

TENNESSEE REGULATORY AUTHORITY



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460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Eddie Roberson, Chairman
Pat Miller, Director
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July 30, 2007

Mr. John Powell
Kings Chapel Capacity, LLC
1413 Plymouth Drive
Brentwood, TN 37027

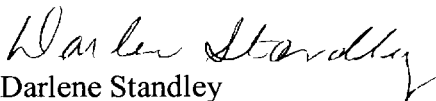
Re: Docket No. 07-00062 - To Determine The Reserve/Escrow Requirement For
Kings Chapel Capacity, LLC Pursuant To TRA Rule 1220-4-12-.07(8)

Dear Mr. Powell,

This docket was opened pursuant to TRA Rule 1220-4-13-.07(8) for the purpose of determining whether there exists a need for Kings Chapel Capacity, LLC ("Kings Chapel") to establish or maintain a reserve/escrow account for non-routine operation and maintenance, which would include certain plant replacement. To assist the Authority in its financial review of Kings Chapel, please provide the information requested on the attached data request.

Please provide your response no later than 2:00 P.M. on Tuesday August 7, 2007 and reference Docket No. 07-00062. Pursuant to TRA Rule 1220-1-1-.03(4), please submit either (a) the original and thirteen (13) copies or (b) four (4) written copies and an electronic version. Should you have any questions regarding this request, please contact Ron Graham at (615) 741-2904 (extension 164) before responding.

Sincerely,


Darlene Standley
Chief of Utilities Division

C: Docket File

Attachment

1. Please complete the following table for the composite collection and treatment systems owned by your Company.¹

Average Service Life – Expected service life in years that the Company uses to calculate depreciation for each category of plant in service as reflected in the annual report filed with the Authority.

Remaining Service Life – The weighted average remaining service life of the collection system plant and the treatment system plant whose individual components may have a different remaining service life based on the year the component was placed into service.²

Original Cost – The total booked cost of all components associated with the system.

Other Systems – Other plant accounts maintained by the Company that are not part of either the Collection System or Treatment System.

	Average Service Life (Yrs.)	Remaining Service Life (Yrs.)	Original Cost (\$)
Collection System			
Treatment System			
Other Systems			

Example

ABC Utility has a collection system comprised of 3 components. Each component in that plant account has an average service life of 50 years. Component 1 with original cost of \$50,000 has just been placed in service. Component 2 with an original cost of \$100,000 has been in service 2 years. And Component 3 with an original cost of \$75,000 has been in service 5 years. Weighted average remaining service life of the collection system is calculated as follows:

$$((\$50,000 * 50 \text{ yrs.}) + (\$100,000 * 48 \text{ yrs.}) + (\$75,000 * 45 \text{ yrs.})) / \$225,000 = \mathbf{47.4 \text{ years}}$$

This information is entered into the table as follows:

¹ Information regarding service life and original total booked cost should be provided only for those systems that are completed and currently serving customers. Information requested is for total company, not by separate wastewater system territories.

² See example provided.

	Average Service Life (Yrs.)	Remaining Service Life (Yrs.)	Original Costs (\$)
Collection System	50	47.4	\$225,000

2. Please complete the table below showing the total³ number of residential wastewater customers at the points in time as indicated.

	Total Currently Served	Total Projected 12/31/07	Total Projected 12/31/08	Total Projected 12/31/09	Maximum Projected To Serve With Existing Systems
Number of Residential Customers					

3. If the Company's tariff contains a commercial rate, does that commercial rate include an escrow amount for capital plant replacement?
4. If the answer above is yes:
- (a) What is the monthly escrow amount?
 - (b) How was this amount determined?
 - (c) For what purpose can the escrow funds be used?
 - (d) Are the escrow funds segregated into a separate account for reporting purposes?
5. How many total commercial customers does the Company have?

³ Number of customers is for the total company, not each separate wastewater system territory.