

9/9/13

**TRA Public Hearing**  
**RE: Opposition to Proposed Settlement Agreement**  
**Docket 11-00065**

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T.R.A. DOCKET ROOM

My name is Charles E Kildgore, rate payer to Lynwood Utility, my wife Cindy and I reside at 116 Cottonwood Circle, Franklin TN in the Cottonwood Subdivision. Cottonwood was the original benefactor of the sewer system purchased from its developers by David Terry in the mid 1990's. The purchase was for the benefit of Legends Ridge, LLC and River Landing to allow the development of those properties. Tenn.Contractors provided services to Legends Ridge, LLC. Subsequently the property and utility were turned over to John and Tyler Ring as payment of a debt due Tenn.Contractors from Terry/Legends Ridge, LLC and operated as a closely held private company since that time.

***I oppose the current settlement agreement and request the TRA require the private owners of the utility to pay in full within 90 days the amount due its ratepayers along with any other monies the private owners have taken from the utility to benefit themselves. In the event the private owners cannot pay in full in a timely manner I request the TRA place the company in receivership in that it is insolvent and has proven so.***

I also request a full scope audit to determine which purchases, transactions, loan payments, any and all expenses that enriched the owners at the expense of the ratepayers. These transactions should include but not be limited to attorney's fees, loan fees, and transfer of property, loan agreements and rate basis claims. It is my belief the current company has never qualified as a not for profit company nor has it acted in that capacity.

As a ratepayer I am opposed to paying for the investment mistakes of a private firm. In that there are multiple companies\* which have claimed ownership of said utilities and the Rings have never provided any tax returns or financial information for Southern Utility or Tenn.Contractors to the TRA or a detailed list of all inter-company transactions the TRA cannot determine where all the money has gone and hence the utility's rate base is fictitious at best and fraudulent at worse.

As a privately held group of companies, the Rings are entitled to transfer assets, take out loans, and decide what is best for their companies. Those decisions are between them and the IRS. However, in a Monopoly that is to be overseen by the TRA the company must be run as efficiently as possible with very specific checks and balances. The Rings have used Lynwood as their private piggy bank and have burdened the ratepayers with \$2.4 Million Dollars of debt to themselves, \$1.4 Million Dollars to Tennessee Commerce Bank, overcharges as part of docket 11-00065 and others of an estimated \$175,000 and all the amounts paid for by the utility that directly benefit the Rings.

For the benefit of the Rings alone, the ratepayers have paid for an IRS audit of Southern Utility, the filing fees for the Deed of Trust benefiting the Rings, Attorneys fees for the setting up of a "not for profit", the public relations company to sell the idea, and the appeal of the TRA's decision to the TN Court of Appeals. They have paid life insurance policies and interest on notes originated by the Rings with no clear benefit to the rate payers and have even paid attorney's fees and costs to attempt to install shut off valves for ratepayers who believe what they are being charged is too much.

A full scope audit of the Lynwood Utility would show the company paying for Homeowners Association dues in Legends Ridge, roofing work done on Legends Ridge homes, lot development costs, personal expenses of Tyler Ring as well as the before mentioned IRS Audit of Southern Utility and the fees for the Deeds of Trust. A professional auditor would no doubt uncover even more amounts due the ratepayers. Hopefully, this would also lead to an explanation for the \$135,000.00 Lot 817 in Legends Ridge owned by Lynwood Utility but quitclaimed to the Rings for \$0.00 and subsequently sold by them. An amount I believe should be paid back to the Ratepayers.

Historically the Rings have ignored any and all decisions by the TRA. They have not paid amounts due the ratepayers nor have they provided the financial security instrument as required by the TRA. Even though their attorney assured the TRA in a letter the Rings had more than enough assets to cover any shortcomings of the Utility. A review of the information provided to the TRA shows the company to be top heavy paying the owners, their companies and "advisors" prior to paying all the bills on time to operate the utility. This has cost the utility late fees and financial problems. In my review of the documents ***I can find no account set up for the purpose of Repair and Replacement.*** Based on conversations with industry experts the current rate system should allow a 15-20% annual buffer to handle any down the road maintenance and improvement costs.

Should the TRA fail to act now and require the amounts due Ratepayer to be paid in full the result is simply pushing the problem down the road. By attempting to compromise with Lynwood the TRA is suggesting they are a viable company when all other evidence suggests otherwise. Cottonwood residents/ratepayers have carried the burden of over ¼ of the rate increases with none of the benefit. Currently at even 2% it would take over 30 years to pay off the debt placed on the company by its private owners. I am sure if you asked any of the other ratepayers they would agree with our requests. Please protect us as is your duty under the law and the purpose of the TRA.

Thank you for allowing my comments  
Charles E Kildgore