

TENNESSEE WASTEWATER SYSTEMS, INC.
A PUBLIC UTILITY CO.

February 17, 2006

Honorable Ron Jones
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Petition to consider financial security pursuant to 1220-4-13-07

06-00053

Dear Chairman Jones:

Tennessee Wastewater Systems, Inc. requests that the TRA take into account the bonding requirements in place for Williamson County in establishing the required financial security for TWS. The attached petition is in support of our request.

Sincerely,



Charles Pickney, Jr., President
Tennessee Wastewater Systems, Inc.

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(615) 356-2880 Fax (615) 356-7295

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

_____, 2006

**IN RE: PETITION OF TENNESSEE WASTEWATER SYSTEMS,
INC. TO AMEND ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY**

DOCKET No. 0600053

Petition of Tennessee Wastewater Systems, Inc.
To amend its Certificate of Convenience and Necessity

Tennessee Wastewater Systems, Inc. ("TWS") petitions the Tennessee Regulatory Authority ("TRA") to take into account the bonding requirements in place for Williamson County in establishing the required financial security for TWS in compliance with the Rules of Tennessee Regulatory Authority Chapter 1220-4-13 Wastewater Regulations.

Since very substantial bonding is in place in Williamson County, TWS is proposing to exclude Williamson County revenues and Williamson County customers from calculations for security. All customers in Williamson County are already paying for bonding costs.

Based on TWS's most recent UD-20 filing (March 2005) the gross annual revenue for the company was \$373,413.00. Income from Williamson County was \$6,875.00. Therefore, all other income was \$366,538.00. If Williamson County is excluded, this is the amount of security that needs to be provided.

The bank is willing to issue a letter of credit for a fee of 1% if TWS can provide adequate collateral. The following calculations assume that such an arrangement is acceptable to the TRA.

The proposed pass through mechanism is to add enough to each non Williamson County customer's bill to pay the \$3,665.00 fee to the bank. The added cost to the effected customer's will be $[(\text{Security Amount}) / (\text{Annual Sewer Fee income amount excluding Williamson County})] \times [1\%]$ $[(\$366,538) / (296,777)] \times [1\%]$. $[1.24] \times [1\%] = 1.24\%$.

If a residential customer is currently paying \$35.11 per month for sewer service, once the security costs are passed through, the customer will pay \$35.55.

Should alternative collateral arrangements need to be made with the bank, the costs will rise based on the cost of obtaining that collateral.

Respectfully Submitted,



Charles Pickney, Jr.

Tennessee Wastewater Systems, Inc.