

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)
)
PETITION OF HICKORY STAR) **DOCKET NO. 08-00051**
WATER COMPANY, L.L.C. FOR)
APPROVAL OF ADJUSTMENT OF ITS)
RATES AND CHARGES)

PETITION

Hickory Star Water Company, L.L.C. ("Hickory Star Water"), by and through counsel, pursuant to Tenn. Code Ann. §65-5-203 and the Rules of the Tennessee Regulatory Authority ("TRA" or "Authority"), respectfully requests that the TRA approve its petition for an adjustment of its rates and charges for water services. In view of the nearly 50% increase in water costs to Hickory Star Water, Petitioner respectfully requests an expedited hearing. In support of this petition, Hickory Star Water states as follows:

1. Full name and address of the principal place of business of the petitioner are:

Hickory Star Water Company, L.L.C.
1360 Hickory Star Road
Maynardville, TN 37807-3218

2. All correspondence and communications with respect to this petition should be sent to the following:

H. LaDon Baltimore
Farrar & Bates, LLP
211 7th Avenue North
Suite 420
Nashville, TN 37219-1823
Phone: (615) 254-3060
Fax: (615) 254-9835
E-mail: don.baltimore@farrar-bates.com

3. Hickory Star Water is incorporated under the laws of the State of Delaware and was authorized to do business in the State of Tennessee by the Secretary of State on August 4, 1998. Hickory Star Water is a public utility pursuant to the laws of the State of Tennessee and its public utility operations are subject to the jurisdiction of the Authority. Hickory Star Water was granted its original certificate of convenience and necessity by the Authority on November 24, 1999 in docket no. 99-00485.

4. Hickory Star Water is a wholly owned subsidiary of Hickory Star, L.L.C. which owns the Hickory Star Marina and Campground in Union County, Tennessee.

5. Prior to the formation of Hickory Star Water, the area was served by a spring near Norris Lake. Hickory Star Water was formed at the request of the Division of Water Supply of the State of Tennessee because of a concern over groundwater intrusion into the spring. There was also concern that the spring would not service the increased number of customers in the area. Hickory Star Water currently serves 119 customers. The original water lines in the service area were very old and the Division of Water Supply of the State of Tennessee ordered Hickory Star Water to install new water lines. The installation of such new water lines was completed in three (3) phases over three (3) years at a cost of \$61,000. Hickory Star Water's purpose is to fulfill the directives of the Division of Water Supply of the State of Tennessee and serve the customers of Hickory Star Marina & Campground. The company, even after the recent rate increase, incurred a net operating loss of \$24,599 for the fiscal year ending December 31, 2007.

6. Hickory Star Water's existing rates and charges do not provide it sufficient revenue to cover all of the costs it incurs in providing adequate water service to its customers.

The Authority approved Hickory Star Water's existing rates and charges by Order dated September 3, 2004.¹

7. Hickory Star Water has an agreement with the City of Maynardville ("Maynardville") in which Hickory Star Water purchases water from Maynardville and resells such water to the customers of Hickory Star Marina & Campground. Attached hereto as Exhibit 1 is the Water Servicing Agreement between Hickory Star Water and Maynardville. In addition to the payments to Maynardville per gallon, Hickory Star Water also pays Maynardville a fixed monthly fee of \$1,623 per month. Such fixed fee cannot be increased.

8. Effective September 1, 2007, Maynardville increased the rates charged Hickory Star Water to purchase water. Attached as Exhibit 2 is a chart showing Maynardville's previous rates, Maynardville's new rates now in effect, and the percentage increase. A copy of the Maynardville ordinance adopting such new rates is attached as Exhibit 3. The invoices of Maynardville to Hickory Star Water reflecting the new rates are attached as Exhibit 4.

9. Under the present tariff, Hickory Star Water is losing money annually. With the increase in charges by Maynardville, the loss is greater. Hickory Star Water incurred a net operating loss of \$24,599 for the fiscal year ending December 31, 2007. Hickory Star Water's 2007 Annual Report to the Authority is attached hereto as Exhibit 5. Assuming no increase in Hickory Star Water's tariff rates, Hickory Star Water is projected to experience a net operating loss of \$29,069 for the fiscal year ending December 31, 2008. Such a return is not fair and reasonable and is confiscatory. See Exhibit 6, "2008 BUDGET/COST INCREASE".

¹ See, In Re: Petition for Approval of the Minimum Water Rates for the Area Served by Hickory Star Water Company, L.L.C., docket no. 04-00044, Order, September 2, 2004

10. The requested rates are set forth in Exhibit 7. A comparison of the existing rates and requested rates is set forth in Exhibit 8. Proposed tariff revision sheets are attached as Exhibit 10.

11. Even with the requested rate increase, Hickory Star Water is projected to experience a net operating loss of \$7,871 for the fiscal year ending December 31, 2008. See Exhibit 10, "2008 BUDGET/RATE INCREASE AND COST INCREASE". Such projections are based on a rate increase in January, 2008. Due to the filing date of their petition and respectively assuming the Authority grants their petition, the actual projected loss will be greater because the increased revenue will not start in January, 2008, but at a later date

12. Hickory Star Water also requests an increase in its sewer tariff rates. In its fiscal year ending December 31, 2007, Hickory Star Water paid \$17,660 for purchased sewage treatment. Total sewer revenue was \$17,305. Hickory Star Water requests to charge the same sewer rates as the City of Maynardville. See Exhibits 2, 3, and 9. The rates charged by Maynardville are a good market indicator for such rates. Such rates will result in additional revenue that may exceed costs. Such excess revenue above costs will be used to partially offset the losses for water services.

13. Hickory Star Water avers that the proposed rate changes are necessary and proper and are designed to meet the present and future needs of its customers and future customers in its service area in an economically feasible manner. Hickory Star Water's proposed rates are fair and reasonable and in the best interests of Hickory Star Water and the customers it services. Therefore, the requested rates should be approved.


14. The pre-filed testimony of William W. Geary, Jr., Managing Member of Hickory Star Water Company, is attached following the exhibits.

WHEREFORE, Hickory Star Water Company, L.L.C. respectfully requests the Authority

to:

1. Set an expedited hearing;
2. Approve its proposed rate increases; and
3. Grant any other relief as the Authority may deem just and proper.

Respectfully submitted,

A handwritten signature in cursive script, reading "H. LaDon Baltimore".

H. LaDon Baltimore, BPR #003836

Farrar & Bates, L.L.P.

211 Seventh Avenue North, Suite 420

Nashville, TN 37219

(615) 254-3060

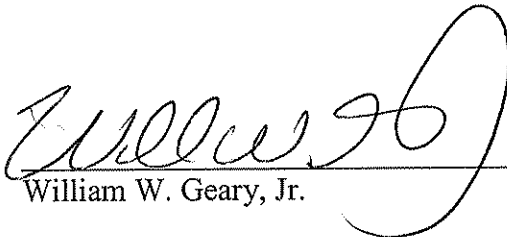
(615) 254-9835 FAX

Counsel to Hickory Star Water Company, LLC

VERIFICATION


State of California)
)
County of Los Angeles)

I, William W. Geary, Jr., make oath that I am the Managing Member of Hickory Star Water Company, the Petitioner herein; that I have read the foregoing Petition and contents thereof, and that the contents thereof are true to the best of my knowledge, information, and belief.



William W. Geary, Jr.

Subscribed and sworn to (or affirmed) before me on this 17th day of March 2008, by William W. Geary, Jr. proved to me on the basis of satisfactory evidence to be the person who appeared before me.



Notary Public

My Commission Expires:

3/16/2010



H. LaDon Baltimore

LIST OF ATTACHMENTS

EXHIBIT 1	WATER SERVICING AGREEMENT BETWEEN CITY OF MAYNARDVILLE AND PETITIONER
EXHIBIT 2	RATE COMPARISONS
EXHIBIT 3	CITY OF MAYNARDVILLE ORDINANCE INCREASING RATES
EXHIBIT 4	INVOICES OF NEW RATES BY CITY OF MAYNARDVILLE
EXHIBIT 5	PETITIONER'S 2007 ANNUAL REPORT TO TENNESSEE REGULATORY AUTHORITY
EXHIBIT 6	2008 BUDGET/COST INCREASE
EXHIBIT 7	REQUESTED RATES
EXHIBIT 8	COMPARISON OF EXISTING AND REQUESTED RATES
EXHIBIT 9	PROPOSED TARIFF REVISION SHEETS
EXHIBIT 10	2008 BUDGET/RATE INCREASE AND COST INCREASE
ATTACHMENT	PRE-FILED DIRECT TESTIMONY OF WILLIAM W. GEARY, JR.

EXHIBIT 1

WATER SERVICE AGREEMENT BETWEEN CITY OF MAYNARDVILLE AND HICKORY STAR WATER

WATER SERVICING AGREEMENT

This Water Servicing Agreement (the "Agreement") is made and entered into this 12 day of may, 1999, by and between HICKORY STAR WATER COMPANY, L.L.C., a Delaware Limited Liability Company, authorized and qualified to do business in the State of Tennessee ("Hickory"), and THE CITY OF MAYNARDVILLE OF THE STATE OF TENNESSEE (the "City").

RECITALS

A. Hickory desires to obtain water from the City's water system to service that certain area located in Union County, Tennessee, described on Exhibit "A" attached hereto and made a part hereof (the "Serviced Area").

B. The City is willing to extend the City's water system to the Serviced Area, provided that Hickory undertakes the servicing of individual customers within the Serviced Area.

NOW, THEREFORE, in consideration of their mutual promises contained herein and other valuable consideration, the receipt and sufficiency thereof is hereby acknowledged, the parties agree as follows:

1. Extension of City's Water System.

As soon as practicable following the execution hereof, the City shall, at its sole cost, construct all necessary improvements and install all necessary water lines and equipment to extend the City's water system to the southern boundary of the Serviced Area (the "Connection"). Without limiting the generality of the foregoing, the City shall install improvements, water lines and equipment adequate for servicing the entire Serviced Area, assuming full occupancy as projected by Hickory, including, without limitation, a master water meter for the entire Serviced Area and a 100,000 gallon water storage tank installed at the Connection. Said extension of the City's water system to the Serviced Area (the "Extension") shall be completed within one (1) year from the date of closing of the loan by the Farmers Home Loan Administration (the "FHA Loan") to the City for the purpose of financing the Extension (the "Completion Date"). The obligations of Hickory and the City under this Agreement are each conditioned upon the closing of the FHA Loan. In the event the FHA Loan fails to close by the third (3rd) anniversary of the date hereof, this Agreement shall terminate automatically and thereafter neither party shall have any further obligation hereunder.

