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September 21, 2009

Paul Greene
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

filed electronically in docket office on 09/21/09

Re: Docket No. 09-00056 – Petition of Cartwright Creek, LLC to Change and Increase Rates and Charges.

Dear Mr. Greene:

Pursuant to the data request issued at the September 9, 2009 Status Conference in the above-referenced docket, enclosed please find four copies plus an electronic version of the following documents provided by Dave Peters of the Consumer Advocate and Protection Division:

1. A response to the inquiry on whether the revenues shown on CAPD Schedule 2 were current rates and forecasted customers and volumes or proposed rates and forecasted customers and volumes.
2. A Price out showing how the revenues on CAPD Schedule 2 were calculated.

If you have any questions regarding this response to the data request, please do not hesitate to contact me at (615) 741-4657.

Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Mary Leigh White".

Mary Leigh White
Assistant Attorney General

Attachments

Cc: Thomas L. Kolschowsky
Henry Walker

1 Q. Are the revenues shown on CAPD Schedule 2 current rates and forecasted
2 customers and volumes or proposed rates and forecasted customers and volumes?
3

4 A. The revenues shown on Schedule 2 are proposed rates. There are no forecasted
5 customers or volumes on this schedule.
6
7

8 Q. Provide a price out showing how the revenues on CAPD Schedule 2 were
9 calculated. Your response should provide residential customer counts by bedroom
10 and commercial customers by volume.
11

12 A. The company revenues were taken from the company supplied P&L. They show
13 attrition year revenues of \$438,369 and if you add cells F10 and 11 on CAPD Schedule 2,
14 the result is \$435,969. The difference of \$2,400 is the bonding fee surcharge which is
15 incorrectly removed in cell F11. The correct company proposed revenue should be
16 \$438,969 which represents the actual 2008 residential (less an unexplained \$800
17 adjustment - net is \$189,641) and commercial revenues (\$54,137) multiplied by their
18 proposed 75% rate increase plus the bonding fee surcharge of \$2,400, the \$8,000 from
19 other system revenues and the other sewer revenues of \$1,359. On the CAPD side for
20 proposed revenues, the main difference was using a multiplier of 27.75 (on the
21 residential revenues CAPD did not adjust for the unknown \$800 adjustment and used
22 \$190,441 instead of \$189,641 and 27.75% instead of 75%). There were two components
23 of revenue that the company did not apply the rate hike to (Bonding Fee surcharge and
24 Other revenues) so the CAPD has followed the same rationale. Because of the two
25 components that there was no rate hike applied to, the effective rate hike was 26.47%
26 (see Sch. 1 in workpapers). On the expense side, the CAPD has removed the
27 amortization expense of \$8,333 in Sch. 2 because we feel that this expense is related to
28 the Waterbridge development and is not pertinent to this docket. CAPD was not
29 provided with data including the Company's commercial customers by volume, and as
30 a result, will be unable to provide the requested commercial price out to the TRA Staff.
31 Please see attached corrected Schedule 2 and Price out showing the revenues calculation
32 as well as breakdown of revenues by customer class.
33
34
35
36
37

Cartwright Creek L.L.C. TRA Docket #09-00056
Comparison of Rate Making Components
Company vs. Consumer Advocate
For 12 Months Ending December 31, 2009

