

**Henry Walker**  
hwalker@bradley.com  
615.252.2363 direct



November 1, 2018

Kelly Grans, General Counsel  
Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243

Re: In Re: Docket 97-01393  
(Milcrofton amendment)

Dear Kelly:

Thank you again for meeting with Jeff Riden and me to discuss a potential conflict concerning the service territory of Tennessee Wastewater Systems, Inc. ("TWS") in Williamson County.

I wanted to let you know that the conflict has been resolved. The developer, Mr. Tom Moon, and TWS have signed a binding letter of understanding in which Mr. Moon has agreed to build a wastewater collection and treatment facility and to convey it to TWS. The agreement also states that Mr. Moon understands that for all cash and property contributions provided to TWS, a gross up factor will be applied to cover the federal income taxes associated with the contributions.

For your information, I have included a copy of the letter of understanding along with a copy of a letter from Mr. John Powell to TDEC withdrawing his application for a permit to provide wastewater service to Mr. Moon's development.

I would ask that this letter and attachments be filed in the above-captioned docket.

Sincerely,

BRADLEY ARANT BOULT CUMMINGS LLP

By:

A handwritten signature in blue ink, appearing to read "H Walker", is written over the printed name "Henry Walker".

Henry Walker

HW/dbi  
Attachments  
cc: Tom Moon  
David Foster  
Joe Shirley  
John Powell  
Jeff Riden

105845.000001  
4824-4234-7898.1

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## REVISED Letter of Understanding

This Letter of Understanding ("LOU") outlines the fundamental terms of agreement and intentions between Tennessee Wastewater Systems, Inc. ("TWS"), and Land Venues, LLC ("Developer"). This Letter of Understanding supersedes all previous LOUs between TWS and the Developer and the parties further agree that all prior LOUs between them are void and of no effect.

Questions and comments should be directed to Matthew Nicks at (615) 220-7166 or [matthew.nicks@adenus.com](mailto:matthew.nicks@adenus.com)

Dated: October 29, 2018

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The fundamental terms of agreement and intention between TWS and Developer are as follows:

1. Developer desires to develop a residential subdivision in Williamson County, Tennessee on approximately 287 +/- acres of property, located on 6251 Meeks Road (Williamson County Tax Map 135, Parcel 00200) (the "Property"). This property is proposing to accommodate approximately +/- 84 single-family residential lots (Equivalent Dwelling Units, or EDU's). This lot count will be used for this Letter of Understanding only
2. TWS is a public wastewater utility with a Certificate of Convenience and Necessity (CCN) which encompasses the Property allowing TWS to provide wastewater service to the Property.
3. TWS will accept, own, and operate the wastewater treatment facility to serve this property under the terms and conditions contained in this LOU and as stated more fully in the Sewer Service Agreement to be executed by and between the Developer and TWS. In the event a formal Sewer Service Agreement is not executed between the Developer and TWS, this LOU in conjunction with TWS's tariff will control.
4. Regarding the design of the wastewater system, Developer agrees to require its own site engineer to design the treatment facility, drip fields, dry storage area, fencing, and residential subdivision site plan to accommodate the wastewater collection system, any regional reuse distribution system (casements, buffers, etc.), to the specifications of TWS, and to provide a copy of the site plans to TWS for review.;
5. TWS requires that it review and approve all plans and any other submissions prior to submission to the Tennessee Department of Environment and Conservation and/or the Williamson County Planning Department ("WCPD") for review and approval.