2. Water Services to be Provided by the City.

On or before the Completion Date, the City shall service City water to Hickory at the Connection in a quantity sufficient to meet the requirements, from time to time, of all existing and future residential and commercial water users within the Serviced Area. Hickory shall pay to the City a one time tap-in fee of \$800 or cost of tap-in installation, whichever is greater, and a security deposit of \$50 prior to commencement of services by the City. The City shall charge Hickory standard water usage fees that are customarily charged to residents outside the City limits in Union County, Tennessee. In addition to such standard water usage fees, Hickory shall pay to the City a basic service charge in the sum of \$1,623 per month. The Extension and the City's provision of water services hereunder, including without limitation the quality of water, shall comply with all applicable federal, state and local laws, statutes, rules and regulations.

3. Water Services Provided by Hickory.

Hickory shall have the sole right and authority to provide water services, using the City water it purchases, to all residential and commercial water users in the Serviced Area and collect fees and charges for such services at rates established by Hickory in its sole discretion. Hickory shall be solely responsible for the installation of all water lines, equipment and meters required for such services. Provided, however, all installations of water lines, equipment and meters shall conform to the then existing specifications and requirements on file with the City. Hickory shall have the right to sell or otherwise transfer said water servicing business to any third party, provided that the transferee assumes the obligation to pay the water usage fees, the \$1,623 per month basic service charge described in paragraph 2 above and further assumes all other requirements and obligations as are found in this Water Servicing Agreement.

4. Continued Service.

In the event Hickory fails to pay its water bill in full for two consecutive months, Hickory shall offer to sell its water system to the City at a mutually agreeable price. Provided, however, the City shall have no obligations whatsoever to purchase said water system. If the City wishes to purchase the water system, and in the event the parties cannot agree upon a price for the water system, the price for the system shall be settled by arbitration in accordance with the laws of arbitration of the State of Tennessee. If Hickory does not continue to provide water service during such negotiations or arbitration, the City may continue to provide water service directly to

Hickory's customers pending the transfer of its system to the City in the event, and only in the event, that the City should, at its sole and only discretion, desire to purchase said water system. If the City does not desire to purchase the water system, Hickory shall assume and have complete liability and responsibility to provide water service to Hickory's customers and Hickory shall defend, indemnify and hold the City harmless of and from any and all costs, damages and fees associated with Hickory's failure to provide water service or Hickory's failure to comply with any and all terms of this Agreement.

5. Certification by Tennessee Regulatory Authority.

As a condition of service under this Agreement, Hickory shall obtain a certificate of convenience and necessity from the Tennessee Regulatory Authority as required by state law.

6. Memorandum of Agreement.

Concurrently with the execution hereof, the City and Hickory shall execute a Memorandum of Agreement in the form of Exhibit "B" attached hereto and made a part hereof, with proper acknowledgment, and cause such Memorandum to be recorded in Union County, Tennessee.

7. Authority.

Each party hereby warrants and represents that it has the authority to enter into this Agreement and the signatures hereupon shall bind said parties.

8. Notices.

Any notices, requests, demands, instructions or other communications to be given under this Agreement shall be in writing and shall be delivered personally, sent by overnight courier or by registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

To Hickory:	Hickory Star Water Company, L.L.C.
	6171 W. Century Boulevard
	Suite 100
	Los Angeles, California 90045
	Attention: Mr. William W. Geary, Jr.

With a copy to: Sandler and Rosen, LLP
1801 Avenue of the Stars
Suite 510
Los Angeles, California 90067
Attention: Ming-chu C. Rouse, Esq.

To the City: City of Maynardville
P.O. Box 217
Maynardville, Tennessee 37807
Attention: Maynardville City Manager

With a copy to: Darryl W. Edmondson, Esq.
120 Court Street
P. O. Box 789
Maynardville, Tennessee 37807

Said addresses may be changed from time to time by notice sent in the manner set forth above. All notices shall be deemed delivered on the date personally delivered, or upon receipt if sent by overnight courier, or forty-eight (48) hours after the date deposited into the United States mail.

9. Entire Agreement.

This Agreement contains all of the agreements of the parties hereto with respect to the matters contained herein, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties hereto. This Agreement shall be governed by laws of the State of Tennessee.

10. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

11. Counterparts.

This Agreement and any amendment or supplements thereto may be executed in counterparts, and all counterparts together shall be construed as one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

"Hickory"

HICKORY STAR WATER COMPANY, L.L.C.,
a Delaware limited liability company

By: Hickory Star, L.L.C., a Delaware limited liability
company, its sole member

By: Carlsberg Recreational Properties, Inc., a Cal. corp.

Its: sole member

By: 

"The City" William W. Geary, Jr., President

THE CITY OF MAYNARDVILLE

By: 

Its: CITY manager

LEGAL DESCRIPTION

EXHIBIT "A"

SITUATED in District No. 4 of Union County, Tennessee, and being known and designated as Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 34, 36, 38, 40, 42, 44, 49, 50, 51, 52, and the "Proposed Playground" property which fronts on Hickory Road and is now depicted as Tax Parcel 73.01 on Map 48KA, all in Hickory Star Park, a subdivision to Union County, Tennessee, as shown by map of said subdivision of record on the last page attached to Warranty Book E, Volume 3, in the Union County Register's Office, said lots and parcel being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

EXHIBIT "B"

SITUATED in District No. 4 of Union County, Tennessee, and being known and designated as Lots 190, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 106, 108, 110, 112, 114, 116, 118, 120, 122, 124, 126, 128, 130, 132, 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154, 156, 158, 160, 162, 164, 166, 168, 102, 103, 107, 109, 111, 113, 115, 117, 119, 121, 123, 125, 127, 129, 131, 133, 135, 137, 139, 141, 143, 145, 147, 149, 151, 153, 155, 157, 159, 161, and 163 in Hickory Star Park Subdivision No. 2, a Subdivision to Union County, Tennessee, as shown by map of said subdivision of record in Plat Cabinet A, Slide 11, in the Union County Register of Deeds Office, said lots being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

EXHIBIT "C"

SITUATED in District No. 4 of Union County, Tennessee, and being known and designated as Lots 213, 214, 215, 217, 219, 221, 223, 225, 227, 229, 231, 216, 218, 220, 222, 224, 226, 228, 230, 232, 234, 236, and 238 in Hickory Star Park Subdivision No. 3, a Subdivision to Union County, Tennessee, as shown by map of said subdivision of record in Plat Cabinet A, Slide 18, in the Union County Register of Deeds Office, said lots being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

EXHIBIT "D"

SITUATED in District No. 4, of Union County, Tennessee, and being known and designated as Lots 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of Unit 1, Hickory Star Subdivision, a subdivision to Union County, Tennessee, as shown by map of said subdivision of record in plat Cabinet A, Slide 185, in the Union County Register of Deeds Office, said lots being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

EXHIBIT "E"

SITUATED in District No. 4 of Union County, Tennessee, and being a certain parcel of property identified as Tax Identification No. 04-056-041.00, and being all that property described in that deed of record in Warranty Book J, Volume 3, page 216, in the Union County Register of Deeds Office, said property being more particularly described in said deed attached hereto.

EXHIBIT "F"

SITUATED in District No. 4 of Union County, Tennessee, and being all of that property identified as Tax Identification No. 04-048-003.00, which parcel contains 66.28 acres, more or less, which property is described in those deeds of record in Warranty Book O, Volume 3, page 182; Warranty Book Q, Volume 4, page 536; and Warranty Book Q, Volume 4, page 539, and in such other deeds to Carl Nelson, Jr., as may appear of record in the Union County Register of Deeds Office. Copies of the three mentioned deeds are attached hereto.

EXHIBIT "G"

SITUATED in District No. 4 of Union County, Tennessee, and being all of that property conveyed to Hometown Hickory Star, L.L.C., a Delaware limited liability company, by Warranty Deed from TTP, Inc., a California corporation, dated December 12, 1997, of record in Warranty M, Series 6, page 443, in the Union County Register of Deeds Office, said property being more particularly described on said deed attached hereto.

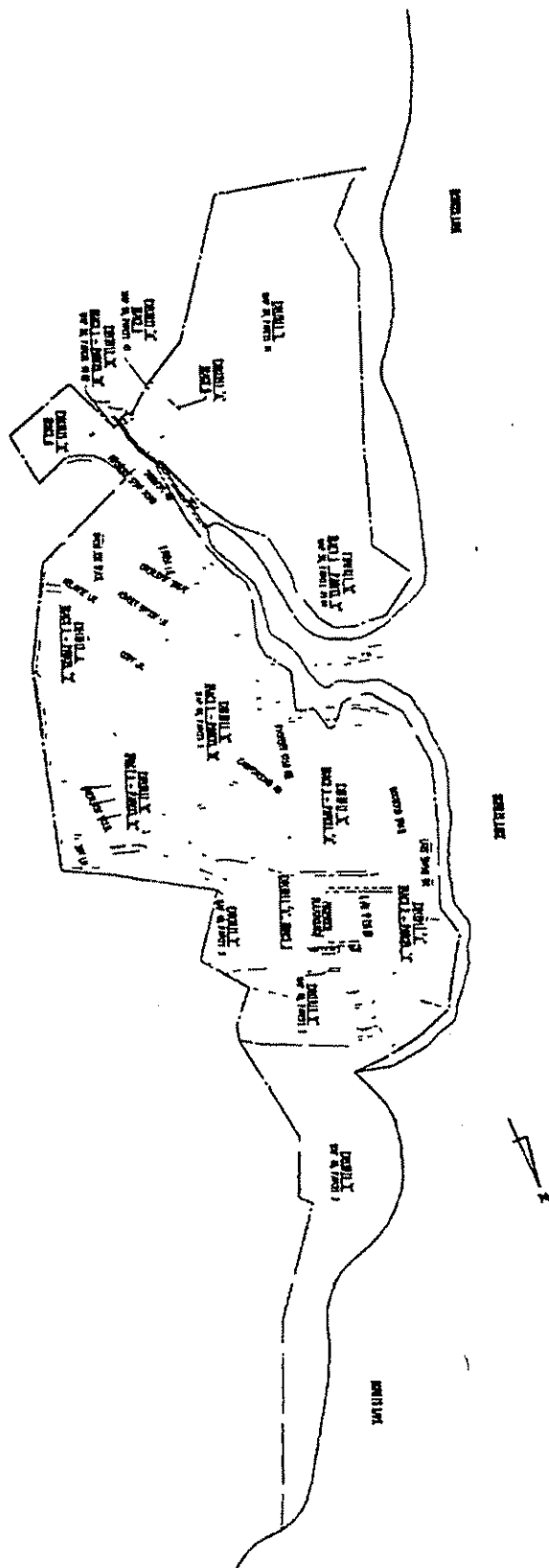


EXHIBIT 2

COMPARISON CHART

**CITY OF MAYNARDVILLE WATER CHARGES TO HICKORY STAR WATER
IN 2005 AND 2008 WITH PERCENTAGE INCREASE**

Hickory Star Water Company

CITY OF MAYNARDVILLE WATER CHARGES TO HICKORY STAR WATER IN 2005 AND 2008 WITH PERCENTAGE INCREASE

<u>Rate Structure</u>	<u>2005</u>	<u>2008</u>	<u>% Increase</u>
Monthly Fee	\$1,623	\$1,623	0%
First 2,000 gallons	\$12.25/1000 gal	\$18.48/1000 gal	51%
Next 8,000 gallons	\$4.55/1000 gal	\$6.72/1000 gal	48%
Next 10,000 gallons	\$4.25/1000 gal	\$6.01/1000 gal	41%
Next 30,000 gallons	\$3.80/1000 gal	\$5.47/1000 gal	44%
All over 50,000 gallons	\$3.50/1000 gal	\$5.10/1000 gal	46%

EXHIBIT 3

ORDINANCE NO. O-2007- 16**AN ORDINANCE TO ADOPT A SCHEDULE OF CHARGES, FEES AND RATES
FOR WATER AND WASTEWATER SERVICES**

WHEREAS, the City of Maynardville (the "City") operates a utility system which provides water and wastewater services to the residents of the City and the service area outside the corporate limits of the City; and

WHEREAS, the City is required pursuant to state law and its covenants with the holders of its water and wastewater bonds and other obligations to set its rates at a level sufficient to fund its operations, debt service and depreciation on its facilities and equipment related to its utility operations; and

WHEREAS, to comply with its obligations the City, acting through its Board of Commissioners, desires to establish charges, fees and rates for water and wastewater services.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF MAYNARDVILLE:

SECTION 1: Section 18-116 of the Maynardville Municipal Code is amended by deleting Section 18-116 in its entirety.

