

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**September 16, 2008**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF KING'S CHAPEL CAPACITY</b>	)	<b>DOCKET NO.</b>
<b>FOR EXEMPTION FROM FINANCIAL</b>	)	<b>08-00069</b>
<b>SECURITY AS REQUIRED BY THE</b>	)	
<b>TENNESSEE REGULATORY AUTHORITY'S</b>	)	
<b>PROPOSED WASTEWATER REGULATIONS</b>	)	

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**ORDER GRANTING PETITION**

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This matter came before Chairman Tre Hargett, Director Sara Kyle, and Director Mary W. Freeman of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on September 8, 2008 upon the *Request to Continue Exemption ("Petition")* filed on May 1, 2008 by King's Chapel Capacity ("King's Chapel" or the "Company") requesting the TRA to continue the Company's exemption from providing additional financial security and to find that the financing required by the local government authority is adequate to meet the TRA requirements set out in TRA Rule 1220-4-13-.07.

**BACKGROUND**

King's Chapel is authorized to provide services for the Ashby Communities Development located in Williamson County.<sup>1</sup> King's Chapel filed a petition on February 27, 2006 in Docket No. 06-00061 seeking an exemption from providing additional financial security

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<sup>1</sup> See *In re: Petition of King's Chapel Capacity, LLC for Certificate of Public Convenience and Necessity to Serve An Area in Williamson County Known As Ashby Community*, Docket No. 04-00335, *Order Approving Petition For Certificate Of Public Convenience And Necessity* (January 3, 2006).

as provided for in TRA Rule 1220-4-13-.07 based on its position that the financial security required by the local government authority, Williamson County, Tennessee, was adequate to meet the TRA's financial requirements. The Authority granted the Company's petition at a regularly scheduled Authority Conference on April 3, 2006. The Company filed a request to continue its exemption in Docket No. 07-00151, and the Authority granted the Company's request in an Order filed on September 13, 2007.

In the *Petition* currently before the Authority, King's Chapel seeks to continue its financial exemption for another twelve months as permitted by the provisions of TRA Rule 1220-4-13-.07(6). In the *Petition*, the Company included copies of letters of credit as documentation that the security provided to Williamson County exceeds the amount required by the Authority pursuant to TRA Rule 1220-4-13-.07(2). On May 12, 2008, the Company filed notice with the Authority that the Williamson County Planning Commission had voted to reduce the Company's bonding requirements at the May 8, 2008 meeting. On July 24, 2008, the Company filed an amended letter of credit in the amount of \$151,642 with an expiration date of October 1, 2010.<sup>2</sup>

#### **FINDINGS AND CONCLUSIONS**

In accordance with Tenn. Code Ann. § 65-4-201(e) and TRA Rule 1220-4-13-.07, wastewater utilities regulated by the TRA are required to provide proof of financial security pursuant to the terms established in the regulations. The rule allows, however, an exemption from providing the required financial security. Specifically, TRA Rule 1220-4-13-.07(6) provides:

Financial securities required by any local government may be counted by the Authority in fulfilling this financial security obligation. The public wastewater

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<sup>2</sup> The financial security was amended on July 7, 2008. Since this date fell after the July 1 date required by TRA Rule 1220-4-13-.07(7)(b) to file a tariff to true-up the bond cost rate charged to consumers, King's Chapel did not comply with the tariff filing requirement.

utility shall file with the Authority by May 1 of each year evidence of any financial security required by any local government and a written request that the Authority count the security toward fulfilling the requirements of this Chapter.

After careful consideration of the record and upon taking administrative notice of the Company's tariff on file with the Authority, the panel voted unanimously to approve King's Chapel's *Petition*. The panel further voted to require the Company to file a tariff to true-up the bond cost rate charged to customers as outlined in TRA Rule 1220-4-13-.07(7)(b) by September 15, 2008 to become effective October 1, 2008.

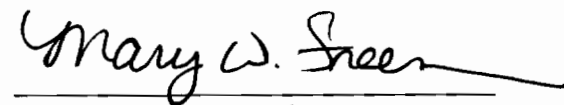
**IT IS THEREFORE ORDERED THAT:**

1. King's Chapel Capacity, LLC's *Request to Continue Exemption* from the provisions of TRA Rule 1220-4-13-.07 is granted.

2. King's Chapel Capacity, LLC shall file a tariff to true-up the bond cost rate charged to customers as outlined in TRA Rule 1220-4-13-.07(7) by September 15, 2008 to become effective October 1, 2008.

  
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Tre Hargett, Chairman

  
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Sara Kyle, Director

  
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Mary W. Freeman, Director