

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 31, 2010

IN RE:)	
)	
PETITION OF CONDO VILLAS OF GATLINBURG)	DOCKET NO.
ASSOCIATION, INC. D/B/A FOOTHILLS WATER)	10-00107
PROPERTIES FOR EMERGENCY RELIEF FOR)	
WATER RATES)	

ORDER APPROVING *PETITION FOR EMERGENCY RELIEF*

This matter came before Chairman Sara Kyle, Director Kenneth C. Hill and Director Mary W. Freeman of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a Hearing held on June 21, 2010 for consideration of the *Petition for Emergency Relief* (“*Petition*”) filed on May 25, 2010 by Condo Villas of Gatlinburg Association, Inc. (“Condo Villas” or “Company”). As more fully described herein, and for the reasons set forth below, the panel voted unanimously to grant the request of Condo Villas for emergency relief.

BACKGROUND

An agreement was executed on December 18, 1999 conveying the interests of Foothills Water Properties, Inc. as a charitable gift to Condo Villas. By Order dated October 10, 2000 in Docket No. 00-00046, the Authority approved this transfer. Condo Villas provides water service to approximately 102 customers in or around Gatlinburg, Tennessee. Condo Villas was last granted a rate increase by the Authority in Docket No. 07-00228. On May 25, 2010, Condo Villas filed the *Petition* with the Authority seeking emergency rate relief and approval to assess a one-time fee of \$155 to its customers.

PETITION

According to the *Petition*, Condo Villas purchases its water from the City of Gatlinburg (“City”) for resale to its customers. In December 2009, due to extreme weather conditions, a water line broke, and the utility lost millions of gallons of water. The Company incurred not only the cost to find and repair the water line break but higher than normal water bills from the City for the two months necessary to complete repairs. The Company experienced an overall loss of \$15,810. The Company seeks emergency relief from the Authority which would enable it to evenly divide the loss among its 102 customers, resulting in a one-time assessment of \$155 per customer. To support the amount of its loss, the Company provided copies of repair bills from Tom Green Services and copies of its water bills from the City for December 2009 and January 2010.

THE HEARING

On May 28, 2010, the Authority issued a Notice of Hearing, and a subsequent Re-Notice of Hearing was issued by the Authority on June 11, 2010. On June 10, 2010, Condo Villas filed a copy of the required public notice that had been published in the *Mountain Press* on June 10, 2010. The Consumer Advocate and Protection Division of the Office of the Attorney General (“Consumer Advocate”) filed a *Petition to Intervene* on June 16, 2010.

The Hearing was convened during the regularly scheduled Authority Conference held on June 21, 2010. The Company was represented by John R. Clark, Condo Villas Secretary-Treasurer, who participated telephonically in the Hearing. Mr. Clark received the testimonial oath in person from notary, Patricia White, who was instructed by the panel to prepare and file an affidavit as it related to her participation in the Hearing.¹ Mr. Clark summarized his pre-filed

¹ On June 30, 2010, Condo Villas filed the Witness Certification of John R. Clark and the Notary Public Affidavit of Patricia White.

testimony and responded to questions from the panel. All filings in the docket were moved into the record without objection. Members of the public were given an opportunity to provide comments regarding the *Petition*; however, no one from the public appeared at the Hearing.

Pursuant to Tenn. Code Ann. § 4-5-310(b), the panel granted the Consumer Advocate a limited right to intervene, to speak and to ask questions at the Hearing. Vance Broemel, Esq., who represented the Consumer Advocate, asked questions regarding the adequacy of notice of the hearing to customers and the proposed assessment. Mr. Broemel also inquired of Mr. Clark whether customers could pay the amount of the assessment over a period of time. Afterward, Mr. Broemel stated that he was satisfied that the customers had received sufficient notice. Chairman Kyle ascertained from Mr. Clark that a customer would be permitted to pay the amount of the assessment over time if such became necessary.

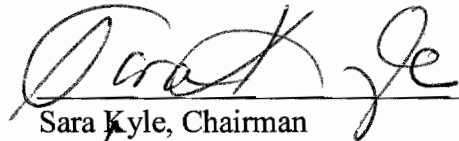
Also, the panel took administrative notice of the Company's 2009 Annual Report filed with the Authority on April 21, 2010.

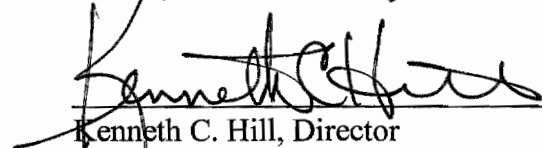
FINDINGS AND CONCLUSIONS

The panel noted that for large utilities, changes in expenses are expected and are generally easy for the utility to absorb until a rate case filing. Condo Villas, however, is a small utility and does not have the finances to absorb the unexpected expenses related to the water line break. Upon consideration of the entire record, including all exhibits and the pre-filed testimony, the panel found that allowing recovery of these expenses was appropriate so as to ensure that the Company remains financially sound and is able to continue providing quality service. Thereafter, the panel voted unanimously to grant the requested emergency relief sought by Condo Villas to allow the Company to make a one-time assessment of \$155 to its customers, or if so requested by a customer, to set up a payment plan for that customer.

IT IS THEREFORE ORDERED THAT:

The *Petition for Emergency Relief* filed by Condo Villas of Gatlinburg Association, Inc. is hereby approved as set forth herein, and the Company shall be permitted to make a one-time assessment of \$155 to its customers, or if so requested by a customer, to set up a payment plan for that customer.


Sara Kyle, Chairman


Kenneth C. Hill, Director


Mary W. Freeman, Director