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6. TWS may require the installation of additional piping infrastructure through the development to accommodate future development and/or expansion of the collection, treatment, or disposal system. Developer agrees to provide TWS any easements necessary for the extension of this infrastructure. TWS has the right to extend the piping infrastructure at any time and in its sole discretion. TWS will be responsible for any costs associated with extending the piping infrastructure.
7. Developer will be responsible for the following:
  - \* Retain a soil scientist to evaluate the Property for soils suitable for the disposal of treated wastewater effluent.
  - \* Prepare or have prepared the DSIR and DDIR
  - \* Prepare or have prepared the SOP application for TDEC for execution by TWS, naming TWS as the operator of the wastewater treatment system.
  - \* Prepare or have prepared the design of the wastewater collection system that meet the requirements of TWS
  - \* Prepare or have prepared the wastewater treatment system that meet the requirements of TWS
8. Developer agrees to convey the wastewater system and the land upon which the system is constructed and installed, including, but not limited to, the sand filter, dry storage pond, and drip field(s) areas to TWS upon the utility's acceptance of the wastewater system.
9. Developer or its assignee will pay to TWS a \$1,200.00 per lot review and inspection fee payable at time the final plat is presented to TWS for signature for each lot identified on the plat to be signed.
10. Developer acknowledges, understands, and agrees that for all cash and property contributions provided to TWS, a gross up factor shall be applied in order to recover the corporate federal income taxes associated with those contributions. The formula used to gross up contributed cash and property is as follows:
  - \*  $\text{Tax Impact} = \text{TR} / (1 - \text{TR}) * (\text{C} + \text{P})$   
TR = Marginal tax rate of federal corporate income tax.  
C = Dollar amount of charges (cash) paid to the utility as a contribution.  
P = Dollar amount of property (plant, land...) conveyed to the utility to be recorded at the construction cost of the property conveyed to the utility.

\*No home will be released to connect to the sewer collection system, or to the treatment and disposal system, until the Developer has paid all fees as required by TWS.



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11. Developer agrees to pay or require as a condition of sale that the owner of each lot shown on the final plat for which a service connection to the wastewater system is available, installed, or expanded but for which no residence, building, or structure has been attached to the service connection, shall pay TWS a yearly sewer access fee of \$120.00. Such yearly sewer access fees for each lot shown on the final plat shall be payable on or before December 15 of each year for all owners of record as of December 1 of that year. Once residences, buildings, or structures on each lot are connected to the sewer system through a service connection, the owner of such property shall no longer be liable for the sewer access fee for that calendar year and thereafter the annual access fee shall no longer apply.
12. Developer agrees to require as a condition of sale or lease of each lot that any residence, building, or structure constructed on the lot to be attached to the sewer system have a lockable shut off valve installed on the property owner's side of the water meter on the water supply line to the structure.
13. TWS will inspect the construction and installation of the collection, treatment and disposal system to ensure the treatment and collection system meets TWS' requirements. Upon approval of the system, TWS will accept ownership of the system.
14. TWS will not place the wastewater treatment system into operation until all payments have been made and all easements and deeds have been transferred to TWS in accordance with Developer's agreement with the utility.
15. Developer agrees to post any bond amounts required by the WCPD for the collection system on the property, prior to final plat being signed by TWS.
16. Developer and/or home builder is responsible for tankage, components, etc, for each individual residence site.
17. Developer understands and agrees that changes made to federal and state law, TDEC regulations, or to TPUC rules, or to Williamson County regulations after the date of this understanding are beyond the control of TWS and could likely cause a change to the proposed costs.
18. In the event the property fails to be developed, either Party may terminate this agreement upon written notice to the other. In the event the property fails to be developed and the agreement is terminated, Developer agrees to reimburse TWS for all out-of-pocket costs related to all services that have been performed in the effort to provide wastewater services to the proposed development including, but not limited to, reimbursement for all expenses, filing and review fees, regulatory fees, construction costs, and all legal fees incurred in the pursuit of obtaining regulatory approval to provide wastewater services to the development.



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Developer acknowledges and accepts the aforementioned terms of agreement and intention.

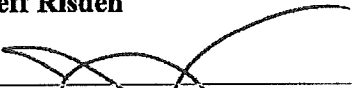
**Land Venues, LLC INC.**  
**Developer – Jim Hysen**



Title: Member

Date: 10/28/2018

**Tennessee Wastewater Systems, Inc.**  
**Jeff Riden**



Title: VICE-PRESIDENT

Date: 10/30/18

October 26, 2018

Mr. Allen Rather  
TN Public Utility Commission  
Nashville TN 37219

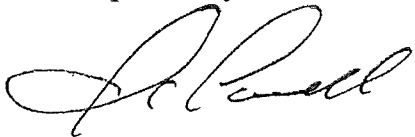
RE: STARNES CREEK

Dear Mr. Rather

Kings Chapel Capacity is requesting that its application to provide service to the above-identified project be withdrawn.

Thank you for your assistance in this matter

Respectfully

A handwritten signature in cursive script, appearing to read "J. Powell", written in black ink.

John Powell