SECTION 2: Schedule of charges, fees and rates.

Water Rates

<u>Gallons per month</u>	<u>Rate inside the City</u>	<u>Rate outside the City</u>
< 2000	\$12.32 minimum	\$18.48 minimum
2,000 – 10,000	\$4.48 per 1,000 gallons	\$6.72 per 1,000 gallons
10,000 – 20,000	\$4.01 per 1,000 gallons	\$6.01 per 1,000 gallons
20,000 – 50,000	\$3.64 per 1,000 gallons	\$5.47 per 1,000 gallons
> 50,000	\$3.40 per 1,000 gallons	\$5.10 per 1,000 gallons

Wastewater Rates

<u>Gallons per month</u>	<u>Rate inside the City</u>	<u>Rate outside the City</u>
< 2000	\$13.55 minimum	\$20.33 minimum
2,000 – 10,000	\$4.93 per 1,000 gallons	\$7.39 per 1,000 gallons
10,000 – 20,000	\$4.42 per 1,000 gallons	\$6.62 per 1,000 gallons
20,000 – 50,000	\$4.01 per 1,000 gallons	\$6.01 per 1,000 gallons
> 50,000	\$3.73 per 1,000 gallons	\$5.60 per 1,000 gallons

Utility Service Fee:

Residential: \$75.00

Commercial and Industrial: \$200.00 or two and one-half (2.5) times the larger of the following amounts: (1) the highest monthly bill of the customer incurred for utility services furnished by the City during the preceding twelve (12) month period; or (2) the highest monthly bill for such utility services as reasonably estimated by the City's authorized representative for the ensuing twelve (12) month period.

Connection or tap fees:

Water line size
1" or less \$600.00 plus labor and materials and cost of road crossing (bore)

Greater than 1": \$600 plus labor and materials

Sewer: \$600.00 plus labor and materials

Meter Tap Fees:

	<u>MUD</u>
5/8"	\$600
3/4"	\$600
1"	\$600
1 1/2"	\$600
2"	\$600
3"	\$600
4"	\$600
6"	\$600

2" fire line	\$1,000
4" fire line	\$2,000
6" fire line	\$2,400
8" fire line	\$3,000

*Plus cost of meter installation, road crossing, and all appurtenances as necessary to complete the connection. Fees due upon application for service.

Connection fee: \$30.00
25.00 additional if service is to be turned on after 3:30 on same day as request.
20.00 water spigot

Meter check fee: \$30.00

Fire Service Charges:

Monthly Service Charge Per Connection:

MUD¹

4"	68.00
6"	100.00
8"	200.00

¹per fire line connection

PLANS REVIEW FEE SCHEDULE

Water line review in subdivisions with hydraulics provided:

Initial review	150.00/sheet
Follow up review	80.00/sheet

Water line review in subdivision without hydraulics provided:

Initial review \$125.00/sheet/hourly
Rate to develop hydraulics of \$80.00/hr. if development is within bounds of current model hydraulic can be developed for a lump sum of \$350.00

Any follow up would be charged at \$80.00/hr.*

Sewer reviews of subdivisions 200% of water line fee

*Follow up service is required to provide a second review if problems are pointed out in the initial submittal.

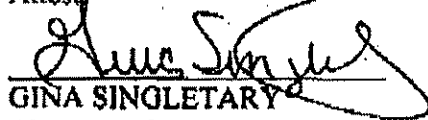
SECTION 3: This ordinance and the charges, fees and rates provided herein shall take effect on September 1, 2007.

Passed First Reading JULY 10, 2007.

Passed Second Reading AUGUST 14, 2007.


H. E. RICHARDSON, Mayor

Attest


GINA SINGLETARY
City Recorder

Approved as to form:


JON G. ROACH
City Attorney

EXHIBIT 4

SERVICE FROM	SERVICE TO	# DAYS	ACCOUNT NO.
08/20/07	09/19/07	30	003-65400-01
NET AMOUNT	SAVE THIS AMOUNT	GROSS AMOUNT	PAY GROSS AFTER
25,868.96	729.01	26,597.97	10/10/07
AT: 1360 HICKORY STAR RD			
SERVICE	PRESENT HEADING	PREVIOUS READING	USED CHARGES
WAT	Previous Balance	11,040	18,578.85
205440	194400		7,290.11

RECEIVED OCT 16 2007

In Dispute 3,825.00

RESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
MAYNARDVILLE TN 37807
PERMIT NO. 2

HICKORY STAR
1360 HICKORYSTAR ROAD
MAYNARDVILLE TN 37807

POSTED

RECEIVED OCT 16 2007



MAYNARDVILLE UTILITY DEPT.

P.O. BOX 217

MAYNARDVILLE, TENNESSEE 37807

DELINQUENT ACCOUNTS
WILL HAVE SERVICES
DISCONNECTED BY THE
FOURTH MONDAY OF
THE MONTH
1360 HICKORY STAR RD
HICKORY STAR



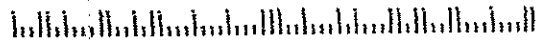
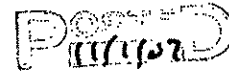
PLEASE BRING THIS ENTIRE BILL TO OFFICE
OR MAIL THIS STUB WITH YOUR PAYMENT

ACCOUNT NO.	NET AMOUNT
003-65400-01	3373.31
DATE OF BILL	SAVE THIS AMOUNT
10/31/07	337.33
PAY GROSS AFTER	GROSS AMOUNT
11/10/07	3,710.64

SERVICE FROM	SERVICE TO	# DAYS	ACCOUNT NO.
09/19/07	10/18/07	29	003-65400-01
NET AMOUNT	SAVE THIS AMOUNT	GROSS AMOUNT	PAY GROSS AFTER
3,373.31	337.33	3,710.64	11/10/07
AT: 1360 HICKORY STAR RD			
SERVICE	PRESENT READING	PREVIOUS READING	USED
WAT	208800	205440	3,360
			3,373.31

HICKORY STAR
1360 HICKORYSTAR ROAD
MAYNARDVILLE TN 37807

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
MAYNARDVILLE, TN 37807
PERMIT NO. 3



MAYNARDVILLE UTILITY DEPT.

P.O. BOX 217

MAYNARDVILLE, TENNESSEE 37807

DELINQUENT ACCOUNTS
WILL HAVE SERVICES
DISCONNECTED BY THE
FOURTH MONDAY OF
THE MONTH
1360 HICKORY STAR RD
HICKORY STAR



PLEASE BRING THIS ENTIRE BILL TO OFFICE
OR MAIL THIS STUB WITH YOUR PAYMENT

ACCOUNT NO.	NET AMOUNT
003-65400-01	3271.31
DATE OF BILL	SAVE THIS AMOUNT
11/30/07	327.13
PAY GROSS AFTER	GROSS AMOUNT
12/10/07	3,598.44

SERVICE FROM	SERVICE TO	# DAYS	ACCOUNT NO.
10/18/07	11/19/07	32	003-65400-01
NET AMOUNT	SAVE THIS AMOUNT	GROSS AMOUNT	PAY GROSS AFTER
3,271.31	327.13	3,598.44	12/10/07
AT: 1360 HICKORY STAR RD			
SERVICE	PRESENT READING	PREVIOUS READING	USED
WAT	211960	208800	3,160
			CHARGES
			3,271.31

PAID
12/31/07

PERMITTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
MAYNARDVILLE, TN 37807
PERMIT NO. 2

HICKORY STAR
1360 HICKORY STAR ROAD
MAYNARDVILLE TN 37807



SERVICE FROM	SERVICE TO	# DAYS	ACCOUNT NO.
11/19/07	12/19/07	30	003-65400-01
NET AMOUNT	SAVE THIS AMOUNT	GROSS AMOUNT	PAY GROSS AFTER
3,179.51	317.95	3,497.46	01/10/08
AT: 1360 HICKORY STAR RD			
SERVICE	PRESENT READING	PREVIOUS READING	USED
WAT	214940	211960	2,980
			CHARGES
			3,179.51

POSTED

1-04-08

RESERVED
FIRST CLASS MAIL
U.S. POSTAGE PAID
AT HICKORY STAR, TN 37807
PERMIT NO. 6

HICKORY STAR
1360 HICKORYSTAR ROAD
MAYNARDVILLE TN 37807



MAYNARDVILLE UTILITY DEPT.

P.O. BOX 217

MAYNARDVILLE, TENNESSEE 37807

DELINQUENT ACCOUNTS
WILL HAVE SERVICES
DISCONNECTED BY THE
FOURTH MONDAY OF
THE MONTH
1360 HICKORY STAR RD
HICKORY STAR



PLEASE BRING THIS ENTIRE BILL TO OFFICE
OR MAIL THIS STUB WITH YOUR PAYMENT

ACCOUNT NO.	003-65400-01	NET AMOUNT	3103.01
DATE OF BILL	01/31/08	SAVE THIS AMOUNT	
PAY GROSS AFTER	02/10/08	GROSS AMOUNT	3,413.31

SERVICE FROM	12/19/07	SERVICE TO	01/17/08	# DAYS	29	ACCOUNT NO.	003-65400-01
NET AMOUNT	3,103.01	SAVE THIS AMOUNT	310.30	GROSS AMOUNT	3,413.31	PAY GROSS AFTER	02/10/08
AT: 1360 HICKORY STAR RD							
SERVICE	PRESENT READING	PREVIOUS READING	USED	CHARGES			
WAT	217770	214940	2,830	3,103.01			

POSTED
2-2-08

HICKORY STAR
1360 HICKORY STAR ROAD
MAYNARDVILLE TN 37807

PRESCRIBED
FIRST CLASS MAIL
U.S. POSTAGE PAID
MAYNARDVILLE, TN 37807
PERMIT NO. 6



EXHIBIT 5



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

January 29, 2008

MR. MIKE WARNER
TENNESSEE REGULATORY AUTHORITY
460 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243-0505

RE: HICKORY STAR WATER COMPANY, LLC
TIN # 36-4247231
COMPANY ID NO: 128388

DEAR MR. WARNER:

ENCLOSED IS THE 2007 ANNUAL REPORT FOR THE ABOVE ENTITY. ALSO ENCLOSED
ARE A SIGNED AFFIDAVIT AND DISKETTE CONTAINING EXCEL COPY OF THE REPORT.

