

TENNESSEE REGULATORY AUTHORITY

Tre Hargett, Chairman
Eddie Roberson, Director
Sara Kyle, Director
Mary Freeman, Director



REC-44

2008 OCT -2 PM 3:54

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

T.R.A. DOCKET ROOM

JD

October 2, 2008

Mr. John Powell
Kings' Chapel Capacity, LLC
1413 Plymouth Drive
Brentwood, TN 37027

Re: Docket No. 08-00069: Petition of Kings' Chapel Capacity for Exemption from Financial Security

Docket No. 08-00181: Petition of Kings' Chapel Capacity for approval of a loan in an amount not to exceed \$152,000 pursuant to T.C.A. § 65-4-109 in order to finance bonding costs required by the Williamson County Planning Commission

Dear Mr. Powell:

In order to analyze the above-referenced filings, the Tennessee Regulatory Authority requires additional information. Please provide the information requested below by October 9, 2008, and refer to this correspondence as Data Request No. 1 in the response.

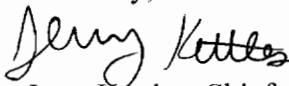
1. Did Kings' Chapel Capacity ("KCC") consider any options to meet the Williamson County Planning Commission bonding requirements other than that described in the *Petition* in Docket 08-00181. If so, please describe each option and the associated customer cost of each alternative.
2. How much collateral must be provided to secure the letter of credit meeting the Williamson County Planning Commission bonding requirements? How will this collateral be held by financial institution, ie. CD, Money Market Account, Savings Account, etc. Will this required collateral supporting the letter of credit earn interest? If so, what will be the guaranteed interest rate on the secured funds?
3. List all third-party banks that KCC attempted to obtain debt financing from for the purpose of establishing the bond required by the Williamson County Planning Commission.
4. Provide documentation received from banks declining to provide loans to KCC to secure the letter of credit for the amount of the Williamson County Planning Commission bond requirement.

5. Provide documentation received from any entity declining to provide a bond to KCC for the amount of the Williamson County Planning Commission bond requirement.
6. Provide documentation that supports the claim that an 8% interest rate for the loan is the best rate available to KCC.
7. Name the employee of Ashby Communities, LLC ("Ashby") that approved the loan commitment terms with KCC as listed in Exhibit 3 of the *Petition* filed in Docket No. 08-00181.
8. Explain why the original tariff submitted in Docket No. 04-00335 for recovery of Williamson County Planning Commission bonding costs was based on recovery from 218 lots while the tariff submitted in Docket No. 08-00069 proposes to recover the cost from 54 lots?
9. The Williamson County Planning Commission Bond Action Form list Kings Chapel, Section 1 as requiring a bond in the amount of \$151,642. How many lots are contained in Kings Chapel Section 1?
10. Exhibit 2 of the *Petition* filed in Docket No. 08-00181 indicates that the length of the bonding requirement is two years. Why is KCC requesting approval of a loan with a five year term?
11. Indicate whether the funds supporting the loan from Ashby to KCC will be made from cash reserves or from funds loaned to Ashby? If Ashby's funding comes from loaned funds, provide the interest rate of the loan.

If you have any questions or need further assistance, please call me at 615-741-2904, ext. 153 or e-mail me at Jerry.Kettles@state.tn.us. Please respond by sending the original and 13 copies either by U.S. Mail or express mail. Alternatively, you may send the original and four (4) copies along with an electronic file to:

Ms. Sharla Dillon, Docket Room Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505
Sharla.Dillon@state.tn.us

Sincerely,



Jerry Kettles, Chief
Economic Analysis & Policy Division

C: William H. Novak
