



CARLSBERG
MANAGEMENT COMPANY

6171 WEST CENTURY BOULEVARD, SUITE 100
LOS ANGELES, CALIFORNIA 90045

POST OFFICE BOX 92006
LOS ANGELES, CALIFORNIA 90009-2006

310 258-9000 FAX 310 258-9009

March 6, 2006

J. Richard Collier
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Via Over-Night Mail

Re: Docket 05-00105
Hickory Star Water Company

Dear Mr. Collier:

Attached is a Corporate Surety Bond in the amount of \$20,000 in favor of the State of Tennessee.

Please feel free to contact me if you have any questions or require anything further.

Sincerely,

CARLSBERG MANAGEMENT COMPANY


Gitta Langeneckert
/gl

Enclosures

PREMIUM: \$400.00

CORPORATE SURETY BOND

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

REFERENCE: Hickory Star Water Company

Company ID#:
Corporate Surety Bond #: 104522289
Effective Date: June 2, 2006
Expiration Date: June 2, 2007

Hickory Star Water Company of Maynardville, Tennessee, as Principal, and **Travelers Casualty and Surety Company of America**, a corporation created and existing under the laws of CT, as Surety, (hereinafter called "Surety") are bound to the State of Tennessee in the sum of **TWENTY THOUSAND AND NO/100 Dollars (\$20,000.00)**, and Principal and Surety hereby bind themselves, their successors and assigns, to pay in accordance with the following terms:

THE CONDITION OF THIS BOND IS:

The Principal is or intends to become a public wastewater utility subject to the laws of the State of Tennessee and the rules and regulations of the Tennessee Regulatory Authority ("Authority"), relating to the operation of a public wastewater utility: **Hickory Star Water Company 1360 Hickory Star Road Maynardville, Tennessee 37807 Union County.**

Tennessee Code Annotated 65-4-201 requires the holder of a franchise for water or sewer service to furnish a bond with sufficient surety, as approved by the Authority, conditioned as prescribed in Tenn. Comp. R. & Regs. Chapter 1220-4-13.

The Principal and Surety have delivered to the Authority a Surety Bond with an endorsement as required by the Authority.

After notice to the Principal and Surety and a contested case hearing that results in the suspension or revocation of the Principal's Certificate of Public Convenience and Necessity (CCN), the replacement of an operator by the Authority, or the appointment of a receiver by a court, the Authority may assess a sum sufficient of this bond, up to its maximum sum, to enable the continued operation of the public wastewater utility.

The Principal and the Surety are held and firmly bound unto the State of Tennessee, in accordance with the provisions of Tenn. Comp. R. & Regs. Chapter 1220-4-13, in the amount of **TWENTY THOUSAND AND NO/100 Dollars (\$20,000.00)** lawful money of the United States of America to be used for the full and prompt payment of any monetary obligation imposed against the Principal, its representatives, successors or assigns, in any contested case proceeding brought under Chapter 1220-4-13, by or on behalf of the Authority, for which obligation the Principal and the Surety bind themselves, their representatives, successors and assigns, each jointly and severally, firmly and unequivocally by these presents.

Upon entry of an Order that finds a monetary obligation pursuant to Chapter 1220-4-13, and delivery to the Surety of a Bond Notice, substantially in the form set forth below ("Notice"), the Surety promises to pay by wire transfer of immediately available funds, the amount of the monetary obligation as stated in the Order and Notice.

If for any reason, the Surety Bond is not to be renewed upon its expiration, the Surety shall, at least 60 days prior to the expiration date of the Surety Bond, provide written notification by means of certified mail, return receipt requested, to the Tennessee Regulatory Authority, that the Surety Bond will not be renewed beyond the then current maturity date for an additional period.

Failure to renew the Surety Bond shall operate to forfeit the Surety Bond, without the necessity of the Authority being required to hold a hearing concerning the Principal's operation or CCN. In such an event and upon a directive from the Authority, the Surety agrees to deposit the maximum sum of this Surety Bond with the administrator of the Authority's bonding program to enable the continued operation of the public wastewater utility.

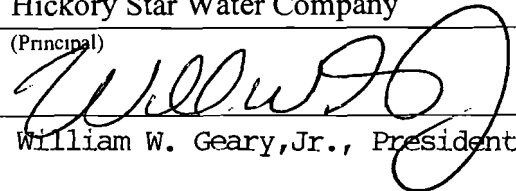
The bond shall become effective after execution by the Principal and Surety and upon filing with the Authority, and shall continue from year to year unless the obligations of the Principal under this bond are expressly released by the Authority in writing.

