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April 4, 2008

Eddie Roberson, Chairman
Tennessee Regulatory Authority
460 James Robertson Pkwy.
Nashville, TN 37243-0505

filed electronically in docket office on 04/04/08

**Re: *In re: Petition of Tennessee Wastewater Systems, Inc. to Amend its
Certificate of Convenience and Necessity
Docket Number: 06-00259***

Dear Chairman Roberson:

This letter is submitted in response to the item listed on the Authority's April 7, 2008 conference agenda: Docket 06-00259, "Update on General Rate Case Filing as Set Forth in Settlement Agreement."

As you may recall, the settlement agreement between Tennessee Wastewater Systems, Inc. ("TWS") and Starr Crest Resorts II in Docket 06-00259 provided for the creation of a new sub-category of commercial properties called "overnight rentals." A copy of the settlement agreement, which was approved by the Authority, is attached.

At the time of the settlement agreement, TWS was also working on a general rate case and shared that information with counsel for Starr Crest Resorts. Following further discussions, the parties agreed, as set forth in the settlement, that TWS would not propose in its upcoming rate case, scheduled to be filed no later than December 31, 2007 "any increase in the minimum bill for overnight rental properties." It was acknowledged by the parties, however, that the TRA reserved for itself any final decisions on how rates are allocated among customers.

Following the settlement and the TRA's subsequent decision to apply the new "overnight rental" tariff to the other properties served by TWS, the utility continued work on its general rate case in anticipation of filing by December 31, 2007. As part of the process, TWS met with the Consumer Advocate Division in early December to discuss the proposed case. Since TWS had not previously filed a general rate case, TWS asked for the assistance of the Consumer Advocate Division in reviewing the draft filing and determining whether the requested increase was supported by adequate financial evidence.

That process is still continuing. If successful, it may result in the filing of a "negotiated" rate case in which both TWS and the Consumer Advocate Division agree on the reasonableness of the request. Such an agreement, if it can be accomplished, would likely save the parties and the Authority substantial time and resources.

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At this time, both the Consumer Advocate Division and TWS are actively working on the filing. TWS believes that the time spent working with the Consumer Advocate will, in the long run, benefit both parties, as well as the Authority and, perhaps, save everyone the expense of protracted litigation.

I hope this answers the Authority's questions on the status of this filing.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: 
Henry Walker

HW/djc

cc: Christopher W. Conner
Robert G. Wheeler, Jr.

Enclosure



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TRA. DOCKET ROOM

July 10, 2007

Eddie Roberson, Chairman
Tennessee Regulatory Authority
460 James Robertson Pkwy
Nashville, TN 37243-0505

**Re: Petition of Tennessee Wastewater Systems, Inc. to Amend its Certificate
of Convenience and Necessity
Docket No. 06-00259**

Dear Chairman Roberson:

Tennessee Wastewater Systems, Inc. ("TWS") proposes to amend its existing commercial tariff by adding a new sub-category of commercial properties: overnight rentals. As shown on the attached tariff, the revised tariff includes the following changes.

- ❖ The minimum bill (for average daily usage up to 300 gallons per day) will be \$55.00.
- ❖ Usage charges above the minimum amount will be based on the customer's usage, rather than on the designed capacity of the system serving the customer.
- ❖ The paragraph on capital improvements is clarified to indicate that a customer may only be charged for capital improvements on that portion of the plant designed and dedicated to serve only that customer.

TWS also agrees that it will initially apply the minimum bill to all overnight rentals but will increase the bill based on usage as the usage is measured by TWS.

Finally, TWS agrees that in its next general rate case, scheduled to be filed no later than December 31, 2007, TWS will not propose to change the \$55.00 minimum bill for overnight rental properties nor will it propose to change the method of billing overnight rental properties based on usage, as opposed to designed capacity.

TWS has agreed with Starr Crest Resort, an intervenor in this case, that if this proposed settlement and tariff are approved by the Authority, Starr Crest will withdraw from these proceedings.

Exhibit A

July 10, 2007

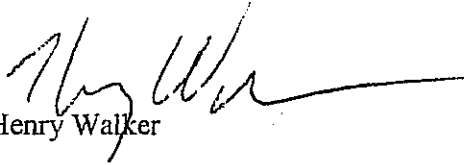
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Robert Wheeler, counsel for Starr Crest, has reviewed this letter and accompanying tariff and has authorized me to state that this letter and tariff accurately describe the settlement and that Starr Crest will withdraw upon approval of this agreement.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By:


Henry Walker

HW/djc

Enclosure

cc: All parties