

# TENNESSEE REGULATORY AUTHORITY

Eddie Roberson, Chairman  
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460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

August 24, 2007

Mr. Bruce Meyer  
Cartwright Creek, LLC  
1551 Thompson's Station Road West  
Thompson Station, Tennessee 37179

RE: Petition of Cartwright Creek, LLC to amend its existing Certificate of Public Convenience and Necessity to provide service in the Stillwater Development in Williamson County, Tennessee. (Docket No. 07-00180)

Dear Mr. Meyer:

A Petition was filed in this Docket on July 31, 2007. To assist the Authority in its review of Cartwright Creek, LLC's ("Cartwright Creek") Petition to amend its Certificate of Convenience and Necessity to provide wastewater services at Stillwater Development in Williamson County, Tennessee, please provide the following information:

1. Please state the telephone number, fax number, mailing and physical address of Cartwright Creek, LLC.
2. Please provide a statement that Cartwright Creek, LLC agrees to comply with all Tennessee Regulatory Authority policies, rules and regulations.
3. Please provide an estimated timeframe for construction of the system including estimated date construction will begin and the date it is estimated to end.
4. Provide a copy of the plans and specs as provided to the Tennessee Department of Environment and Conservation ("TDEC").
5. Has Cartwright Creek, LLC submitted its application to TDEC. If not, when will it be submitted?
6. Please provide written documentation for handling after-hour emergencies.
7. To assist the Authority in analyzing the financial capability of the Company, please respond to the following:
  - a. Based on Cartwright Creek's Annual Report filed with the Authority for 2006, the Company is operating at a loss. Please provide sources of funding that will be available going forward to pay for the additional expenses for operating the sewer system in the Stillwater Development.
  - b. Provide the total estimated amount of contributed capital to Cartwright Creek, LLC from Eagle Investments, LLC (owner of the property), Stillwater Development and the Burns Family (developers of the system). What is the estimated amount of contributed capital from each of the

- parties? For all contributed capital, please itemize all amounts, e.g. land, pumps, pipe, buildings...that make up the contributed capital amount.
- c. The Petition filed on September 22, 2004, Docket No. 04-00307 (*Petition For Approval To Transfer Cartwright Creek Utility Company, Inc.'s Authority To Provide Wastewater Utility Services To Cartwright Creek, LLC*) stated that the buyer intended to inject significant capital to renovate current facilities, improve the quality and efficiency of services offered to customers, and with the appropriate approval extend the updated facilities and improved services to additional customers. Please provide dates and dollar amounts of funds that have been made available to Cartwright Creek by Shaeffer since it purchased 90% of Cartwright Creek in 2004.
  - d. What is the status of the Shaeffer Sludge Elimination System that it agreed to fund in Docket No. 04-00358<sup>1</sup> and to complete by December 2006 in Docket No. 06-00005?<sup>2</sup>
  - e. What is the status of the Cartwright Creek Grassland facility being expanded?<sup>3</sup>
  - f. What is the current status of the Waterbridge development approved in Docket No. 04-00358?
  - g. Developers were identified in Docket No. 04-00358 that had an interest in entering into a contract for additional taps. How many taps have been sold to these developers?<sup>4</sup>
  - h. Please provide a statement detailing any and all improvements to facilities (by system) made by Cartwright Creek, LLC since December 2004.
  - i. Based on the 2006 Annual Report filed in April 2007, \$174,663 was expensed to Contractual Services. Please provide a detailed listing of each contractual service provided and how much Cartwright Creek paid for each service provided. Also, provide a copy of each contract.
  - j. How many customers does Cartwright Creek, LLC serve today? How many customers did Cartwright Creek serve at December 31, 2004?
  - k. Please discuss how the expenses identified on Stillwater's Pro-Forma Income Statement (Exhibit 5) were calculated including all underlying rationale and assumptions.
8. Provide the most current interim financial statements for Cartwright Creek, LLC including Balance Sheet, Income Statement and Statement of Cash Flows.

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<sup>1</sup> In Docket No. 04-00358, Data Response filed December 8, 2004, Shaeffer stated that it intended to provide funding of \$400,000 to install a Sheaffer Sludge Elimination System on the site. Sheaffer stated that the new system would eliminate Cartwright Creek's need to haul sludge from the facility through a supplemental process which mineralizes the biosolids.

<sup>2</sup> *Petition Of Cartwright Creek Utility Company, A Division Of Sheaffer International, L. L. C. To Amend Its Certificate Of Convenience And Necessity In Order To Provide Service To The Burrus Ridge Development In Robertson County, Tennessee*, Data Response, #7 (04/11/06).

<sup>3</sup> *Cartwright Creek's Petition to Amend Certificated of Public Convenience and Necessity to Provide Wastewater Utility Service*, Docket No. 04-00358, Data Response, (12/08/04), Shaeffer stated that they had identified investment partners to provide the necessary financial resources to expand the Cartwright Creek Grassland facility

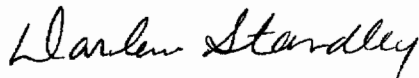
<sup>4</sup> *Data Response, Response #2*, Docket No. 04-00358 (December 8, 2004).

9. Also, provide the most recent fiscal year end financial statements for Shaeffer International, LLC including Balance Sheet, Income Statement and Statement of Cash Flows.
10. Identify all permit violations issued by any state agency such as TDEC and federal regulatory agencies involving your company or affiliated entities since January 1, 2005. Identify the nature of the permit violation, which governmental agency or office issued the permit violation and how the permit violation was resolved.
11. Please submit a proposed tariff, including the residential and commercial tap fees and monthly rates that Cartwright Creek proposes for the Stillwater Development. What rate does Cartwright Creek propose to charge the golf course and clubhouse facility in the Stillwater Development? Please explain the rationale supporting these rates. Include in your answer an explanation of why Cartwright Creek is proposing a rate that results in a loss for the first three (3) years.
12. Please provide definitions within the tariff for commercial and residential customers.
13. If an escrow amount is contained in the tariff rates, please provide the amount and justification for the amount.
14. Will Williamson County require Cartwright Creek to obtain a bond for the Stillwater Development? If so, provide an estimate of the bond cost and how much Stillwater Residents will be assessed monthly to recover these costs. Also, please identify how the charge will appear on the customer bill. If no bond is required, please explain and include any documentation from Williamson County stating that a bond will not be required.
15. Explain the rationale for using the existing four bedroom rate for Cartwright Creek in forecasting revenues (Exhibit 5).
16. The Pro-Forma Income Statement provided in Company Exhibit 5 does not appear to include tap fee or monthly revenue from the commercial customer (golf course and clubhouse) nor any tap fee revenue from the residential customers. Please provide a revised pro-forma which includes these revenues.

Please provide your response no later than 2:00 P.M. on Tuesday September 4, 2007 and reference Docket No. 07-00180. 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 Patsy Fulton at 615-741-2904 ext. 193 before responding.

Sincerely,



Darlene Standley  
Chief of Utilities Division

C. Docket File