IF YOU HAVE ANY QUESTIONS, PLEASE FEEL FREE TO GIVE ME A CALL.

SINCERELY,

A handwritten signature in cursive script, appearing to read 'Ronald Au'.

RONALD AU
PARTNERSHIP ACCOUNTING MANAGER
(310) 258-9000 EXT 326

ENCLOSURES: 3

CC: MARK H. CROCKER, CPA, REGULATORY ANALYST
OFFICE OF THE ATTORNEY GENERAL
425 5TH AVENUE NORTH, 2SD FLOOR
NASHVILLE, TENNESSEE 37243-0491



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

January 29, 2008

Mark H Crocker, CPA, Regulatory Analyst
Office of the Attorney General
425 5th Avenue North, 2nd Floor
Nashville, Tennessee 37243-0491

RE: HICKORY STAR WATER COMPANY, LLC.
TIN # 36-4247231
COMPANY ID NO: 128388

Dear Mr. Crocker,

Enclosed is the 2007 Annual report for the above entity.
The original copy was forwarded to the Tennessee Regulatory Authority.

If you have any questions, please give me a call.

Sincerely,

Ronald Au
Partnership Accounting Manager
(310) 258-9000 ext 326
fax (310) 258-9009

encl

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

We the undersigned

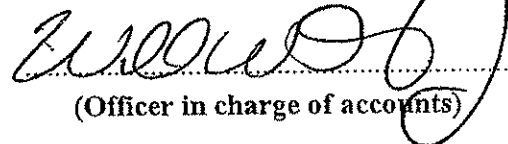
William W. Geary, Jr.

and

of

on our oath do severally say that the foregoing return has been prepared, under our direction, from the original books, papers and records of said utility; that we have carefully examined the same, and declare the same to be a correct statement of the business and affairs of said utility for the period covered by the return in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief.


(Chief Officer)


(Officer in charge of accounts)

~~Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 2008,
by _____ personally known to me or proved to me on the
basis of satisfactory evidence to be the person(s) who appeared before me.~~


Signature

ACKNOWLEDGMENT

State of California

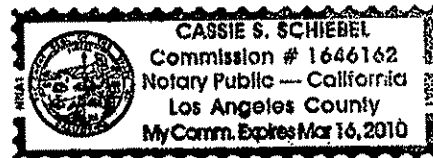
County of LOS ANGELES

On January 29, 2008 before me, CASSIE S. SCHIEBEL, NOTARY PUBLIC
(insert name and title of the officer)

personally appeared WILLIAM W. GEARY, JR.
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in
his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature Cassie S. Schiebel (Seal)

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Report of: HICKORY STAR WATER COMPANY, LLC
(REPORT THE EXACT NAME OF UTILITY)

Date Utility was Originally Organized:
7/27/1998

Give the Name, Title, & Office Address of the Officer of the Utility to Whom Correspondence Should be Addressed
C/O CARLSBERG MANAGEMENT COMPANY Telephone: (310) 258-9000
6171 W. CENTURY BLVD, SUITE 100 LOS ANGELES, CA 90045

	NAME	TITLE	SALARY
6	WILLIAM W. GEARY, JR.	PRESIDENT	0
7			
8			
9			
0			
1			
2			
3			
4			
5			

7 Report every corporation or individual owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility.

[illegible]

Name of Respondent HICKORY STAR WATER COMPANY		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 2/1/08	Year of Report 12/31/2007
INCOME STATEMENT					
Account Name (a)	Ref Page (b)	Water (c)	Sewer (d)	Other (e)	Total (f)
Gross Revenue:					
Residential		58,346	9,505		67,851
Commercial		-	7,800	-	7,800
Industrial		-	-	-	-
Multi-Family		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Total Gross Revenue		58,346	17,305		75,651
Operation & Maint. Expense	W3/S3	65,431	17,660	-	83,091
Depreciation Expense	F-5	16,257	-	-	16,257
Amortization Expense		-	-	-	-
Other Expense -		-	-	-	-
Other Expense -		-	-	-	-
Taxes Other Than Income	F-7	601	-	-	601
Income Taxes	F-7	300	-	-	300
Total Operating Expenses		82,589	17,660		100,249
Net Operating Income		(24,243)	(355)		(24,598)
Other Income:					
Nonutility Income		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Total Other Income					
Other Deductions:					
Misc. Nonutility Expenses		-	-	-	-
Other (Please Specify) Office		-	-	-	-
Other (Please Specify) Legal		3,386	-	-	3,386
Other (Please Specify) Taxes & licenses		1,688	-	-	1,688
Other (Please Specify)		-	-	-	-
Total Other Deductions		5,074			5,074
Net Income		(29,317)	(355)		(29,672)

Name of Respondent	This Report is:	Date of Report	Year of Report
HICKORY STAR WATER COMPANY, L	(1) <u>X</u> An Original	(Mo, Da, Yr)	
	(2) A Resubmission	2/1/08	12/31/2007

COMPARATIVE BALANCE SHEET

Account Name (a)	Ref Page (b)	Current Year (c)	Previous Year (d)
ASSETS			
Utility Plant in Service (101-105)	F5/W1/S1	297,914	291,080
Accum. Depreciation and Amortization (108)	F5/W2/S2	142,320	126,063
Net Utility Plant		155,594	165,017
Cash		9,224	2,916
Customer Accounts Receivable (141)		2,635	1,995
Other Assets (Please Specify)			
Other Assets (Please Specify)			
Other Assets (Please Specify)		0	0
Other Assets (Please Specify)		0	0
Total Assets		167,453	169,928
LIABILITIES AND CAPITAL			
Common Stock Issued (201)	F-6	0	0
Preferred Stock Issued (204)	F-6	0	0
Other Paid-In Capital (211)		474,926	449,426
Retained Earnings (215)	F-6	(311,874)	(282,202)
Capital (Proprietary & Partnership-218)	F-6	0	0
Total Capital		163,052	167,224
Long-Term Debt (224)	F-6	0	0
Accounts Payable (231)		3,323	2,125
Notes Payable (232)		0	0
Customer Deposits (235)		0	0
Accrued Taxes (236)		1,078	579
Other Liabilities (Please Specify)		0	0
Other Liabilities (Please Specify)		0	0
Other Liabilities (Please Specify)		0	0
Other Liabilities (Please Specify)		0	0
Other Liabilities (Please Specify)		0	0
Advances for Construction		0	0
Contributions In Aid Of Const.-Net (271-2)	F-8	0	0
Total Liabilities		4,401	2,704
Total Liabilities & Capital		167,453	169,928

Name of Respondent HICKORY STAR WATER COMPA		This Report is: (1) <u>X</u> An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 2/1/08	Year of Report 12/31/2007
NET UTILITY PLANT					
Plant Accounts (101-107) Inclusive (a)		Water (c)	Sewer (d)	Other (e)	Total (f)
Utility Plant in Service (101)		291,080	0	0	291,080
Construction Work in Progress (105)			0	0	0
Other - Asphalt over plumbing		2,080	0	0	2,080
Other - Water line repairs		6,259	0	0	6,259
Other - Office furnishings		1,045	0	0	1,045
Other -			0	0	0
Other -			0	0	0
Other - Tap fees		(2,550)	0	0	(2,550)
Total Utility Plant					
ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT					
Account 108 (a)		Water (c)	Sewer (d)	Other (e)	Total (f)
Balance First of Year		126,063	0	0	126,063
Credits During Year:					
Accruals charged to Depreciation Account		16,257	0	0	16,257
Salvage		0	0	0	0
Other Credits (Please Specify): -		0	0	0	0
Other Credits (Please Specify):		0	0	0	0
Other Credits (Please Specify):		0	0	0	0
Other Credits (Please Specify):		0	0	0	0
Total Credits		16,257	0	0	16,257
Debits During Year:					
Book/Historical Cost of Plant Retired		0	0	0	0
Cost of Removal		0	0	0	0
Other Debits - tax and disconnect fee amort		0	0	0	0
Other Debits (Please Specify):		0	0	0	0
Other Debits (Please Specify):		0	0	0	0
Other Debits (Please Specify):		0	0	0	0
Total Debits		0	0	0	0
Balance End of Year		142,320	0	0	142,320

Name of Respondent HICKORY STAR WATER COMPANY		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 2/1/08	Year of Report 12/31/2007
CAPITAL STOCK (201 - 204)				
(a)		Common Stock (b)	Preferred Stock (c)	
Par or stated value per share		-	-	
Shares Authorized		N/A	-	
Shares issued and outstanding		-	-	
Total par value of stock issued		-	-	
Dividends declared per share for year		0	0	
RETAINED EARNINGS (215)				
(a)		Appropriated (b)	Unappropriated (c)	
Balance first of year		-	(282,202)	
Changes during year NET INCOME/(NET LOSS)		-	(29,672)	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Balance end of year		-	(311,874)	
PROPRIETARY CAPITAL (218)				
NONE (a)		Proprietor (b)	Partner (c)	
Balance first of year		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Changes during year (Please Specify)		-	-	
Balance end of year		0	0	
LONG-TERM DEBT (224)				
Obligation including Issue & Maturity Dates (a)		NONE	Interest Rate (b)	Year End Balance (c)
Debt #1			0.00%	-
Debt #2			0.00%	-
Debt #3			0.00%	-
Debt #4			0.00%	-
Debt #5			0.00%	-
Debt #6			0.00%	-
Debt #7			0.00%	-
Debt #8			0.00%	-
Debt #9			0.00%	-
Debt #10			0.00%	-
Debt #11			0.00%	-
Debt #12			0.00%	-
Total Long-Term Debt				0

[illegible]

Name of Respondent HICKORY STAR WATER COMPANY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 2/1/08	Year of Report 12/31/2007
--	---	--	------------------------------

CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

Description (a)	Water (b)	Sewer (c)	Total (d)
Balance First of Year	-	-	-
Add Credits During Year	-	-	-
Less Charges During Year	-	-	-
Balance End of Year	0	0	0
Less Accumulated Amortization	-	-	-
Net Contributions in Aid of Construction	0	0	0

ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)