The Principal and Surety consent to the conditions of this Bond and agree to be bound by them.

This 24th day of February 2006.

Hickory Star Water Company

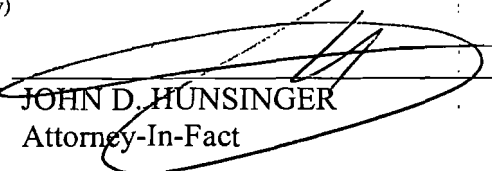
(Principal)


William W. Geary, Jr., President

Travelers Casualty and Surety Company of America

(Surety)

By:


JOHN D. HUNSINGER

Attorney-In-Fact

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

On 02/24/06 before me, Mary Smith, Notary Public,

personally appeared John D. Hunsinger,

☒ personally known to me -OR- ☐



proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that be his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Mary Smith

Signature of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER

- ☐ PARTNER(S) ☐ LIMITED
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR

OTHER:

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

DESCRIPTION OF ATTACHED DOCUMENT

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

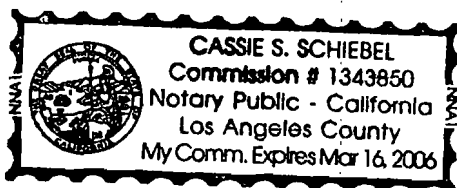
County of LOS ANGELES

On March 6, 2006 before me, CASSIE S. SCHIEBEL, NOTARY PUBLIC
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared WILLIAM W. GEARY, JR.
Name(s) of Signer(s)

☒ personally known to me - ~~OR~~ ☐ proved to me on the basis of satisfactory evidence to be the person(s)

whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument



WITNESS my hand and official seal

Cassie S. Schiebel
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document

Description of Attached Document

Title or Type of Document

Corporate Surety Bond

Document Date:

Number of Pages

Signer(s) Other Than Named Above

Capacity(ies) Claimed by Signer(s)

Signer's Name:

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing:

Victory Star
Water Co

Signer's Name

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing:

IN WITNESS WHEREOF, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY have caused this instrument to be signed by their Senior Vice President and their corporate seals to be hereto affixed this 6th day of March 2003.

STATE OF CONNECTICUT

}SS. Hartford

COUNTY OF HARTFORD

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY



By

George W. Thompson
Senior Vice President

On this 6th day of March, 2003 before me personally came **GEORGE W. THOMPSON** to me known, who, being by me duly sworn, did depose and say: that he/she is Senior Vice President of **TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY** and **FARMINGTON CASUALTY COMPANY**, the corporations described in and which executed the above instrument; that he/she knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; and that he/she executed the said instrument on behalf of the corporations by authority of his/her office under the Standing Resolutions thereof.



My commission expires June 30, 2006 Notary Public
Marie C. Tetreault

CERTIFICATE

I, the undersigned, Assistant Secretary of **TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY** and **FARMINGTON CASUALTY COMPANY**, stock corporations of the State of Connecticut, DO HEREBY CERTIFY that the foregoing and attached Power of Attorney and Certificate of Authority remains in full force and has not been revoked; and furthermore, that the Standing Resolutions of the Boards of Directors, as set forth in the Certificate of Authority, are now in force.

Signed and Sealed at the Home Office of the Company, in the City of Hartford, State of Connecticut. Dated this 24th day of February, 2006.



By

Kori M. Johanson
Assistant Secretary, Bond

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY
Hartford, Connecticut 06183-9062**

POWER OF ATTORNEY AND CERTIFICATE OF AUTHORITY OF ATTORNEY(S)-IN-FACT

KNOW ALL PERSONS BY THESE PRESENTS, THAT TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, corporations duly organized under the laws of the State of Connecticut, and having their principal offices in the City of Hartford, County of Hartford, State of Connecticut, (hereinafter the "Companies") hath made, constituted and appointed, and do by these presents make, constitute and appoint **John D. Hunsinger, Mary Smith, Steven L. Brockmeyer**, of **Pasadena, California**, their true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any place within the United States, the following instrument(s) by his/her sole signature and act, any and all bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto and to bind the Companies, thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Companies, and all the acts of said Attorney(s)-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Standing Resolutions of said Companies, which Resolutions are now in full force and effect:

VOTED That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her.

VOTED. That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary

VOTED That any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary, or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority

This Power of Attorney and Certificate of Authority is signed and sealed by facsimile (mechanical or printed) under and by authority of the following Standing Resolution voted by the Boards of Directors of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, which Resolution is now in full force and effect:

VOTED That the signature of each of the following officers President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached