

From: [Joe Shirley](#)
To: [Ectory R. Lawless](#)
Cc: [David Foster](#)
Subject: FW: Docket No. 21-00086 - Superior Wastewater Systems, LLC
Date: Friday, October 01, 2021 2:35:22 PM
Attachments: [First Staff Data Request.docx](#)
[First Staff Data Request.pdf](#)

Tory: Could you please file the attached email and staff data request in Docket No. 21-00086?
Thank you, Joe

From: Joe Shirley
Sent: Friday, October 1, 2021 2:29 PM
To: John Powell <John.Powell@tn.gov>; 'Hal Novak (halnovak@whnconsulting.com)' <halnovak@whnconsulting.com>
Cc: David Foster <David.Foster@tn.gov>; Ryan McGehee <Ryan.McGehee@tn.gov>
Subject: Docket No. 21-00086 - Superior Wastewater Systems, LLC

John and Hal: As we previously discussed, please find attached party staff's first data request in this matter. Please don't hesitate to contact David or me should you have any questions.

Thank you,
Joe Shirley
Director of Utility Audit & Compliance
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
www.tn.gov/tpuc/
(615) 770-6888

Superior Wastewater Systems, LLC
Docket No. 21-00086
First Staff Data Request
October 1, 2021

Escrow Questions

1. Please reconcile the Company's 2019 and 2020 escrow expenditures provided in the Company's response to Staff DR No. 3 issued on May 18, 2021 (Escrow Review) to the General Ledger.
2. Please provide a forecast of the amount of annual nonroutine maintenance and other items that would have been funded from escrow in 2021 and 2022 absent the Commission's rules limiting the use of escrow funds to extraordinary expenses and needed capital projects approved in advance by the Commission. Please provide workpapers supporting your forecast for each year.

Bond Surcharge Questions

3. Please re-file/provide *The True-Up Surcharge Calculation* filed with the Tariff Filing of Superior Wastewater Systems to True-Up Bonding Costs through July 1, 2021 in the format pursuant to Commission Rule 1220 -04-13-.07 (December 2018) Calculation follows as in Commission Rule:

$$RA = \frac{(CP-CR+SC)}{C}$$

RA = New Monthly rate adjustment to be effective.

CP = Total security costs actually paid in the prior reporting period or part thereof netted against any credits or refunds received by the public Wastewater utility from the holder of the financial security.

CR = Total security costs actually recovered from customers in the prior reporting period.

SC = Annual security costs associated with the new security filed on July 1.

C = Number of customers at July 1.

Please provide the actual information for the true-up, not pro forma. Bond true-ups are cut-off for both revenue collections, securities and number of customers at July 1 annually.

4. Please provide documentation that supports the 7.95% interest for cash provided by Ashby Communities to bonding companies to secure both the Lexon bonds and the Williamson County bonds. Documentation to include docket number of Commission's approval for Utility loan through December 31, 2020 (as requested) and promissory notes or loan documents that provides amount, term and interest rate of loan between Utility and Ashby Communities.
5. Please provide actual number of customers billed each month supported by billing registers (inclusive of name and address) for all months included that are being requested for recovery (from July 1, 2009 thru December 30, 2020).
6. Please provide billing registers for January 2021 through August 2021.
7. Please provide copies of a sample of 25 actual wastewater service bills from Superior Wastewater Systems, LLC to customers for the most recently completed billing period. Please ensure the sample copies include actual bills for each type of system and each phase of development.
8. Please provide the following build-out analysis for all phases of Kings Chapel Subdivision currently approved by Williamson County Planning and Zoning Commissions that are currently built-out or to be built-out:
 - a. Provide number of lots approved on each plat as phased by Williamson County.
 - b. Provide the number of homes built out in each of the 8 phases by phase number.
 - c. Provide the date each home was originally connected to Superior's/Kings Chapel's wastewater collection system.
 - d. Provide any proposed future phases to be built-out in the King's Chapel Subdivision and the proposed timeline of each phase.
9. Please provide the General Ledger for Kings Chapel Capacity, LLC for 2009, 2017 and 2018.
10. Please indicate whether the date used in the customer count spreadsheet for when the bond surcharge first started relates to (A) the first date bond revenue was received for wastewater treatment at that address *from the original/previous homeowner* OR (B) the first date bond revenue was received for wastewater treatment at that address *from the current homeowner*.
11. In Docket No. 08-00181, King's Chapel filed a Petition for approval of a loan not to exceed \$152,000 for the Company to finance the permanent utility bonding costs required by the Williamson County Planning Commission for the treatment and

