

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

IN RE:

**PETITION OF HICKORY STAR
WATER COMPANY, L.L.C. FOR
APPROVAL OF ADJUSTMENT OF ITS
RATES AND CHARGES**

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DOCKET NO. 08-00051

MOTION FOR INTERIM EMERGENCY RELIEF

Hickory Star Water Company, L.L.C. ("Hickory Star Water") respectfully submits this Motion for Interim Emergency Relief to the Tennessee Regulatory Authority ("TRA" or "Authority") for approval for the purpose of emergency relief for water rates pursuant to T.C.A. Section 65-5-103(b)(2).

1. 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.
2. 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.
3. 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.

4. Hickory Star Water avers that its 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. In the previous rate case, the Authority approved Hickory Star Water's existing rates and charges by Order dated September 3, 2004.¹

5. 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. 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.

6. Effective September 1, 2007, Maynardville increased the rates charged Hickory Star Water to purchase water. Attached as Exhibit 1 is a chart showing Maynardville's previous rates, Maynardville's new rates now in effect, and the percentage increase.

7. Under the present tariff, Hickory Star Water avers that it is losing money annually. With the increase in charges by Maynardville, the loss is greater. In accordance with the filing of its Petition in this docket on April 7, 2008, Hickory Star Water has incurred a net operating loss of \$24,599 for the fiscal year ending December 31, 2007. If Hickory Star Water's tariff rates are not increased, Hickory Star Water is projected to experience a net operating loss of \$29,069 for the fiscal year ending December 31, 2008.

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

8. On April 7, 2008, Hickory Star Water filed a petition for approval to adjust its rates. In that filing Hickory Star Water sought a 29% rate increase in its water rates and a 17% rate increase in its sewer rates or an increase in its annual revenues of approximately \$21,000.

9. A contested case proceeding was opened in this docket on April 21, 2008.

10. Hickory Star Water seeks emergency relief for its water rates during the pendency of its rate case before the Authority. Hickory Star Water requests an emergency relief of its water rates under the provisions of T.C.A. Section 65-5-103(b)(2) because of the emergency due to increased rates by its supplier, Maynardville, and to prevent Hickory Star Water's credit or operation from being materially damaged by failure of the interim emergency rates to be effective. The interim emergency rates requested are:

Minimum 2,000 Gallons:	\$42.99 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

11. The requested rates will result in an average increase of \$11.20 for all 119 customer's monthly rate; for customers on the minimum rate, the increase will be \$6.23 per month. Approximately eighty-eight per cent (88%) of Hickory Star Water's customers pay only the minimum rate.

12. The requested rates are based on the rates charged Hickory Star Water by Maynardville and reflect a pass-through whole dollar amount of such rates charged by Maynardville.

13. The interim emergency rate request will result in an approximate increase in water rate revenues of \$8,000.00 for six (6) months and \$16,000.00 annually.

14. Hickory Star Water acknowledges that if these interim emergency rates are allowed by the Authority, that such rates are subject to change at the conclusion of this rate case.

15. Hickory Star Water respectfully requests the Authority to not require a bond for such interim emergency rates since the setting of a bond is discretionary and not required under T.C.A. § 65-5-103(b)(1). Hickory Star Water has a long-standing regulatory history with the Authority and has the financial ability to refund or credit the increase if such increase is later reduced by the Authority.

16. Hickory Star Water requests this interim emergency relief be effective immediately.

For the reasons stated herein, Hickory Star Water requests the Authority to approve this Motion for Interim Emergency Relief.

Respectfully submitted,

Hickory Star Water Company, LLC

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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 1

Hickory Star Water Company

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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%