



# AquaGreen Utility Inc.

Electronically Filed in TPUC Docket  
Room on May 25, 2025 at 12:43 p.m.

In response to the Attorney General Letter May 15, 2025.

## ATTACHMENT A – CCN Amendment MFRs

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### Rule 1220-04-13-.17(2)(a) General Information

1. Rule 1220-04-13-.17(2)(a)4. The rule requires a corporate organization chart showing all affiliates. In addition, the Company must provide details of any transactions, direct or indirect, that occur or are expected to occur between affiliated entities. It appears that Advance Septic and IRM C&C Company are affiliates under TPUC Rule 1220-04-13-.16. Provide information and an organizational chart for all affiliates. The Company described the work from its affiliate Advanced Septic but there is no information about the work of the affiliate IRM CC Company. Please provide these details and description.

*The organization charts have been provided. As for IRM CC Company, Advanced Septic Inc. nor Aqua Green Utility Inc. has currently nor has ever done business with IRM CC Company. We do not now or ever had any affiliation with IRM CC Company. I do not understand why this keeps coming up. There is another Advanced Septic (no Inc.) in Bulls Gap East Tennessee, perhaps that is who you are confusing us with.*

2. Rule 1220-04-13-.17(2)(a)10. The rule asks for the portions of the wastewater system will be built in phases, state how many phases and the number of houses or units to be connected in each phase. The Petition is clear about Phase 1 but does not include the number of other phases and estimated timelines. Please provide the full breakdown of phases for the project and estimated timelines.

*There will be 4 phases, each is permitted as ¼ of the total flow capacity. There will be approximately 102 homes per the last 3 phases. It is a common practice to build larger developments in phases as it reduces*

*the up-front cost to the developer. As I understand it, the developer will start the next phase when half of the lots in that phase are sold.*

Rule 1220-04-13-.17(2)(b) General Information

1. Rule 1220-04-13-.17(2)(b)2. The rule asks for, as applicable, a copy of any application for a franchise and the franchise agreement issued by a city or county. The Petition states that Aqua Green has no franchise agreement with Maury County. Please confirm that a franchise agreement is not required in Maury County.

*Aqua Green Utility Inc has 2 current plants in Maury County and neither time was a franchise agreement required. Therefore, a franchise agreement is not applicable so no application exist.*

2. Rule 1220-04-13-.17(2)(b)3. The rule asks for all contracts or agreements between the builder(s) of the treatment and/or collection system, the utility, and the property and/or subdivision developer that show entitlement or ownership to the land, system specifications, costs for the wastewater system, timeline for the system to be built, and rights to the system once it is completed. Documents presented by the applicant should be signed by all parties and bear marks or stamps, such as those provided by notaries or public officials, as necessary. Please file the contracts(s) between the utility and the builder and/or developer.

*The information requested is included in the confidential file.*

Rule 1220-04-13-.17(2)(d) Sufficient Technical Capability

1. Rule 1220-04-13-.17(2)(d)1. The rule asks for a copy of the application for the State Operating Permit (SOP) filed with TDEC. Include letter from TDEC indicating the receipt of a complete application. Include any engineering and/or design reports submitted to TDEC, such as the Design Development Report and the Detailed Soils Investigation Report. If an operating permit has been issued, provide a copy of the permit. The utility shall file a copy of the TDEC permit in the docket file prior to providing service. After a review of Petition, the Consumer Advocate found the SOP Application and the Engineer report but not a copy of the letter from TDEC indicating receipt of the application. Please confirm that the Company has not yet received this letter but will file a copy of this TDEC once it receives the letter.

*SOPs generally take about 6 months, once the SOP is issued we will file a copy to the docket.*

Rule 1220-04-13-.17(2)(e)1. The rule asks for financial statements for the applicant covering the most recent year-ended. Include a balance sheet, income statement, and a statement of cash flows. The Consumer Advocate could not locate a balance sheet, income statement, and cash flow statement. Please provide these documents. Also, provide any spreadsheets in the native excel format.

*The information requested is included in the confidential file.*

2. Rule 1220-04-13-.17(2)(e)2. The rule asks for pro forma income statements for the wastewater utility for the first three (3) years of operations or for an expanded amended CNN, the first three years after the latest year-end financials. In the calculations of utility

revenues show the number of consumers and the rates used in the calculations. Show operation and maintenance expenses by account number and provide the basis and/or assumptions used to arrive at these amounts. The Consumer Advocate could not locate a pro forma income statement for the first three years of operation. Please provide this document. Also, provide any spreadsheet in the native excel format.

*The only native excel format used in our booking is our escrow account, which has been provided. All other booking is in a QuickBooks format. A pro forma cost analyst has been provided.*

Rule 1220-04-13-.17(2)(e)3. The rule asks for a chart of accounts for the wastewater utility, following the NARUC Uniform System of Accounts (USA) for wastewater utilities. The Consumer Advocate could not locate a chart of accounts. Please provide this document.

*A chart of accounts was included in our initial filing.*

Rule 1220-04-13-.17(2)(e)4. The rule asks for a list of all plant-in-service account numbers with account names and estimated account balances as of the state of operations. The Consumer Advocate could not locate a list of all plant in-service account numbers with account names and estimated account balances. Please provide this document with this information.

*Our plants do not have separate accounts but are all include in our general bookkeeping.*

Rule 1220-04-13-.17(2)(e)5. The rule asks for depreciation rates the applicant intends to use for each plant account that will be on the wastewater utility's books. Include the estimated useful life of each account. If no depreciation study has been performed, explain the basis for these rates. It appears there is a table of depreciation in the Petition, but it is illegible. Please provide a clear copy of the table.