Report below all developers or contractors agreements for which cash or property was received during the year (a)	Indicate "Cash" or "Property" (b)	Water (c)	Sewer (d)
Contractor or Developer #1		-	-
Contractor or Developer #2		-	-
Contractor or Developer #3		-	-
Contractor or Developer #4		-	-
Contractor or Developer #5		-	-
Contractor or Developer #6		-	-
Contractor or Developer #7		-	-
Contractor or Developer #8		-	-
Contractor or Developer #9		-	-
Contractor or Developer #10		-	-
Contractor or Developer #11		-	-
Contractor or Developer #12		-	-
Contractor or Developer #13		-	-
Contractor or Developer #14		-	-
Contractor or Developer #15		-	-
Contractor or Developer #16		-	-
Contractor or Developer #17		-	-
Contractor or Developer #18		-	-
Contractor or Developer #19		-	-
Contractor or Developer #20		-	-
Contractor or Developer #21		-	-
Contractor or Developer #22		-	-
Contractor or Developer #23		-	-
Contractor or Developer #24		-	-
Contractor or Developer #25		-	-
Contractor or Developer #26		-	-
Contractor or Developer #27		-	-
Contractor or Developer #28		-	-
Contractor or Developer #29		-	-
Contractor or Developer #30		-	-
Total Credits During Year		0	0

Name of Respondent	This Report is:	Date Report	Year of Report
HICKORY STAR WATER COMPANY, LLC	(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	
	(2) <input type="checkbox"/> A Resubmission	2/1/08	12/31/2007

WATER UTILITY PLANT ACCOUNTS

Acct No.	Account Name	Previous Year	Additions	Retirements	Current Year
(a)	(b)	(c)	(d)	(e)	(f)
301	Organization	-	-	-	0
302	Franchises	-	-	-	0
303	Land & Land Rights	-	-	-	0
304	Structures & Improvements	-	-	-	0
305	Collecting & Impounding Reservoirs	-	-	-	0
306	Lake, River & Other Intakes	-	-	-	0
307	Wells & Springs	-	-	-	0
308	Infiltration Galleries & Tunnels	-	-	-	0
309	Supply Mains	-	-	-	0
310	Power Generation Equipment	-	-	-	0
311	Pumping Equipment	-	-	-	0
320	Water Treatment Equipment	-	-	-	0
330	Distribution Reservoirs & Standpipes	-	-	-	0
331	Transmission & Distribution Mains	289,287	8,339	2,550	295,076
333	Services	-	-	-	0
334	Meters & Meter Installations	-	-	-	0
335	Hydrants	-	-	-	0
339	Other Plant & Miscellaneous Equipment	-	-	-	0
340	Office Furniture & Equipment	-	1,045	-	1,045
341	Transportation Equipment	-	-	-	0
342	Stores Equipment	-	-	-	0
343	Tools, Shop & Garage Equipment	-	-	-	0
344	Laboratory Equipment	-	-	-	0
345	Power Operated Equipment	-	-	-	0
346	Communication Equipment	-	-	-	0
347	Miscellaneous Equipment	1,793	-	-	1,793
348	Other Tangible Plant	-	-	-	0
	Total Water Plant	291,080	9,384	2,550	297,014

Name of Respondent		This Report is:		Date of Report		Year of Report		
HICKORY STAR WATER COMPANY, LLC.		(1) <u>X</u> An Original		(Mo, Da, Yr)		12/31/2007		
		(2) <u> </u> A Resubmission		2/1/08				
ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER								
Account Number (a)	Account (b)	Average Service Life in Years (c)	Average Salvage Value in Percent (d)	Depreciation Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accumulated Depreciation Balance End of Year (i)
304	Structures & Improvements	-	0.00%	0.00%	-	-	-	-
305	Collecting & Impounding Reservoirs	-	0.00%	0.00%	-	-	-	-
306	Lake, River & Other Intakes	-	0.00%	0.00%	-	-	-	-
307	Wells & Springs	-	0.00%	0.00%	-	-	-	-
308	Infiltration Galleries & Tunnels	-	0.00%	0.00%	-	-	-	-
309	Supply Mains	-	0.00%	0.00%	-	-	-	-
310	Power Generating Equipment	-	0.00%	0.00%	-	-	-	-
311	Pumping Equipment	-	0.00%	0.00%	-	-	-	-
320	Water Treatment Equipment	-	0.00%	0.00%	-	-	-	-
330	Distribution Reservoirs & Standpipes	25	0.00%	0.00%	125,882	387	16,170	141,665
331	Transmission & Distribution Mains	-	0.00%	0.00%	-	-	-	-
333	Services	-	0.00%	0.00%	-	-	-	-
334	Meter & Meter Installations	-	0.00%	0.00%	-	-	-	-
335	Hydrants	-	0.00%	0.00%	-	-	-	-
339	Other Plant & Miscellaneous Equipment	-	0.00%	0.00%	-	-	218	218
340	Office Furniture & Equipment	3	0.00%	0.00%	-	-	-	-
341	Transportation Equipment	-	0.00%	0.00%	-	-	-	-
342	Stores Equipment	-	0.00%	0.00%	-	-	-	-
343	Tools, Shop & Garage Equipment	-	0.00%	0.00%	-	-	-	-
344	Laboratory Equipment	-	0.00%	0.00%	-	-	-	-
345	Power Operated Equipment	-	0.00%	0.00%	-	-	-	-
346	Communication Equipment	-	0.00%	0.00%	-	-	-	-
347	Miscellaneous Equipment	7	0.00%	0.00%	181	-	256	437
348	Other Tangible Plant	-	0.00%	0.00%	-	-	-	-
Totals								

*State basis used for percentages used in schedule.

*State basis used for percentages used in schedule.

Name of Respondent	This Report is:	Date of Report	Year of Report
HICKORY STAR WATER COMPANY	(1) <u>X</u> An Original	(Mo, Da, Yr)	
	(2) A Resubmission -	2/1/08	12/31/2007

WATER OPERATION & MAINTENANCE EXPENSE

Acct No.	Description (a)	Amount (b)
601	Salaries & Wages - Employees	12,000
603	Salaries & Wages - Officers, Directors & Stockholders	-
604	Employee Pensions & Benefits	-
610	Purchased Water	44,304
615	Purchased Power	-
616	Fuel for Power Production	-
618	Chemicals	-
620	Materials & Supplies	-
630	Contractual Services	9,044
640	Rents	-
650	Transportation Expense - Mail	14
655	Insurance Expense	-
665	Regulatory Commission Expense	-
670	Bad Debt Expense	37
672	Miscellaneous Expenses - Office	33
	Total Water Operation & Maintenance Expense	65,395

WATER CUSTOMERS

Description (a)	Customers First of Year (b)	Additions (c)	Disconnections (d)	Customers End of Year (e)
Metered Customers:				
5/8 Inch	-	-	-	-
3/4 Inch	110	12	3	119
1.0 Inch	-	-	-	-
1.5 Inch	-	-	-	-
2.0 Inch	-	-	-	-
2.5 Inch	-	-	-	-
3.0 Inch	-	-	-	-
4.0 Inch	-	-	-	-
6.0 Inch	-	-	-	-
8.0 Inch	-	-	-	-
Other (Please Specify)	-	-	-	-
Other (Please Specify)	-	-	-	-
Other (Please Specify)	-	-	-	-
Unmetered Customers	-	-	-	-
Total Customers	110	12	3	119

Name of Respondent HICKORY STAR WATER COMPANY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 2/1/08	Year of Report 12/31/2007
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PUMPING AND PURCHASED WATER STATISTICS

Description (1) (a)	Water Purchased for Resale (b) in thousands	Water Pumped from Wells (c) in thousands	Total Water Pumped and Purchased (d) in millions	Water Sold To Customers (e)
January	384.00	-	-	-
February	441.00	-	-	-
March	396.00	-	-	-
April	389.00	-	-	-
May	461.00	-	-	-
June	695.00	-	-	-
July	1,258.00	-	-	-
August	1,539.00	-	-	-
September	1,104.00	-	-	-
October	336.00	-	-	-
November	316.00	-	-	-
December	298.00	-	-	-
Total for the Year	7,617.00	-	-	-

SALES FOR RESALE

Indicate below the identity of any utilities or vendors purchasing water for resale.

Maynardville Utility Department

Gallons purchased: 7,617,000

Misreads: 2,518,000

Actual 5,099,000

Name of Respondent HICKORY STAR WATER COMPANY, LI		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 2/1/08	Year of Report 12/31/2007
WELLS AND WELL PUMPS					
Description*** (a)		Well #1 (b)	Well #2 (c)	Well #3 (d)	Well #4 (e)
Year Constructed		N/A	N/A	N/A	N/A
Type of Well Construction					
Type of Well Casing					
Depth of Well (Feet)					
Diameter of Well (Feet)					
Pumping Capacity (GPM)					
Motor Size (HP)					
Yields of Well (GPD)					
Auxiliary Power					
RESERVOIRS					
Description*** (a)		Reservoir #1 (b)	Reservoir #2 (c)	Reservoir #3 (d)	Reservoir #4 (e)
Construction (Steel, Concrete, Pneumatic)		STEEL			
Capacity (Gallons)		10,000			
Ground or Elevated		G			
HIGH SERVICE PUMPING					
Motor Description*** (a)		Motor #1 (b)	Motor #2 (c)	Motor #3 (d)	Motor #4 (e)
Manufacturer		GENERAL ELECTRIC			
Type		E			
Rated Horsepower		20			
Pump Description*** (a)		Pump #1 (b)	Pump #2 (c)	Pump #3 (d)	Pump #4 (e)
Manufacturer					
Type					
Capacity in Gallons per Minute					
Average Number of Hours Operated Per Day		10			
Auxiliary Power					

***If more space is needed to list equipment please attach additional sheets as necessary.

Name of Respondent HICKORY STAR WATER COMPANY	As Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 2/1/08	Year of Report 12/31/2007
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SOURCE OF SUPPLY

List for each source of supply:

Description	Source #1	Source #2	Source #3	Source #4
Gallons per day of source	6,500 EST			
Type of Source	M.U.D..	MAYNARDVILLE UTILITY DEPARTMENT		

WATER TREATMENT FACILITIES

List for each water treatment facility:

Description	Facility #1	Facility #2	Facility #3	Facility #4
Type				
Make	M.U.D..	MAYNARDVILLE UTILITY DEPARTMENT		
Gallons per day capacity				
Method of Measurement				

OTHER WATER SYSTEM INFORMATION

Furnish information below for each system not physically connected with another facility.

Present Equivalent Residential Customer's * now being served	119
Maximum Equivalent Residential Customer's * that the system can efficiently serve	*
Estimated annual increase in Equivalent Residential Customers *	5/YR
* Equivalent Residential Customer= (Total Gallons Sold / 365 days) / 350 Gallons Per Day	*

List fire fighting facilities and capacities:

N/A

List percent of certificated area where service connections are installed

N/A

What are the current needs and plans for system upgrading and/or expansion

State the name and address of any engineers that plans for system upgrading and/or expansion have been discussed with

Porter Massengill
156 Derby Drive Harrogate, TN 37752

* ALL WATER PURCHASED FROM MAYNARDVILLE UTILITY DEPARTMENT.

