

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

IN RE:)			
PETITION OF CARTWRIGHT)			
CREEK, LLC TO CHANGE AND)	DOCKET	NO.	09-0056
INCREASE RATES AND CHARGES)			

RESPONSE OF WATERBRIDGE TO MOTION OF CAPD

In response to the "Motion to Request Limited Additional Discovery and Bifurcation of Waterbridge Special Contract Issues" filed September 14, 2009, by the Consumer Advocate and Protection Division ("CAPD"), Waterbridge Development (1) agrees that the requested additional discovery should be permitted and (2) supports having a separate hearing prior to the conclusion of this rate case on the rates, terms, and conditions of the service Cartwright Creek will provide to Waterbridge.

Waterbridge concurs with the CAPD that more investigation is needed concerning the utility's response to Question 10 of the data request from the TRA Staff. It appears that the utility is trying to amortize and recover from ratepayers \$125,000 in expenses¹ largely associated with the purchase of Cartwright Creek in 2005 by its current owner. Absent regulatory approval, such acquisition costs should be charged to stockholders, not ratepayers. When the utility was purchased in 2005, Cartwright Creek never sought or received permission to pass on these acquisition costs to ratepayers. This issue clearly warrants further inquiry.

Waterbridge also supports having a separate hearing, prior to the rate case, regarding the terms and conditions of the special contract between Waterbridge and Cartwright Creek. Once

¹ There is no support in the record for this expense other than a one page invoice from 2005. Half of the \$125,000 shown on the invoice is a claim for 200 hours of work (at \$300 per hour) by a former employee, Dr. John Shaeffer.

the terms of that contract are finalized, the TRA will then be able to determine how the contract will affect the revenue requirement of Cartwright Creek. As previously noted by the CAPD, the draft contracts of both parties indicate that, once a contract is signed, the utility will begin receiving substantial additional revenue which will reduce the size of any rate increase.

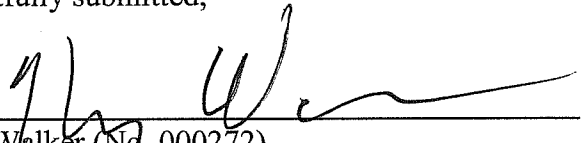
As one of Cartwright Creek's largest potential customers, Waterbridge will, of course, remain a party to the general rate case and participate as its interests require. In the meantime, Waterbridge asks that the contract issues be speedily resolved by the Authority. The parties should be required to submit a matrix showing each party's position on all unresolved contract issues. Each party should then be asked to present testimony or argument supporting its positions. The issues are not complex. The testimony could either be pre-filed or presented live. The hearing should not take more than half a day.²

Waterbridge is ready to begin construction but cannot do so without an agreement with Cartwright Creek to provide sewer service. Each day that passes without an agreement causes financial harm to Waterbridge as a direct result of the failure of Cartwright Creek to offer service under reasonable terms and conditions. After months of negotiations, Waterbridge has no alternative but to seek relief from the Authority and asks that this case be heard and resolved as quickly as possible.³ The motion to bifurcate will expedite this docket by insuring that the contract issues are resolved prior to the hearing on the rate case. The Motion should be granted and a hearing scheduled in early October.

² Waterbridge suggests that because of the need for an expedited decision on the contract prior to the conclusion of the rate case, the contract issues could be heard by the Hearing Officer who would then issue an Initial Order, subject to TRA review.

³ Waterbridge remains hopeful that the parties may yet negotiate an agreement and respectfully submits that, as the Authority knows from experience, the best way to encourage settlement is to set a hearing date in the near future.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'H. Walker', is written over a horizontal line.

Henry Walker (No. 000272)
1600 Division Street, Suite 700
P.O. Box 340025
Nashville, Tennessee 37203
(615) 252-2363

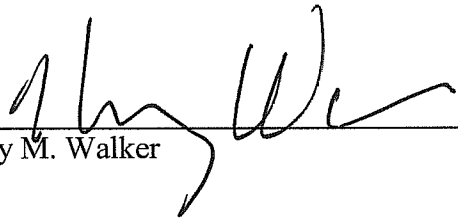
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this Petition has been served upon the following by U.S. Mail this 3rd day of September, 2009.

Thomas L. Kolschowsky, Corporate Counsel
Sheaffer International, L.L.C.
As Manager of Cartwright Creek L.L.C.
800 Roosevelt Road, Suite A-120
Glen Ellyn, IL 60137

Mary White
Consumer Advocate & Protection Division
Office of the Attorney General
POB 20207
Nashville, Tennessee 37202

Gregory L. Cashion
Craig N. Mangum
Smith Cashion & Orr, PLC
231 Third Avenue North
Nashville, Tennessee 37201


Henry M. Walker