*Per my CPA, this is a standard IRS depreciation table. I will email you a digital copy. It should be more legible.*

Rule 1220-04-13-.17(2)(e)6. The rule asks for the total estimated detailed cost of construction of the wastewater system to be constructed for the proposed service area. If the wastewater system will be constructed in phases, provide detailed construction cost estimates for each phase. Indicate whether the developer or the applicant will pay for the construction of the system. The affiliate of IRM called Advanced Septic Inc will build the system according to the Petition. The developer will pay for the system and then will deed it to the Company. In the Petition, the Company references a contract with developer. Provide a copy of the contract.

*The contract is included with the confidential file. There is no affiliation with IRM nor has there ever been.*

Rule 1220-04-13-.17(2)(e)9. The rule asks for estimates of costs and customers added by month for the first five (5) years based upon the construction build-out schedule for developers in the service area of the proposed wastewater system. For each year, by month,

provide an estimated number of customers by customer class anticipated to be served by the wastewater system. Include the utility's basis and assumptions used for this projection. Provide this information in a spreadsheet in Microsoft Excel format with all assumptions. clearly documented. Provide the basis and assumptions for the 5-year estimates of the construction build-out. Provide the spreadsheet in its native excel format.

*Two spread sheets were included with our filing based on the conclusion of the appeal to change our escrow account.*

Rule 1220-04-13-.17(2)(e)10. The rule asks for documentation describing bonding requirements imposed by municipal governments for the proposed wastewater system. The Consumer Advocate could not locate a copy of bond which satisfies the local government's requirement. Please provide a copy of the bond or confirm that the local government does not require such a bond.

*No bond is required nor was one required with the last two plants built in Maury County.*

Rule 1220-04-13-.17(2)(e)11. The rule asks that the Company demonstrate that the applicant has acquired a performance bond from the developer or builder of the wastewater system made payable to the Utility to ensure construction of the wastewater system. The performance bond should be for an amount equal to or greater than the cost of the system as provided in contracts between builder, developer and/or utility. The Consumer Advocate could not locate a copy of a performance bond. Please provide a copy of the performance bond.

*As a matter of fact I just received a proposed security bond from the developer. He is asking if this format is OK? Maybe you guys could help out with the answer? (see Attached)*

BOND NO.: DRAFT

SITE IMPROVEMENT BOND

KNOW ALL MEN BY THESE PRESENTS, That we, Firefly Holdings Tennessee, LLC, as Principal, and Great American Insurance Company, authorized to do business in the State of Tennessee, as Surety, are held and firmly bound unto Aqua Green Utility Inc., as Obligor, in the penal sum of Three Hundred Forty-Four Thousand Four Hundred Fifty-Four and 00/100 (\$344,454.00), lawful money of the United States of America, for which payment well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, Firefly Holdings Tennessee, LLC has agreed to construct in Phase 1 the following improvements:

Sewer Treatment System, Maury County, Tennessee

NOW, THEREFORE, if Principal, its executors, administrators, successors, and assigns shall promptly and faithfully perform the Contract, according to the terms, stipulations or conditions thereof, then this obligation shall become null and void, otherwise to remain in full force and effect. This bond is executed by the Surety and accepted by the Obligor subject to the following express conditions:

Notwithstanding the provisions of the Contract, the term of this bond shall apply from TBD, 2025 until TBD, 2026 and may be extended by the Surety by Continuation Certificate. However, neither non-renewal, shall itself constitute a loss to the obligor recoverable under this bond or any renewal or continuation thereof. The liability of the Surety under this bond and all continuation certificates issued in connection therewith shall not be cumulative and shall in no event exceed the amount as set forth in this bond or in any additions, riders, or endorsements properly issued by the Surety as supplements thereto.

SIGNED, SEALED AND DATED this TBD day of May, 2025.

Firefly Holdings Tennessee, LLC  
Principal

By: \_\_\_\_\_

Great American Insurance Company  
Surety

By: \_\_\_\_\_  
Susan Ritter, Attorney in Fact

Rule 1220-04-13-.17(2)(e)12. The rule asks for a list all funding sources available to the applicant for the wastewater system proposed by the applicant. In the Petition, it states the developer will pay for the construction of the system and then will deed it to the Company. Please provide the contract referenced on Petition PDF pg. 6.

*Contract included in the confidential file. I will be glad to email a copy but ask it not be public.*

Rule 1220-04-13-.17(2)(e)13. The rule asks for information demonstrating compliance with the financial security requirement of Rule 1220-04-13-.07. After reviewing the Petition, the Consumer Advocate located a copy of a \$50,000 letter of credit. However, in TPUC Docket No. 17-00036, the Commission required a \$90,000 letter of credit as an alternative under Rule 1220-04-13-.07(5). Please explain this discrepancy.

Rule 1220-04-13-.17(2)(f) Sworn Testimony

*We do not have anything to do with IRM.*

Rule 1220-04-13-.17(2)(f)6. The rule states that a signed affidavit stating that all information submitted concerning the wastewater CCN application is true and correct to the best of the witness' knowledge and belief. The affidavit filed with the Petition and Testimony only states that the Testimony is true and correct and does not mention the Petition. File a corrected affidavit in the record.

*The format and verbiage used on our pre filed testimony was given to me by Patsy Fulton. It has not been changed by me but if the TPUC want it changed I will be glad to. At the hearings so far I have always been sworn in so I can swear to the information.*

Dart Kendall

A handwritten signature in black ink, appearing to be 'DK' followed by a stylized flourish.

President Aqua Green Utility Inc.