each User is obligated to paying all monthly or annual sewer fees along with "costs and expenses" associated therewith. Please identify individually all "cost and expenses" being referred to in this statement?
 - i. The *Agreement* states that the Developer will be responsible for the Williamson County bonds and Superior will be responsible for the Commission bonds; however, the tariff was presented without any bond surcharge. Please explain. Also, will the bonds to satisfy the Commission Rule be charged to all of Superior's customers? If not, please explain.
4. Please provide a complete 2020 Annual Report because the report received by the Commission 2020 was incomplete. Pages labeled S3, S4, S5, SU and the check sheet were omitted. Therefore, Staff requests a complete 2020 Annual Report be filed because this information is relied upon for assessing financial capabilities.
 5. Please provide the primary contact name, title of the individual and phone number for McCanless and Company.
 6. Please file a Statement of Cash Flows for Year End December 31, 2020.
 7. Will Superior be billing the customer for any charges which are not tariffed charges, such as installation of water cut-off valves, collection tanks (including inspections) and late fees. If so. Please list all such charges.
 8. Exhibit 1.4 of this Petition references affiliates and states that no transactions, direct or indirect, are anticipated to occur with any affiliates of Superior Wastewater Systems, LLC that are related to the provision of wastewater service for the Taliaferro Road Project. Superior Wastewater Systems, LLC (John Powell, Sole Member) will be accepting a wastewater system built by John Powell Construction (John Powell, Sole Proprietor). Does Superior Wastewater Systems, LLC consider this transaction an indirect or direct transaction with an affiliate?

9. Provide a copy of Superior's current *Sewer Service Agreement* that its customers sign which includes all services, rates and terms applicable to customers.
10. The tariff filed in this Petition (Exhibit 5.8) states a \$30.87 rate is being to Ashby Communities; however, in the most recent bond true-up filing, the Utility provides that it has been charging \$35.11 for Ashby Communities plus an additional charge of \$4.24 for bond costs. Please provide an explanation.
11. The tariff charge provided in the informational tariff filed with the Petition for Fox Parcel, Hill and Roberts Parcel and Taliaferro Road Parcel (Homes at Mulberry Meadows) is \$35.11. Do these three locations have a bond charge?
12. Please explain in detail how costs of the Williamson Bonding Requirements are assessed and collected. This explanation should include how the amount billed to customers is derived, the entity that bills the bond charges and the entity that receives the bond charge payments.
13. Financial security should be filed annually based on Commission Rule 1220-04-13-.07. Please an updated Bond or Letter of Credit demonstrating compliance with the financial security requirement of Rule 1220-04-13-.07 and 1220-04-13-.17(2)e(13).