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Name of Respondent		This Report is:		Date of Report		Year of Report		
HICKORY STAR WATER COMPANY, LLC.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)		12/31/2007		
ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - SEWER								
Account Number (a)	Account (b)	Average Service Life in Years (c)	Average Salvage Value in Percent (d)	Depreciation Rate Applied* (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accumulated Depreciation Balance End of Year (i)
354	Structures & Improvements	-	0.00%	0.00%	-	-	-	-
360	Collection Sewers - Force	-	0.00%	0.00%	-	-	-	-
361	Collection Sewers - Gravity	-	0.00%	0.00%	-	-	-	-
362	Special Collecting Structures	-	0.00%	0.00%	-	-	-	-
363	Services to Customers	-	0.00%	0.00%	-	-	-	-
364	Flow Measuring Devices	-	0.00%	0.00%	-	-	-	-
365	Flow Measuring Installations	-	0.00%	0.00%	-	-	-	-
370	Receiving Wells	-	0.00%	0.00%	-	-	-	-
371	Pumping Equipment	-	0.00%	0.00%	-	-	-	-
380	Treatment & Disposal Equipment	-	0.00%	0.00%	-	-	-	-
381	Plant Sewers	-	0.00%	0.00%	-	-	-	-
382	Outfall Sewer Lines	-	0.00%	0.00%	-	-	-	-
389	Other Plant & Miscellaneous Equipment	-	0.00%	0.00%	-	-	-	-
390	Office Furniture & Equipment	-	0.00%	0.00%	-	-	-	-
391	Transportation Equipment	-	0.00%	0.00%	-	-	-	-
392	Stores Equipment	-	0.00%	0.00%	-	-	-	-
393	Tools, Shop & Garage Equipment	-	0.00%	0.00%	-	-	-	-
394	Laboratory Equipment	-	0.00%	0.00%	-	-	-	-
395	Power Operated Equipment	-	0.00%	0.00%	-	-	-	-
396	Communication Equipment	-	0.00%	0.00%	-	-	-	-
397	Miscellaneous Equipment	-	0.00%	0.00%	-	-	-	-
398	Other Tangible Plant	-	0.00%	0.00%	-	-	-	-
Totals								

*State basis used for percentages used in schedule.

Name of Respondent	This Report is:	Date of Rep.	Year of Report
HICKORY STAR WATER COMPANY	(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	
	(2) <input type="checkbox"/> A Resubmission	2/1/08	12/31/2007

SEWER OPERATION & MAINTENANCE EXPENSE

N/A

Acct No.	Description (a)	Amount (b)
701	Salaries & Wages - Employees	-
703	Salaries & Wages - Officers, Directors & Stockholders	-
704	Employee Pensions & Benefits	-
710	Purchased Sewage Treatment	17,660
711	Sludge Removal Expense	-
715	Purchased Power	-
716	Fuel for Power Production	-
718	Chemicals	-
720	Materials & Supplies	-
730	Contractual Services	-
740	Rents	-
750	Transportation Expense	-
755	Insurance Expense	-
765	Regulatory Commission Expense	-
770	Bad Debt Expense	-
775	Miscellaneous Expenses	-
	Total Sewer Operation & Maintenance Expense	17,660

SEWER CUSTOMERS

Description (a)	Customers First of Year (b)	Additions (c)	Disconnections (d)	Customers End of Year (e)
Metered Customers:				
5/8 Inch	-	-	-	-
3/4 Inch	-	-	-	-
1.0 Inch	-	-	-	-
1.5 Inch	-	-	-	-
2.0 Inch	-	-	-	-
2.5 Inch	-	-	-	-
3.0 Inch	-	-	-	-
4.0 Inch	49	-	-	49
6.0 Inch	-	-	-	-
8.0 Inch	-	-	-	-
Other (Please Specify)	-	-	-	-
Other (Please Specify)	-	-	-	-
Other (Please Specify)	-	-	-	-
Unmetered Customers	-	-	-	-
Total Customers		0	0	0

Name of Respondent HICKORY STAR WATER COMPANY		This Report is: (1) <u>X</u> An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 2/1/08	Year of Report 12/31/2007
PUMPING EQUIPMENT					
Description*** (a)		Lift Station #1 (b)	Lift Station #2 (c)	Lift Station #3 (d)	Lift Station #4 (e)
Make, Model, or Type of Pump					
Year Installed					
Rated Capacity (GPM)					
Size (HP)					
Power (Electric/Mechanical)					
Make, Model or Type of Motor					
SERVICE CONNECTIONS					
Description*** (a)		Service Connection #1 (b)	Service Connection #2 (c)	Service Connection #3 (d)	Service Connection #4 (e)
Size (Inches)					
Type (PVC, VCP, etc)					
Average Length (Feet)					
Connections-Beginning of Year		-	-	-	-
Connections-Added during Year		-	-	-	-
Connection-Retired during Year		-	-	-	-
Connections-End of Year					
Number of Inactive Connections		-	-	-	-
COLLECTING MAINS, FORCE MAINS, & MANHOLES					
Description (a)		Collecting Mains (b)	Force Mains (c)	Manholes (d)	
Size (Inches)					
Type					
Length/Number-Beginning of Year		-	-	-	
Length/Number-Added During Year		-	-	-	
Length/Number-Retired During Year		-	-	-	
Length/Number-End of Year					

***If more space is needed to list equipment please attach additional sheets as necessary.

Name of Respondent HICKORY STAR WATER COMPANY		This Report is: (1) <u>X</u> An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 2/1/08	Year of Report 12/31/2007
TREATMENT PLANT					
Description*** (a)		Treatment Facility #1 (b)	Treatment Facility #2 (c)	Treatment Facility #3 (d)	Treatment Facility #4 (e)
Manufacturer					
Type					
Steel or Concrete					
Total Capacity		N/A	N/A	N/A	N/A
Average Daily Flow					
Effluent Disposal					
Total Gallons of Sewage Treated					
MASTER LIFT STATION PUMPS					
Description*** (a)		Master Pump #1 (b)	Master Pump #2 (c)	Master Pump #3 (d)	Master Pump #4 (e)
Manufacturer					
Capacity (GPM)					
Size (HP)		N/A	N/A	N/A	N/A
Power (Electric/Mechanical)					
Make, Model, or Type of Motor					
OTHER SEWER SYSTEM INFORMATION					
Present Number of Equivalent Residential Customer's * being served					49
Maximum Number of Equivalent Residential Customer's * that the system can efficiently serve					
Estimated Annual Increase in Equivalent Residential Customers *					21
* Equivalent Residential Customers = (Total Gallons Treated / 365 Days) / 275 Gallons Per Day.					
Total Gallons Treated includes both sewage treated and purchased sewage treatment.					*
State any plans and estimated completion dates for any enlargements of this system: <u>PLANNED EXPANSION WITH THE DEVELOPMENT OF THE NEW RECREATIONAL VEHICLE PARK</u>					
If the present systems do not meet environmental requirements, please submit the following:					
A. An evaluation of the present plant or plants in regard to meeting the requirements.					
B. Plans for funding and construction of the required upgrading.					
C. The date construction will begin.					
What is the percent of the certificated area that have service connections installed?					
<u>ESTIMATED AT 1% OF SERVICE AREA</u>					
* SEASONAL CUSTOMERS ON PUMPING SCHEDULE					

***If more space is needed to list equipment please attach additional sheets as necessary.

Name of Respondent	This Report is:	Date of Report	Year of Report
HICKORY STAR WATER COMPANY	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 2/1/08	12/31/2007
SUPPLEMENTAL FINANCIAL DATA TO THE ANNUAL REPORT			
Rate Base			
Additions:		297,914	
Plant In Service			
Construction Work in Progress			
Property Held For Future Use			
Materials & Supplies			
Working Capital Allowance			
Other Additions - Common Plant Alloc from Parent Company			
Other Additions (Please Specify)			
Total Additions to Rate Base		297,914	
Deductions:		142,320	
Accumulated Depreciation			
Accumulated Deferred Income Taxes			
Pre 1971 Unamortized Investment Tax Credit			
Customer Deposits			
Contributions in Aid of Construction			
Other Deductions (Please Specify)			
Other Deductions (Please Specify)			
Total Deductions to Rate Base		142,320	
Rate Base		155,594	
Adjusted Net Operating Income			
Operating Revenues:		67,851	
Residential		7,800	
Commercial			
Industrial			
Public Authorities			
Multiple Family			
Fire Protection			
All Other			
Total Operating Revenues		67,851	
Operating Expenses:		88,165	
Operation		16,257	
Depreciation			
Amortization		601	
Taxes Other Than Income Taxes		300	
Income Taxes			
Total Operating Expense		88,165	
Net Operating Income		20,686	
Other (Please Specify)			
Other (Please Specify)			
Adjusted Net Operating Income		20,686	
Rate of Return (Line 49 / Line 25)		13.00%	
All amounts should be calculated in a manner consistent with the last Rate Order issued by the Commission for this Company.			

Company Name:	CORY STAR W	COMPANY, LLC.
Report Period:	12/	7
Report Date:	2/1/08	

BALANCE SHEET:

	Amount for 1st Reference	Amount for 2nd Reference	Difference
1. Line 10 on F4, col. "C" agrees w/line 16 on F5, col. "F".	297,914	297,915	(0)
2. Line 10 on F4, col. "C" agrees w/lines 34, W1, col. "F" & 32, S1, col. "F".	297,914	297,915	(0)
3. Line 11 on F4, col. "C" agrees w/line 52 on F5, col. "F".	142,320	142,321	(1)
4. Line 11 on F4, col. "C" agrees w/lines 32, W2, col. "I" & 30, S2, col. "I".	142,320	142,320	0
5. Line 27 on F4, col. "C" agrees w/line 10 on F6, col. "B".	-	-	0
6. Line 28 on F4, col. "C" agrees w/line 10 on F6, col. "C".	-	-	0
7. Line 30 on F4, col. "C" agrees w/line 24 on F6, cols. "B" & "C".	(311,874)	(311,874)	0
8. Line 31 on F4, col. "C" agrees w/line 37 on F6, cols. "B" & "C".	-	-	0
9. Line 37 on F4, col. "C" agrees w/line 55 on F6, col. "C".	-	-	0
10. Line 41 on F4, col. "C" agrees w/line 32 on F7, col. "B".	590	1,078	(488)
11. Line 48 on F4, col. "C" agrees w/line 13 on F8, col. "D".	-	-	0
12. Line 8 on F8, col. "D" agrees w/line 55 on F8, cols. "C & D".	-	-	0

EXHIBIT 6

2008 BUDGET/COST INCREASE

Prepared by: Sally Wright

Date: Feb 01, 2008

Property: Hickory Star Water & Sewer Co.
Property No.: 18-439
Square Feet:

Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INCOME:													
4610-000 METERED WATER REVENUE	4,522	4,522	4,522	3,860	4,500	6,190	6,350	5,725	5,013	5,320	5,320	5,320	61,164
4610-100 Metered Sls To Res. Cust.	4,522	4,522	4,522	3,860	4,500	6,190	6,350	5,725	5,013	5,320	5,320	5,320	61,164
Total Unmetered Water Revenue													
4660-999 OTHER WATER REVENUES	0	850	0	0	850	0	850	0	850	850	0	-4,250	0
4740-000 Other Water Revenues-Tap Fees	0	850	0	0	850	0	850	0	850	850	0	-4,250	0
Total Other Water Revenues													
5210-000 FLAT RATE REVENUE - WASTEWATER	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	20,400
5210-100 Residential Revenue Wastewater	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	20,400
Total Flat Rate Revenue													
TOTAL INCOME	6,222	7,072	6,222	5,560	7,050	7,890	8,900	7,425	7,563	7,870	7,020	2,770	81,564
EXPENSES:													
6000-000 WATER OPERATION & MAINT. EXP.	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
6030-000 General Manager	2,656	2,497	2,684	2,468	2,551	2,879	3,944	2,949	3,579	3,579	2,265	2,134	34,185
6100-100 Purchased Water	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	19,476
6100-200 Purchased Water-Minimum p Contr	261	261	261	261	261	261	261	0	0	0	0	0	1,827
6300-000 Client Billing	5,540	5,381	5,568	5,352	5,435	5,763	6,828	5,572	6,202	6,202	4,888	4,757	67,468
Total Water Operations Maint Exp													
6310-000 CONTRACTUAL SERV.-PROFESSIONAL	340	288	335	285	283	299	307	262	350	441	441	342	3,973
6310-100 Management Fees	100	100	100	100	100	100	100	100	100	100	100	100	1,200
6310-200 Legal Fees	132	132	132	132	132	132	132	132	132	132	132	132	1,584
6310-300 Accounting & Auditing	150	150	150	150	150	150	150	150	150	150	150	150	1,800
6350-000 Testing	0	0	0	0	0	0	0	0	0	0	0	0	0
6360-000 Contractual Serv-Other	0	0	0	0	0	0	0	0	0	0	0	0	0
6550-000 Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Contractual Serv-Professional	722	670	717	667	665	681	689	644	732	823	823	724	8,557

2008 BUDGET/COST INCREASE

Prepared by: Sally Wright

Date: Feb 01, 2008

Property: Hickory Star Water & Sewer Co.
Property No.: 18-439
Square Feet:

Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
6750-000 MISCELLANEOUS EXPENSES													
6750-100 Office Supplies Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
6750-200 Express Mail	0	0	0	0	0	0	0	0	0	0	0	0	0
6750-300 Licenses, Permits & Fees	0	275	200	0	200	400	0	342	0	0	0	275	1,692
6750-400 Other Misc. Expenses	0	275	200	0	200	400	0	342	0	0	0	275	1,692
Total Miscellaneous Expenses	0	275	200	0	200	400	0	342	0	0	0	275	1,692
TOTAL WATER OPERATIONS EX	6,262	6,326	6,485	6,019	6,300	6,844	7,517	6,558	6,934	7,025	5,711	5,756	77,737
4030-100 DEPRECIATION EXPENSE													
4030-200 Trans. & Dist.	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	14,032
4030-300 Power Oper.	21	21	21	21	21	21	21	21	21	21	21	21	256
4030-300 Office Furn. & Equip.	29	29	29	29	29	29	29	29	29	29	29	29	349
Total Depreciation	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	14,637
7000-000 WASTEWATER OPER. & MAINT EXP													
7100-000 Purchased Water Treatment	0	0	0	1,400	2,430	2,430	2,430	2,430	2,340	1,400	1,400	1,400	17,660
7110-000 Sludge Removal Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
7180-000 Chemicals	0	0	0	0	0	0	0	0	0	0	0	0	0
7200-000 Materials & Supplies	0	0	0	1,400	2,430	2,430	2,430	2,430	2,340	1,400	1,400	1,400	17,660
Total Wastewater Oper & Maint Ex	0	0	0	1,400	2,430	2,430	2,430	2,430	2,340	1,400	1,400	1,400	17,660
TOTAL WASTEWATER EXPENSE	0	0	0	1,400	2,430	2,430	2,430	2,430	2,340	1,400	1,400	1,400	17,660
4080-000 TAXES OTHER THAN INCOME													
4080-100 Taxes NON Income-Real Estate	48	61	49	49	49	49	49	49	49	49	49	49	599
Total Taxes Other Than Income	48	61	49	49	49	49	49	49	49	49	49	49	599
TOTAL EXPENSES	7,530	7,607	7,754	8,688	9,999	10,543	11,216	10,257	10,543	9,694	8,380	8,425	110,633
Net Operating Income (Loss)	-1,308	-535	-1,532	-3,128	-2,949	-2,653	-2,316	-2,832	-2,980	-1,824	-1,360	-5,655	-29,069

EXHIBIT 7

REQUESTED RATES

WATER

Minimum 2,000 Gallons:	\$47.79 per month*
Next 8,000 Gallons:	\$9.00 / 1,000 Gallons per month*
Next 10,000 Gallons:	\$8.14 / 1,000 Gallons per month*
Next 30,000 Gallons:	\$7.37 / 1,000 Gallons per month*
All over 50,000 Gallons:	\$6.85 / 1,000 Gallons per month*

SEWER

Minimum 2,000 Gallons:	\$20.33 per month*
Next 8,000 Gallons:	\$7.39 / 1,000 Gallons per month*
Over 10,000 Gallons:	\$6.62 / 1,000 Gallons per month*

OTHER FEES

Tap Fee:	\$850.00 Per New Water or Sewer Connection*** **
Deposit:	\$50.00 Per Water or Sewer Meter Set***
Disconnection / Reconnection:	\$50.00 Per Water or Sewer Disconnection
Customer's Request or for Good Cause:	\$50.00 Per Water or Sewer Reconnection
Bills Due:	On Billing Date
Bills Past Due:	15 days after billing date
Billing Frequency:	Monthly

* Subject to 9.25% Sales Tax

** If connection is for both water and sewer services, only one tap fee of \$850.00 is payable.

*** If connection is for both water and sewer services, only one deposit of \$50.00 is payable.

EXHIBIT 8

REQUESTED RATES

WATER

	<u>Existing Rates</u>	<u>Requested Rates</u>
Minimum 2,000 Gallons:	\$36.76 per month*	\$47.79 per month*
Next 8,000 Gallons:	\$6.83 / 1,000 Gallons per month*	\$9.00 / 1,000 Gallons per month*
Next 10,000 Gallons:	\$6.38 / 1,000 Gallons per month*	\$8.14 / 1,000 Gallons per month
Next 30,000 Gallons:	\$5.70 / 1,000 Gallons per month*	\$7.37 / 1,000 Gallons per month*
All over 50,000 Gallons:	\$5.25 / 1,000 Gallons per month*	\$6.85 / 1,000 Gallons per month*

SEWER

	<u>Existing Rates</u>	<u>Requested Rates</u>
Minimum 2,000 Gallons:	\$15.00 per month*	\$20.33 per month*
Next 8,000 Gallons:	\$6.83 / 1,000 Gallons per month*	\$7.39 / 1,000 Gallons per month*
Over 10,000 Gallons:	\$5.25 / 1,000 Gallons per month*	\$6.62 / 1,000 Gallons per month*

NO CHANGE TO OTHER FEES

Tap Fee:	\$850.00 Per New Water or Sewer Connection **
Deposit:	\$50.00 Per Water or Sewer Meter Set***
Disconnection / Reconnection:	\$50.00 Per Water or Sewer Disconnection
Customer's Request or for Good Cause:	\$50.00 Per Water or Sewer Reconnection
Bills Due:	On Billing Date
Bills Past Due:	15 days after billing date
Billing Frequency:	Monthly

* Subject to 9.25% Sales Tax

** If connection is for both water and sewer services, only one tap fee of \$850.00 is payable.

*** If connection is for both water and sewer services, only one deposit of \$50.00 is payable.

EXHIBIT 9

HICKORY STAR
WATER COMPANY, L. L. C.
6171 West Century Blvd.
Suite 100
Los Angeles, CA 90045
310-258-9000

TARIFF

TRA Tariff No. 1
Second Revised Title Page
Cancels First Revised Title Page

ISSUED: April 7, 2008
By: William W. Geary, Jr., President

EFFECTIVE: May 7, 2008

TARIFF
OF
HICKORY STAR WATER COMPANY, L.L.C.
CONSISTING OF
RATES, TERMS, AND CONDITIONS
FOR
WATER AND WASTEWATER SERVICES
APPLYING TO SERVICE AREA IN
UNION COUNTY, TENNESSEE

NO MODIFICATION OF THESE SCHEDULES SHALL BE
MADE EXCEPT FOR THE PURPOSE OF CANCELING OR
SUPERSEDING PREVIOUSLY ISSUED SCHEDULES

HICKORY STAR
WATER COMPANY, L. L. C.

TARIFF

TRA Tariff No. 1
2nd Revised -i-

ISSUED: April 7, 2008
By: William W. Geary, Jr., President

EFFECTIVE: May 7, 2008

CHECK SHEET

The pages of this tariff are effective as of the date shown at the top of the respective pages. Original and revised pages as shown named below comprise all changes from the original tariff and are currently effective as of the date shown on the top of this page.

Title Page	2nd Revised
-i-	2nd Revised
-ii-	1st Revised
-iii-	1st Revised
1	1st Revised
2	1st Revised
3	1st Revised
4	1st Revised
5	1st Revised
6	1st Revised
7	1st Revised
8	1st Revised
9	1st Revised
10	1st Revised
11	1st Revised
12	1st Revised
13	2nd Revised

HICKORY STAR
WATER COMPANY, L. L. C.

TARIFF

TRA Tariff No. 1
Second Revised Page -ii-
Cancels First Revised Page -ii-

ISSUED: April 7, 2008
By: William W. Geary, Jr., President

EFFECTIVE: May 7, 2008

12. RATES

WATER

Minimum 2,000 Gallons:	\$47.79 per month*
Next 8,000 Gallons:	\$9.00/1,000 Gallons per month*
Next 10,000 Gallons:	\$8.14/1,000 Gallons per month*
Next 30,000 Gallons:	\$7.37/1,000 Gallons per month*
All over 50,000 Gallons:	\$6.85/1,000 Gallons per month*

SEWER

Minimum 2,000 Gallons:	\$20.33 per month*
Next 8,0000 Gallons:	\$7.39/1,000 Gallons per month*
Over 10,000 Gallons:	\$6.62/1,000 Gallons per month*

OTHER FEES

Tap Fee:	\$850.00 Per New Water or Sewer Connection**
Deposit:	\$50.00 Per Water or Sewer Meter Set***
Disconnection/Reconnection:	\$50.00 Per Water or Sewer Disconnection
Customer's Request or for Good Cause:	\$50.00 Per Water or Sewer Reconnection
Bills Due:	On Billing Date
Bills Past Due:	15 days after billing date
Billing Frequency:	Monthly

* Subject to 9.25% Sales Tax

** If connection is for both water and sewer services, only one tap fee of \$850.00 is payable.

*** If connection is for both water and sewer services, only one deposit of \$50.00 is payable.

EXHIBIT 10

2008 BUDGET/RATE INCREASE & COST INCREASE

Property: Hickory Star Water & Sewer Co.

