

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

June 20, 2008

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

ORDER GRANTING MOTION FOR INTERIM EMERGENCY RELIEF

This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on May 19, 2008 for consideration of the *Motion for Interim Emergency Relief* ("Motion") filed by Hickory Star Water Company, L.L.C. ("Hickory Star" or "Company") on May 9, 2008.

BACKGROUND

This docket was commenced when Hickory Star filed its *Petition* seeking approval to adjust its rates and charges on April 7, 2008. The *Petition* was filed in response to an increase in its wholesale water rates from the City of Maynardville ("City") effective September 1, 2007. Subsequently, the Company filed its *Motion* requesting emergency interim rate relief, pending the outcome of its rate case.

THE MOTION

In its *Motion*, Hickory Star avers that its existing rates and charges¹ do not provide sufficient revenue to cover all of its costs. The Company has an agreement with the City to

¹ The current rates were approved in a previous rate case. 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.

purchase water from the City and resells the water to the customers of Hickory Star Marina & Campground. The Company pays Maynardville a fixed monthly fee and a per gallon charge.

Effective September 1, 2007, the City increased the rates it charges Hickory Star. The Company asserts it is losing money annually. It incurred a \$24,599 net loss for fiscal year ending December 31, 2007 and projects, without the rate relief sought in this docket, a net operating loss of \$29,069 at December 31, 2008.

The increase in water rates set by the City is 51% on the first 2,000 gallons usage, 48% on the next 8,000 gallons, 41% on the next 10,000 gallons, 44% on the next 30,000 and 46% on usage over 50,000 gallons. The Company states that the emergency interim rate relief is necessary to prevent Hickory Star's credit or operation from being materially damaged. The interim emergency rates that are being requested are the same as those that were requested in the *Petition*.

The Company states that these rates will result in an average increase of \$11.20 per month for customers. However, for those customers who generally receive the minimum rate (usage up to 2,000 gallons per month), the increase will be \$6.23 per month. These customers are approximately 88% of the Company's customer base.

FINDINGS AND CONCLUSIONS

The Company's request for interim emergency relief is governed by Tenn. Code Ann. § 65-5-103(b)(2) (2004) which provides, in pertinent part:


. . . If the authority, at any time during the initial three (3) months' suspension period, finds that an emergency exists or that the utility's credit or operations will be materially impaired or damaged by the failure to permit the rates to become effective during the three-month period, the authority may permit all or a portion of the increase, change or alteration to become effective under such terms and conditions as the authority may by order prescribe. Any increase, change or alteration placed in effect under the provisions of this subsection (b) under bond may be continued in effect by the utility, pending final determination of the proceeding by final order of the authority or, if the matter be appealed, by final order of the appellate court. . . .

The panel considered the Company's *Motion* at the regularly scheduled Authority Conference held on May 19, 2008. The panel noted that the hearing on the *Motion* had been duly noticed on May 9, 2008. Because this was a public hearing, the panel invited any members of the public wishing to be heard to come forward. No members of the public sought recognition.

Based on the record as a whole, the panel found that the Company had met the requirements of Tenn. Code Ann. § 65-5-103(b)(2) (2004). The panel further found that the Company maintains that it has the financial ability to refund or credit the increase if it is later reduced as a result of the pending rate case. Therefore, the panel voted unanimously to grant the *Motion* and allow the rates contained in the *Petition* to be effective immediately and remain in effect until a final determination is made in the pending rate case. The panel further voted unanimously that no bond was required to be posted by the Company, and the Hearing Officer was directed to act as expeditiously as possible to bring this matter to a hearing before the panel.

IT IS THEREFORE ORDERED:

Hickory Star Water Company, L.L.C.'s *Motion for Interim Emergency Relief* is granted.



Eddie Roberson, Chairman



Sara Kyle, Director



Ron Jones, Director