

KING'S CHAPEL CAPACITY

Providing Superior Wastewater Service to Tennessee

September 24, 2008

VIA HAND DELIVERY

Ms. Darlene Standley, Chief
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37219

Re: Petition of King's Chapel Capacity for Exemption from Financial Security as Required by the TRA's Wastewater Regulations (Docket 08-00069).

Tariff Filing to true-up of bond cost.

Dear Ms. Standley:

On September 16, 2008 the TRA issued an Order in Docket 08-00069 approving the Petition of King's Chapel Capacity ("KCC") for exemption from the TRA's rules on financial security for wastewater utilities. As a separate requirement, the TRA also directed KCC to make a tariff filing to true-up the bond cost rate charged to KCC's customers by September 15, 2008. Due to power disruptions caused by hurricane Ike, our accountant was unable to access the information needed for a bond true-up filing until now. Attached are two copies of KCC's tariff with supporting calculations to true-up bond costs with an effective date of December 1, 2008.

KCC respectfully requests a waiver of the TRA rules regarding publication of notice in a local newspaper for this tariff change, and instead proposes to individually mail notices to each of its 54 customers. This waiver would allow KCC to insure that notice is received by all utility customers at a lower cost than through a published newspaper notice. KCC will also provide proof of mailed notices to the TRA at a later date.

Simultaneous with this tariff filing, KCC is also filing a separate petition with the TRA for approval of debt related to bonding costs. KCC has included the pro forma cost of this debt as a component of the bonding surcharge pending approval by the TRA.

1413 Plymouth Drive, Brentwood, TN 37027
Phone: 615-395-0001 Fax: 615-370-3095

Prior to this time, KCC's bonding costs were underwritten by the developer of King's Chapel Subdivision. This filing effectively moves the responsibility for funding these costs to the utility.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "John Powell". The signature is written in a cursive, flowing style with a large initial "J" and a long, sweeping underline.

John Powell
President

King's Chapel Capacity
TRA #3
Wastewater Tariff

First Revised Sheet #1
Replacing Original Sheet #1
Effective Date: December 1, 2008

**King's Chapel Capacity
Wastewater Service Billing Summary**

System	Monthly Charge
Ashby Communities – Sheet 2	\$56.17

**King's Chapel Capacity
Ashby Communities Billing Rates**

	Monthly Charge	Escrowed Amount
Collection System Operation and Maintenance (Tariff Items 1 – 4)	\$8.95	\$6.35
Treatment System Cost (Tariff Items 5 – 7)	6.23	2.90
Utility Cost (Tariff Items 11 and 13)	1.30	0.00
Disposal System Cost (Tariff Items 15 – 17)	1.53	0.88
Sampling and Testing Cost (Tariff Item 18)	7.00	0.00
Billing and Collection Cost (Tariff Item 20)	1.50	0.00
Miscellaneous Cost (Tariff Items 21 – 30 excluding Bonding)	8.60	0.00
Bonding Cost (Pass Through) **	21.06	0.00
Total	\$56.17	\$10.13

Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00
Access	\$84.00

**** Bonding Cost incurred is passed through to the customer with no markup by the Company.**

Total Bonding Cost

Amount of Bond	\$151,642	
Interest Rate	9%	(1% Letter of Credit + 8% Debt Funding)
Number of Lots	54	
Months per Year	12	
Total	\$21.06	

**King's Chapel Capacity
Bond Cost True-Up**

Annual Bond Cost

Letter of Credit Fees: (A/)

Amount of Bond	\$151,642	
LOC Rate	<u>1.00%</u>	
Letter of Credit Fee		\$1,516

Interest Cost: (B/)

Amount of Bond	\$151,642	
Interest Rate	<u>8.00%</u>	
Interest Cost		\$12,131

Total Bond Financing Cost

\$13,648

Current Annual Bills (54 customers * 12 bills per year)

648

Monthly Bonding Surcharge

\$21.06

A/ Charged by third party banks to make a letter of credit available.

B/ Contingent upon TRA approval of KCC debt petition.

Note: KCC and Ashby Communities waive all previously uncollected bond costs related to \$1,780,248 in bonds previously required by the Williamson County Planning Commission.