

WHO CONSULTING

19 Morning Arbor Place
The Woodlands, TX 77381

February 14, 2006

Ms. Darlene Standley, Chief
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: TRA Rulemaking Docket for Wastewater Utilities (05-00105)

Dear Ms. Standley

We are in receipt of your letter of February 7th requesting information regarding King's Chapel Capacity's ("KCC's" or the "Company's") estimated financial security cost and monthly rate adjustment applicable to the TRA's rulemaking docket (05-00105) for wastewater utilities. This letter should be considered the Company's response to your request. In order to timely file a response to your request, we are providing one (1) electronic copy by email with another four (4) copies to be delivered by regular mail.

As you are aware, KCC's current tariff already provides for bonding cost from Williamson County.¹ The present bonding requirement of Williamson County is \$1,649,7482 and the customer surcharge for the cost of this bond is trued-up annually in accordance with the provisions of the Company's tariff. The county's present bonding requirement is prohibitive and far in excess of the amount proposed by the TRA in its rulemaking.

Inasmuch as KCC's financial security has already been bonded by Williamson County, the Company presently intends to petition the TRA for an exemption from further security bonding requirements in accordance with provision 1220-4-13.07(6) of the Proposed Rules. Under the current proposed rules, KCC recognizes that it must file such a petition within seventy-five (75) days of the June 12, 2006 effective date or March 29, 2006.³

Thank you for your timely consideration of this response. Should you have any questions, or need anything further, please do not hesitate to contact me.

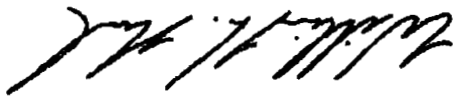
¹ See KCC Tariff, TRA #2, Sheet #6

² See KCC Tariff, TRA #3, Sheet #2.

³ See Proposed Rule 1220-4-13-.07(5).

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Sincerely,



William H. Novak
Regulatory Agent for King's Chapel Capacity

C: John Powell