Property No.: 18-439

Square Feet:

Prepared by: Sally Wright

Date: Feb.04.2008

Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INCOME:													
4610-000 METERED WATER REVENUE	5,879	5,879	5,879	5,018	5,278	8,047	8,255	7,442	6,517	6,916	6,916	6,916	78,942
4610-100 Metered Sls To Res Cust.	5,879	4,522	5,879	5,018	5,278	8,047	8,255	7,442	6,517	6,916	6,916	6,916	78,942
Total Unmetered Water Revenue	5,879	4,522	5,879	5,018	5,278	8,047	8,255	7,442	6,517	6,916	6,916	6,916	78,942
4660-999 OTHER WATER REVENUES	0	850	0	0	850	0	850	0	850	850	0	-4,250	0
4740-000 Other Water Revenues-Tap Fees	0	850	0	0	850	0	850	0	850	850	0	-4,250	0
Total Other Water Revenues	0	850	0	0	850	0	850	0	850	850	0	-4,250	0
5210-000 PLAT RATE REVENUE - WASTEWATER	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	23,820
5210-100 Residential Revenue Wastewater	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	23,820
Total Plat Rate Revenue	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	23,820
TOTAL INCOME	7,864	7,357	7,864	7,003	8,113	10,032	11,090	9,427	9,352	9,751	8,901	4,651	102,762
EXPENSES:													
6000-000 WATER OPERATION & MAINT-EXP.	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
6030-000 General Manager	2,656	2,497	2,684	2,468	2,551	2,879	3,944	2,949	3,579	3,579	2,265	2,134	34,185
6100-100 Purchased Water	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	1,623	19,476
6100-200 Purchased Water-Minimum p Contr	261	261	261	261	261	261	261	0	0	0	0	0	1,827
6300-000 Client Billing	5,540	5,381	5,568	5,352	5,435	5,763	6,828	5,572	6,202	6,202	4,888	4,757	67,488
Total Water Operations Maint Exp	5,540	5,381	5,568	5,352	5,435	5,763	6,828	5,572	6,202	6,202	4,888	4,757	67,488
6310-000 CONTRACTUAL SERV-PROFESSIONAL	340	288	335	285	283	299	307	262	350	441	441	342	3,973
6310-100 Management Fees	100	100	100	100	100	100	100	100	100	100	100	100	1,200
6310-200 Legal Fees	132	132	132	132	132	132	132	132	132	132	132	132	1,584
6310-300 Accounting & Auditing	150	150	150	150	150	150	150	150	150	150	150	150	1,800
6350-000 Testing	0	0	0	0	0	0	0	0	0	0	0	0	0
6360-000 Contractual Serv-Other	0	0	0	0	0	0	0	0	0	0	0	0	0
6550-000 Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Contractual Serv-Professional	722	670	717	667	665	681	689	644	732	823	823	724	8,557

2008 BUDGET/RATE INCREASE & COST INCREASE

Prepared by: Sally Wright

Date: Feb 04, 2008

Property: Hickory Star Water & Sewer Co.

Property No.: 18-439

Square Feet:

Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
6750-000 MISCELLANEOUS EXPENSES													
6750-100 Office Supplies Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
6750-200 Express Mail	0	0	0	0	0	0	0	0	0	0	0	0	0
6750-300 Licenses, Permits & Fees	0	275	200	0	200	400	0	342	0	0	0	275	1,692
6750-400 Other Misc. Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Miscellaneous Expenses	0	275	200	0	200	400	0	342	0	0	0	275	1,692
TOTAL WATER OPERATIONS EX	6,262	6,326	6,485	6,019	6,300	6,844	7,517	6,558	6,934	7,025	5,711	5,756	77,737
4030-100 DEPRECIATION EXPENSE													
4030-200 Trans. & Dist.	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	14,032
4030-300 Power Oper.	21	21	21	21	21	21	21	21	21	21	21	21	256
4030-300 Office Equip.	29	29	29	29	29	29	29	29	29	29	29	29	349
Total Depreciation Expense	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	14,637
7000-000 WASTEWATER OPER. & MAINT EXP													
7100-000 Purchased Water Treatment	0	0	0	1,400	2,430	2,430	2,430	2,430	2,340	1,400	1,400	1,400	17,660
7110-000 Sludge Removal Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
7180-000 Chemicals	0	0	0	0	0	0	0	0	0	0	0	0	0
7200-000 Materials & Supplies	0	0	0	1,400	2,430	2,430	2,430	2,430	2,340	1,400	1,400	1,400	17,660
Total Wastewater Oper & Maint Ex	0	0	0	1,400	2,430	2,430	2,430	2,430	2,340	1,400	1,400	1,400	17,660
TOTAL WASTEWATER EXPENSE	0	0	0	1,400	2,430	2,430	2,430	2,430	2,340	1,400	1,400	1,400	17,660
4080-000 TAXES OTHER THAN INCOME													
4080-100 Taxes NON Income-Real Estate	48	61	49	49	49	49	49	49	49	49	49	49	599
Total Taxes Other Than Income	48	61	49	49	49	49	49	49	49	49	49	49	599
TOTAL EXPENSES	7,530	7,607	7,754	8,688	9,999	10,543	11,216	10,257	10,543	9,694	8,380	8,425	110,633
Net Operating Income (Loss)	334	-250	110	-1,685	-1,886	-511	-126	-830	-1,191	57	521	-3,774	-7,871

ATTACHMENT

**PRE-FILED TESTIMONY OF
WILLIAM W. GEARY, JR.**

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

**PETITION OF HICKORY STAR
WATER COMPANY, L.L.C. FOR
APPROVAL OF WHOLESALE WATER
RATE PASS-THROUGH MECHANISM**

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DOCKET NO. _____

**DIRECT TESTIMONY OF WILLIAM W. GEARY, JR. ON BEHALF OF
HICKORY STAR WATER COMPANY, L.L.C.**

1 Q. PLEASE STATE YOUR NAME FOR THE RECORD.

2 A. My name is William W. Geary, Jr.

3 Q. WHAT IS YOUR POSITION WITH THE PETITIONER, HICKORY STAR WATER
4 COMPANY?

5 A. I am the Managing Member of Hickory Star Water Company, LLC.

6 Q. WOULD YOU BRIEFLY DESCRIBE YOUR DUTIES WITH HICKORY STAR
7 WATER COMPANY?

8 A. As the managing member, I determine the policies of the water company including
9 expansion plans and establishing budgets, and I supervise the operations of the company.

10 Q. ARE YOU AN EMPLOYEE OF HICKORY STAR WATER COMPANY?

11 A. No.

12 Q. BY WHOM ARE YOU EMPLOYED?

13 A. I am employed by Carlsberg Management Company.

14 Q. WHAT IS THE RELATIONSHIP BETWEEN HICKORY STAR WATER COMPANY
15 AND CARLSBERG MANAGEMENT COMPANY?

16 A. Hickory Star Water company is a wholly-owned subsidiary of Hickory Star, LLC which
17 owns the Hickory Star Marina and Campground in Union County, Tennessee. Hickory
18 Star in turn is owned by Carlsberg Recreational Properties, Inc., a California corporation.
19 Carlsberg Management Company is affiliated with Carlsberg Recreational Properties,
20 Inc. and manages the operations of Hickory Star and the water company. Carlsberg
21 Management collects the revenues, pays the bills, and employs all of the personnel at
22 Hickory Star.

1 Q. HOW AND WHY WAS HICKORY STAR WATER COMPANY FORMED?

2 A. Hickory Star Water Company was granted authority on November 24, 1999. Prior to this
3 date, the area was served by a spring near Norris Lake. The water company was formed
4 at the request of the Division of Water Supply of the State of Tennessee because of a
5 concern over ground water intrusion into the spring. There was also concern that the
6 spring would not service the increased number of customers in the area. The water
7 company currently serves 119 customers. The water lines in the service area are very
8 old, and the Division of Water Supply has ordered Hickory Star Water Company to
9 install new water lines. The project was in three phases and completed over a three year
10 period at a cost of \$61,000.

11 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

12 A. The purpose of my testimony is to provide information in support of the petition of
13 Hickory Star Water Company ("Company") for approval of adjustment of its rates and
14 charges.

15 Q. WERE THE COMPANY'S ACCOUNTING EXHIBITS FILED IN SUPPORT OF THE
16 COMPANY'S RATE CASE ATTACHED HERETO THE PETITION PREPARED BY
17 YOU OR UNDER YOUR SUPERVISION?

18 A. Yes.

19 Q. WHAT IS THE SOURCE OF THE INFORMATION USED IN PREPARING THE
20 COMPANY'S ACCOUNTING EXHIBITS?

21 A. The information in the accounting exhibits was prepared from the financial and
22 operational records of the company.

1 Q. WHAT IS THE RATE INCREASE THE COMPANY IS REQUESTING IN THIS
2 CASE ?

3 A. The company is seeking a rate increase as set forth in the petition and its exhibits. The
4 rates, and thus the rate increases vary according to the amount of water purchased.
5 The company is seeking a rate increase that would produce additional annual revenues of
6 approximately \$21,198 in both water and sewer services.

7 WHEN WAS THE COMPANY'S EXISTING RATES APPROVED?

8 A. The company's existing rates were granted by the Authority on September 3, 2004.

9 Q. WHY IS AN ADJUSTMENT OF THE COMPANY'S RATES AND CHARGES
10 NEEDED?

11 A. The company purchases its water from the City of Maynardville, Tennessee. Effective
12 September 1, 2007, Maynardville increased the rates charged the company to purchase
13 water. Under the present tariff, the company is losing money annually. With the increase
14 in charges by the City of Maynardville, the loss is greater. The company incurred a net
15 operating loss of \$24, 599 for the fiscal year ending December 31, 2007.

16 Assuming no rate increase in the company's tariff rates, the company is projected to
17 experience a net operating loss of \$29,069 for 2008.

18 Even with the requested rate increase, the company is projected to experience a net
19 operating loss of \$7,871 based on a January to December year. Due to the filing date of
20 this petition and the time for consideration of it by the Authority, the actual projected loss
21 will be greater because the increased revenue will not start in January, 2008 but at a later
22 date.

23 Q. IS THE COMPANY SEEKING TO INCREASE ANY OTHER FEES AND CHARGES?

1 A. Yes. In fiscal year ending December 31, 2007, Hickory Star Water paid \$17,660 for
2 purchased sewage treatment and received sewer revenue of \$17,305. Hickory Star Water
3 is requesting rates equal to those charged by the City of Maynardville. Such rates are a
4 good market indicator. Additional revenue above costs resulting from the requested rates
5 will be used to partially offset losses incurred as a result of the requested below cost
6 water rate increases.

7 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

8 A. Yes.