



CARLSBERG
MANAGEMENT COMPANY

6171 WEST CENTURY BOULEVARD, SUITE 100
LOS ANGELES, CALIFORNIA 90045

POST OFFICE BOX 92006

LOS ANGELES, CALIFORNIA 90009-2006

310 258-9000

FAX: 310 258-9009

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SEP 28 2006

2006 OCT 16 PM 6:20

TN REGULATORY AUTHORITY

TRA DOCKET ROOM

UTILITIES DIVISION

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UTILITIES DIVISION

September 26, 2006

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

Re: Hickory Star Water Company -- LK7 #06-00176

Dear Ms. Standley:

We received your letter dated September 21, 2006. Following are our responses:

1. A corrected bill was sent and the funds were collected.
2. A credit was given to the customer.
3. As we have explained to the TRA on several occasions, Hickory Star Water Company wastewater system is a septic system that requires no maintenance except for periodic pumping. There is no emergency or non-routine maintenance required. The septic tank has been in use for many years and works just fine.

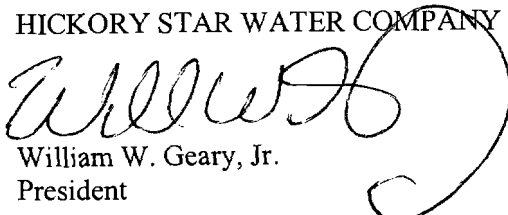
If the company needs to do repairs, it will pay for the repairs from its own funds.

In 2005, we gave the TRA a bond for \$20,000 without objecting even though it was unnecessary. We object very strongly to require us to have an escrow account to repair a system that does not need to be repaired.

4. There were no non-routine expenses.
5. This comment is really ridiculous since your auditors were in the office where customers can speak to a company representative and pay the water bill. In fact, the TRA representative has been there several times. The address is 1360 Hickory Star Road, Maynardville, TN 37807.

Sincerely yours,

HICKORY STAR WATER COMPANY



William W. Geary, Jr.
President

cc: Don Baltimore (w/TRA letter)
Jerry Cockrell (w/TRA letter)
Mike Churchill (w/TRA letter)