

TENNESSEE REGULATORY AUTHORITY



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460 James Robertson Parkway
Nashville, Tennessee 37243-0505

November 29, 2010

Mr. John Powell
King's Chapel Capacity, LLC
1413 Plymouth Drive
Brentwood, Tennessee 37027

Re: Docket No. 10-00207 – *Petition of Kings Chapel Capacity for Exemption from Financial Security as Required by the TRA's Wastewater Regulations-Request to Continue Exemption.*

Dear Mr. Powell:

We are in receipt of your recent Petition dated October 29, 2010, requesting the Authority to extend Kings Chapel Capacity's ("KCC") exemption from the financial security requirement for another twelve (12) months. Please note that the previous petition for exemption from financial security was filed by KCC on May 1, 2008 in Docket No. 08-00069. The Authority granted a twelve (12) month extension through June 30, 2009. To assist the Authority in evaluating your current Petition, it is requested that you respond to the following:

1. Pursuant to TRA Rule 1220-4-13-.07(5), if a public wastewater utility proposes to post financial security other than the type or amount permitted by TRA Rule 1220-4-13-.07(2), it must file with the Authority by May 1 of each year a petition requesting acceptance of the proposed security. Please explain why KCC did not file petitions by May 1, 2009 and May 1, 2010 to request continuance of its exemption approved in Docket No. 08-00069.
2. In addition, if a public wastewater utility elects to recover the cost of the financial security from customers, pursuant to TRA Rule 1220-4-13-.07(7)(b) on or before July 1 of each year, the utility must file (1) proof of security, (2) a proposed tariff to become effective August 1, (3) documentation supporting the calculation of the proposed rate adjustment and (4) a true-up calculation of the new monthly rate adjustment. KCC did not file these annual true-ups by July 1, 2009 and July 1, 2010. Therefore, provide a proposed tariff to true-up KCC's bond cost recovery from February 1, 2009 through October 31, 2010. Provide all documentation and calculations required by TRA Rule 1220-4-13-.07(7)(b). As part of the documentation, include number of customers (by month), invoice(s) from bank for Letter of Credit fees, TRA Form UD-20 filed April 2009 for year-end 2008 and April 2010 for year-end 2009, Federal tax returns and all

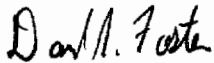
supporting documentation for Ashby Communities, LLC for 2008 and 2009, and any other supporting documents used in calculating the true-up.

3. Provide an explanation of the purpose of the Williamson County Bond.
4. Will the Williamson County Bond amount be awarded to the TRA to cover operation expenses in the event Kings Chapel Capacity ceases operations?
5. Provide a letter from the Williamson County Planning Commission and the Franklin Synergy Bank certifying how the TRA will be notified in the event the Letter of Credit (LOC) is cancelled or claimed (if the LOC is approved as alternative security for KCC).

If you have any questions, please contact Patsy Fulton at (615) 741-2904, extension 193 for clarification before responding.

It is requested that this information be provided no later than Wednesday, December 15, 2010 and that you reference Docket 10-00207 on the response. In accordance with TRA rules submit either (1) original and thirteen written copies of your response or (2) original and four written copies and an electronic version. Thank you for your attention to this matter.

Sincerely,



David Foster,
Chief, Utilities Division