

WHN CONSULTING

19 Morning Arbor Place
The Woodlands, TX 77381

February 17, 2006

700 FEB 27 PM 04:23

TRA LOCKET ROOM

Via Hand Delivery

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

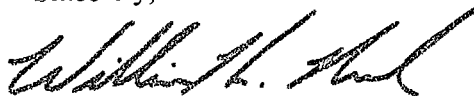
06-00061

Re: Petition of King's Chapel Capacity for Exemption from Financial Security as required by the TRA's Proposed Wastewater Regulations

Dear Chairman Jones:

King's Chapel Capacity files the attached Petition for Exemption from Financial Security as required by the TRA's proposed wastewater regulations. Please contact either John Powell, General Manager of King's Chapel Capacity, or myself if you should have any questions.

Sincerely,



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

Enclosures

Cc: John Powell

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BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN RE:

**PETITION OF KING'S CHAPEL CAPACITY)
FOR EXEMPTION FROM FINANCIAL)
SECURITY AS REQUIRED BY THE TRA'S)
PROPOSED WASTEWATER)
REGULATIONS)**

DOCKET NO. _____

PETITION

Pursuant to T.C.A. Section 65-4-201(e) and the Proposed Rules of the Tennessee Regulatory Authority ("TRA" or "Authority") Chapter 1220-4-13, King's Chapel Capacity ("KCC" or the "Company") respectfully requests that the TRA exempt it from providing additional financial security and instead find that the financial security already in place and required by the local government authority are adequate to fulfill the requirements of the TRA's rules.

The full name and address of the principal place of business of the Company are:

King's Chapel Capacity
1413 Plymouth Drive
Brentwood, TN 37027

All correspondence and communication with respect to this Petition should be sent to the following:

John Powell
King's Chapel Capacity
1413 Plymouth Drive
Brentwood, TN 37027
Telephone: 615-370-4432
Facsimile: 615-370-3095

William H. Novak
WHN Consulting
19 Morning Arbor Place
The Woodlands, TX 77381
Telephone: 713-298-1760
Facsimile: 615-301-3962

On September 7, 2005, KCC was granted a Certificate of Convenience & Necessity ("CCN") by the TRA in Docket 04-00335. On October 27, 2005, in Tariff Filing 2005-0845, KCC's proposed tariff was allowed to go into effect.

One component of KCC's approved tariff included the recovery of the bonding cost required by the Williamson County government.¹ The current bonding cost included in KCC's existing rates is \$1,649,748.² The documents and cost relating to the requirements of KCC's bond from the Williamson County government have already been provided to the TRA in Docket 04-00335.

KCC now formally requests that the bonds required by the Williamson County government and already included in KCC's tariff be considered as fulfilling the TRA's financial security obligation in both its proposed interim and permanent rules as described in Chapter 1220-4-13-.07(6). In further support of its Petition, the Company has attached the prefiled testimony of John Powell to this Petition.

WHEREFORE, the Company prays:

1. That Notice be issued and a timely hearing be set regarding this Petition prior to the implementation of the TRA's proposed interim and permanent rules;

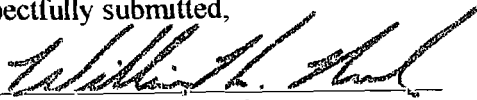
¹ See KCC Tariff, TRA #2, Sheet #6.

² See KCC Tariff, TRA #3, Sheet #2.

2. That the Authority approve KCC's requested exemption from providing further financial security.

Respectfully submitted,

By:



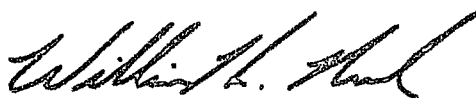
William H Novak
WHN Consulting

Regulatory Agent for King's Chapel Capacity

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of February 2006, a true and correct copy of the foregoing Petition was served on the persons below by placing same in the U.S. mail, postage pre-paid:

Russell Perkins
Consumer Advocate and Protection Division
Office of the Attorney General
P.O. Box 20207
Nashville, Tennessee 37202

A handwritten signature in black ink, appearing to read "William H. Novak", written over a horizontal line.

William H. Novak
WHN Consulting

1 **Q. Would you state your name for the record, please?**

2 A. My name is John Powell.

3 **Q. By whom are you employed, Mr. Powell, and what is your position?**

4 A. I am a Partner and the General Manager of King's Chapel Capacity, L.L.C.
5 ("KCC").

6 **Q. How long have you been employed by King's Chapel Capacity, L.L.C.?**

7 A. Since its inception in 2004.

8 **Q. When did KCC receive its Certificate of Convenience & Necessity ("CCN")
9 from the Tennessee Regulatory Authority?**

10 A. KCC was granted its CCN by the TRA on September 7, 2005 in docket 04-00335.
11 On October 27, 2005, in Tariff Filing 2005-0845, KCC received notice from the
12 TRA that its tariff was allowed to go into effect.

13 **Q. Does KCC's existing tariff contain a provision for bonding cost?**

14 A. Yes. The Williamson County government currently requires a bond in order for
15 KCC to operate. On TRA #2, Sheet #6 of KCC's Tariff, the bonding requirement
16 is presented. Also, on TRA #3, Sheet #2 of KCC's Tariff, a calculation of the
17 existing bonding cost per customer is made.

18 **Q. Mr. Powell, what is the amount of KCC's bond required for Williamson
19 County government and the related cost per customer per month?**

20 A. As shown on TRA #3, Sheet #2 of KCC's Tariff, the amount of the bond is
21 \$1,649,748. The monthly charge per customer relating to this bond is \$6.31. In
22 addition, KCC's tariff is designed in such a way that any over-recovered or under-
23 recovered bond costs are passed on to the customer the following year.

24 **Q. Mr. Powell, would anything be gained for the customer by obtaining another
25 bond as required by the TRA's proposed interim and permanent rules for
26 wastewater utilities?**

1 A. No. It would result in a redundant expense that the customer would have to pay
2 for without receiving any incremental value. Instead, we would ask that the TRA
3 consider KCC's existing bond with the Williamson County government as
4 fulfilling the financial security obligations of the TRA's proposed interim and
5 permanent wastewater rules.

6 Q. Does this conclude your testimony?

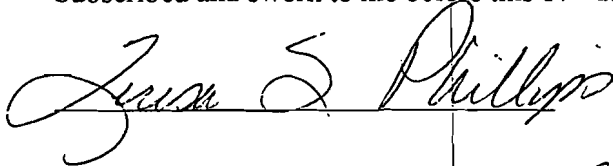
7 A. Yes, it does.

AFFIDAVIT OF JOHN POWELL

John Powell, being duly sworn, deposes and says that he is the same John Powell referred to in the attached prefiled testimony on behalf of King's Chapel Capacity before the Tennessee Regulatory Authority; that he has read such testimony and is familiar with its contents; and that the contents of that testimony are true, correct, accurate and complete to the best of his knowledge, information and belief.


John Powell

Subscribed and sworn to me before this ^{27th} ~~17th~~ day of February 2006.



My commission expires:

11-18-09