Schedule 2

| Line # | | Company 2009 Proposed | ADJUSTMENTS | Consumer Advocate Proposed | |
|--------|-------------------------------------|-----------------------------|--------------|----------------------------------|-------------|
| | | | | | (\$67,648) |
| 1 | Residential revenues | \$189,641 A/ | \$0 | \$242,266 | 16659 |
| 2 | Bonding Fee Surcharge | \$2,400 B/ | \$0 | \$2,400 | (\$6,371) |
| 3 | Commercial revenues | \$54,137 C/ | \$0 | \$69,160 | 316812.8751 |
| 4 | Other Revenues | \$9,359 D/ | \$0 | \$9,359 | |
| 5 | Total Revenues | \$255,536 | \$0 | \$323,184 | (\$67,648) |
| | | \$180,433 | | | 26.47% |
| 6 | Sludge removal expense | \$68,463 E/ | \$0 | \$68,463 | \$0 |
| 7 | Purchased power | \$29,929 F/ | \$3,722 F/ | \$26,208 | (\$2,400) |
| 8 | Chemicals | \$10,354 G/ | \$0 | \$10,354 | |
| 9 | Materials & supplies | \$10,161 H/ | \$1,000 | \$9,161 | \$11,759 |
| 10 | Plant Management | \$143,048 I/ | \$67,906 | \$75,142 | \$55,889 |
| 11 | Accounting | \$30,400 J/ | \$0 | \$30,400 | 47.47% |
| 12 | Repairs & Maint to plant | \$31,191 K/ | \$0 | \$31,191 | \$36,656 |
| 13 | Rents | \$7,800 L/ | \$7,800 | \$0 | |
| 14 | Transportation expenses | \$4,936 M/ | \$0 | \$4,936 | |
| 15 | Telephone | \$1,535 N/ | \$0 | \$1,535 | |
| 16 | Insurance expenses | \$19,805 O/ | \$10,237 | \$9,567 | |
| 17 | Postage | \$2,260 P/ | \$216 | \$2,044 | |
| 18 | Rate Case Expense | \$8,000 Q/ | \$0 | \$8,000 | |
| 19 | Regulatory commission expense | \$707 R/ | \$0 | \$707 | |
| 20 | Bad debt expense | \$500 S/ | \$0 | \$500 | |
| 21 | Interest Exp - Smith Note | \$15,338 T/ | \$0 | \$15,338 | |
| 22 | Bank charges | \$3,811 U/ | \$0 | \$3,811 | |
| 23 | Miscellaneous expense | \$2,637 V/ | \$0 | \$2,637 | |
| 24 | Industry association dues | \$520 W/ | \$0 | \$520 | |
| 25 | Depreciation | \$27,645 X/ | \$27,645 | \$0 | |
| 26 | Amortization exp - other | \$8,333 Y/ | \$0 | \$0 | |
| 27 | Permits & Taxes other than income | \$17,000 Z/ | \$0 | \$17,000 | |
| 28 | Interest & dividend income | (\$7,200) | \$0 | (\$7,200) | |
| 29 | Total Expenses | \$ 429,035 | \$ 118,526 | \$ 302,177 | |
| 30 | Net Operating Income (Before Taxes) | \$ 6,934 | \$ (118,526) | \$ 21,007 | 6.50% |
| | | \$420,897.63 | \$118,525.53 | \$294,039.10 | \$29,144.92 |

| Company | | | |
|-----------------|----------------|-----------------|-----------------|
| <u>Bedrooms</u> | <u>Current</u> | <u>Proposed</u> | <u>% Change</u> |
| 1 | \$20.74 | \$37.02 | 78.50% |
| 2 | \$26.10 | \$46.67 | 78.81% |
| 3 | \$30.38 | \$54.37 | 78.97% |
| 4 | \$35.21 | \$63.07 | 79.13% |
| 5 | \$39.49 | \$70.77 | 79.21% |
| Commercial | \$132.69 | \$232.20 | 75.00% |

Source: Company's Current Rates for Residential Customers and their proposed rates in tariff plus a Calculation of Commercial Rates - This number was derived from taking the commercial revenues that the company supplied and dividing it by the number of customers provided by the company - all divided by 12 to get a monthly rate

| CAPD | | | |
|-----------------|----------------|-----------------|-----------------|
| <u>Bedrooms</u> | <u>Current</u> | <u>Proposed</u> | <u>% Change</u> |
| 1 | \$20.74 | \$26.50 | 27.75% |
| 2 | \$26.10 | \$33.34 | 27.75% |
| 3 | \$30.38 | \$38.81 | 27.75% |
| 4 | \$35.21 | \$44.98 | 27.75% |
| 5 | \$39.49 | \$50.45 | 27.75% |
| Commercial | \$132.69 | \$169.51 | 27.75% |

Source: Company's Current Rates for Residential Customers Plus a Calculation of Commercial Rates - This number was derived from taking the commercial revenues that the company supplied and dividing it by the number of customers provided by the company - all divided by 12 to get a monthly rate

IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

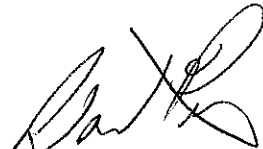
IN RE:

PETITION OF CARTWRIGHT CREEK,
L.L.C. TO CHANGE AND INCREASE
RATES AND CHARGES

DOCKET NO. 09-00056

AFFIDAVIT OF DAVE PETERS

I, Dave Peters, Regulatory Analyst, for the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached responses represent my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

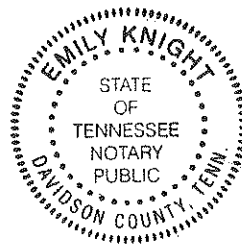


DAVE PETERS

Sworn to and subscribed before me
this 16th day of Sept., 2009.



NOTARY PUBLIC



My Commission Expires AUG. 23, 2011

My commission expires: Aug. 23, 2011