dispersal of wastewater. The Petition that Superior filed states that the term of the loan was for 5 years and because it was considered as permanent financing, the principal will be rolled over into a new loan at the end of the five (5) years.¹ The Petition also states that the remaining bond requirement of \$108,758 at that time is considered to be *a temporary bond related to the construction of the wastewater collection system that will continue to be the responsibility of the Developer.*²

- a. Please explain why Superior was paying Ashby Communities 7.95% as soon as February 2009 for \$177,888³, after the Commission approved a loan not to exceed \$152,000.
- b. Williamson County Rule Section 20.08 Titled “*Assurance for Completion and Operation of Improvements (Bonding Requirements)*” provide that the amount of the Performance Collection Bond shall be equal to 100% of the cost of the facilities and improvements to the land in order to construct the collection system. The Duration of the Collection System Performance Bond shall remain in effect until 25% of the building permits are issued for the applicable Section or for one (1) year after issuance of the first Certificate of Occupancy in the applicable Section, whichever occurs last.

Please explain why the Utility should be responsible for paying the cost of these bonds when the Utility itself does not appear to be responsible, or have any direct control over, satisfying the requirements of the Rule for which the bonding is required, (i.e., the Collection bonds are to assure the build-out of the collection system rather than the operation of the system once it has been completed).

- c. If you contend the Utility should pay for the Collection bonds, should the Utility recover the cost of the bonds from the Developer/Builder through a tap fee to connect the new home to the system as other wastewater utilities charge? Please explain your answer.

General Rate Questions

12. Please provide monthly customer counts for January 2021 through the most recent month available.
13. Please provide a forecast of new customer additions by rate class for the following quarters: 3Q 2021; 4Q 2021; 1Q 2022; 2Q 2022; 3Q 2022; and 4Q 2022.

¹ Petition, Docket 08-00181, pp 1-4 (September 24, 2008).

² Petition, Docket 08-00181, p. 2 (September 24, 2008)

³ Bond Costs True-up February 2009-December, 2020 p.1 (March 15, 2021).

14. Please provide a breakdown of 2019 and 2020 revenues/collections into the following categories: Residential Service; Commercial/Nonresidential Service; Escrow Charges; Bonding Surcharges; Sewer System Access Fees; and Other/Miscellaneous. Please reconcile each year's breakdown to the Company's 2019 and 2020 annual reports.
15. Please provide the billing determinants/property parcels for the billing of the annual Sewer System Access Fees for 2019 and 2020.
16. Please provide a forecast of the billing determinants/property parcels for the billing of Sewer System Access Fees to owners of record as of December 1, 2021 and December 1, 2022.
17. Please provide the Company's Tennessee Franchise and Excise tax returns for 2019 and 2020.
18. Please provide the Company's ad valorem/property tax statements for all taxing jurisdictions for 2019 and 2020.
19. Please provide an organizational chart, outline or list that identifies and describes the business relationship of all of the Company's affiliates, where affiliates mean all companies, partnerships, entities, or persons whose ownership interest in Superior Wastewater Systems, LLC, is 5% or greater.
20. For each affiliate identified in question 11, please provide a schedule showing all of the charges the Company paid in 2020 to the affiliate and state the business purposes of such affiliate payments.
21. Please provide the General Ledger for the period beginning January 1, 2021 through June 30, 2021.