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RECEIVED

T.R.A. DOCKET ROOM

Cartwright Creek, LLC

April 28, 2006

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

T.R.A. DOCKET ROOM

2006 MAY -2 PM 3:46

RECEIVED

Re: Petition of Cartwright Creek, LLC for Exemption from Financial Security as required by the TRA's Proposed Wastewater Regulations. Docket 06-00062.

Dear Chairman Jones:

At the request of the TRA's General Counsel, Cartwright Creek, LLC is resubmitting the attached Petition for Exemption from Financial Security as required by the TRA's proposed wastewater regulations.

Sincerely,

Robert Ian Cochrane
Chief Financial Officer


Enclosures

Cc: William H. Novak

CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of April 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, TN 37202

A handwritten signature in cursive script, reading "Robert Ian Cochrane", written over a horizontal line.

Robert Ian Cochrane
Chief Financial Officer

BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN RE:

PETITION OF CARTWRIGHT CREEK,
L.L.C. FOR EXEMPTION FROM FINANCIAL)
SECURITY AS REQUIRED BY THE TRA'S)
PROPOSED WASTEWATER)
REGULATIONS)

DOCKET NO. 06-00062

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, Cartwright Creek, L.L.C. ("Cartwright Creek" or the "Company") respectfully requests that the TRA exempt it from providing financial security.

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

Cartwright Creek L.L.C.
800 Roosevelt Road, Suite B214
Glen Ellyn, IL 60137

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

Bob Cochrane
Chief Financial Officer
Cartwright Creek, L.L.C.
800 Roosevelt Road, Suite B214
Glen Ellyn, IL 60137

William H. Kovak
WHN Consulting
19 Morning Arbor Place
The Woodlands, TX 77381
Telephone: 713-298-1760

Facsimile: 615-301-3962

In March 1975, the Tennessee Public Service Commission granted Cartwright Creek Utility Company, Inc. (“CCUC”) the authority to provide wastewater services in the 7th Civil District of Williamson County, Tennessee. On November 8, 2004, in Docket 04-00307, the TRA approved the transfer of CCUC to Cartwright Creek, a division of Sheaffer International, L.L.C.

Throughout its operating history, CCUC and Cartwright Creek have operated, and continues to operate, from the debt and equity investments provided by its owner. The Company has never received directly or in kind, any plant that was contributed by a third-party developer to be later served by Cartwright Creek. In this respect, Cartwright Creek has operated like any other traditional utility regulated by the TRA.

In contrast to Cartwright Creek’s embedded capital structure, many new wastewater utilities receiving a Certificate of Convenience & Necessity (“CCN”) from the TRA have done so by depending fully upon the contribution of utility plant from a third-party developer. This type contributed capital utility has led to a number of significant questions from the TRA over whether such utilities could be considered as Reliable going concerns if any type of financial stress arose. As a result, the TRA has now begun implementation of proposed interim and permanent rules for all wastewater utilities that require financial security to be provided.

Cartwright Creek agrees with the concerns of the TRA regarding wastewater utilities that have been created completely from the contribution from third-party developers. In such situations, Cartwright Creek believes that additional financial security is both appropriate and necessary to insure the continuing operation of the utility.

As previously stated however, Cartwright Creek was created and maintained through an equity contribution from its owners and not from any third-party developer. In this respect, Cartwright Creek is the same as any other traditional gas, electric or water utility approved by the TRA to operate in Tennessee. Solely because Cartwright Creek is categorized as a wastewater utility, under the TRA's proposed interim and permanent rules, we are now being required to provide additional financial security to the TRA. If the Company had conducted business as an approved gas, electric or water utility, then no additional financial security would be required. The Company feels that this classification of all wastewater utilities into a single group regardless of capital structure is unfair and not what the TRA first intended in addressing its concerns over the contributions of property from third-party developers.

In accordance with Section 1220-4-13-.07, Cartwright Creek requests that the Authority accept the establishment of a separate construction escrow fund as financial security in lieu of a bond issued by any duly licensed commercial bonding or insurance company or an irrevocable letter of credit by a financial institution acceptable to the Authority. Cartwright Creek proposes to establish a \$300,000 construction escrow account to be used for improvements to the Cartwright Creek wastewater treatment facility. Sheaffer International LLC will limit by an escrow agreement the use of these funds to pay direct construction costs of a Sheaffer Sludge Elimination System and repairs to the collection system. Sheaffer International will contribute its design services. This escrow account will be established by Cartwright Creek LLC at the First American Title Company, AmSouth Center, 315 Deaderick Street, Suite 2055, Nashville Tennessee 37230. Sheaffer International as manager of Cartwright Creek LLC proposes to fund this Escrow Account on or about May 15, 2006 following approval of this petition.

Sheaffer International LLC as manager of Cartwright Creek LLC has named Robert I. Cochrane, its Chief Financial Officer as the authorized agent to of the account will be Robert I. Cochrane. In response to the request for an personal security instruction, please find attached a copy of a Certificate of Insurance for Employee Theft and Dishonesty in the amount of \$500,000 for employees of Sheaffer International LLC.

Cartwright Creek believes that this proposed financial security serves the public interest by facilitating the construction of needed capital improvements at the existing facility. This system will allow Cartwright Creek to save approximately \$50,000 per year in reduced sludge handling costs. These savings will allow Cartwright Creek to become self-sustaining on a prospective cash flow basis, although a significant amount of deferred maintenance still exists. In addition, the proposed technology will significantly reduce the potential for offensive odors from the facility.

Wherefore, the Company prays:

1. That Notice be issued and a timely hearing be set regarding this Petition prior to the implementation of TRA's proposed interim and permanent rules;
2. That the Authority approve Cartwright Creek's requested exemption from providing further financial security.

PRODUCER	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED	INSURER A:	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	

COVERAGES

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> _____ GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE	\$
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
						MED EXP (Any one person)	\$
						PERSONAL & ADV INJURY	\$
						GENERAL AGGREGATE	\$
						PRODUCTS - COMP/OP AGG	\$
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> _____				COMBINED SINGLE LIMIT (Ea accident)	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN EA ACC	\$
						AUTO ONLY: AGG	\$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
							\$
							\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS	OTH-ER
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

CANCELLATION

	AUTHORIZED REPRESENTATIVE

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.