

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Eddie Roberson, Director
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Ron Jones, Director



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Nashville, Tennessee 37243-0505
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September 21, 2006

Mr. William W. Geary
President
Hickory Star Water Company
6171 W. Century Blvd., Suite 100
Los Angeles, CA 90045

RE: Docket No. 06-00176 - Compliance Audit of Hickory Star Water Company for the period January 1, 2005 through December 31, 2005

Dear Mr. Geary:

On August 31, 2006 the Audit Staff issued an audit report in the above Docket that has now been withdrawn. Following the consideration of additional information, Audit Staff will issue a revised audit report. Please respond to this Staff Data Request by September 29, 2006.

1. According to Section 7.6 of the Company's tariff, if a customer is inadvertently undercharged by the Company, the Company may recover the deficient amount within a period of six months. Has Hickory Star Water Company sent a corrected bill to customer WC56 to collect the amount of undercharge that resulted from misapplication of the company's tariff rates?
2. According to Section 7.5 of the Company's tariff, if a customer is inadvertently overcharged by the Company, at the customer's option, the Company shall credit or refund the excess amount paid by the customer. Has Hickory Star Water Company sent a corrected bill to its affiliate and refunded the amount overcharged that resulted from misapplication of the company's tariff rates?
3. Authority Rule 1220-4-13-.07(8) requires that the Authority, on a case by case basis, review a wastewater utility's financial condition to determine if an escrow account should be established to provide funds for emergency or non-routine system repairs or replacements. To assist the Authority in making this decision, please provide complete responses to the following questions.
 - a. Does the Company believe an escrow account would be beneficial should an emergency system repair be needed? Why or not?
 - b. How are non-routine system repairs currently funded?

- c. If such non-routine expenses are paid for by an affiliate entity, provide sufficient financial information to support the affiliate's ability to fund these expenses.
 - d. Should Hickory Star Water Company be required to establish an escrow account, how would the Company propose to fund the escrow account?
4. Provide a schedule showing the amounts expended by the Company by year for non-routine system operation and maintenance repairs for the last five years. Also, provide a description of each non-routine expense.
5. Does the Company maintain a physical office location where customers can speak to a Company representative or pay their water/wastewater bill in person? If so, provide the address of that office.

Thank you for cooperation in this matter. If you have any questions regarding this request, you may contact Butch Phillips or Ron Graham at ext. 183 or 164 respectively.

Sincerely,



Darlene Standley
Chief
Utilities Division