

Cartwright Creek, L.L.C.
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1551 Thompson's Station Road West
Thompson's Station, TN 37179
615-261-8600

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April 29, 2011

Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

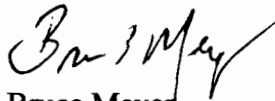
11-00066

RE: Petition of Cartwright Creek, LLC to Approve Alternative Form of
Financial Security under Rule 1220-4-13-.07

Dear Ms. Dillon:

Enclosed for filing are the original and 14 copies of the Petition of Cartwright Creek, LLC to Approve Alternative Form of Financial Security under Rule 1220-4-13-.07. I have enclosed a check for \$25.00 for the filing fee.

Very Truly Yours,



Bruce Meyer
Operations Vice President

Enclosure

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

**In re: PETITION OF CARTWRIGHT CREEK, LLC.)
TO APPROVE ALTERNATIVE FORM OF)
FINANCIAL SECURITY UNDER) DOCKET NO. _____
RULE 1220-4-13-.07)**

PETITION

Pursuant to T.C.A. § 65-4-201(e) and Rule 1220-4-13-.07, Cartwright Creek, LLC ("Cartwright Creek" or the "Company") respectfully requests that the Tennessee Regulatory Authority (the "TRA"), approve and accept an alternative form of financial security as permitted by Rule 1220-4-13-.07(5) as set forth in this Petition.

The full name and address of the principal place of business of Cartwright Creek and all correspondence and communication with respect to this Petition should be sent to the following:

Cartwright Creek, LLC
PO Box 147
1551 Thompson's Station Road West
Thompson's Station, TN 37179
Attn: Bruce Meyer, Operations Vice President

With a copy to:

Sheaffer Wastewater Solutions, LLC
800 Roosevelt Road
Building A, Suite 120
Glen Ellyn, IL 60137
Attn: Thomas L. Kolschowsky, Corporate Counsel

In support of its Petition, Cartwright Creek states the following:

1. In March 1975, the Tennessee Public Service Commission ("PSC") granted Cartwright Creek Utility Company, Inc., the authority to provide wastewater utility services in Tennessee. On November 8, 2004, PSC's successor, the TRA, approved the transfer of Cartwright Creek Utility Company, Inc., and its Certificate of Convenience and Necessity ("CCN") to Cartwright Creek. On July 12, 2005 the TRA approved the petition to amend Cartwright Creek's CCN to expand its service area to include the area in Williamson County, Tennessee known as Planned Growth Area 5 ("PGA 5"). In addition, on October 22, 2007, the TRA approved a petition to amend Cartwright Creek's CCN to include the Stillwater Development in Williamson County, Tennessee.
2. Commencing in December, 2004, through April 2011, Cartwright Creek has been operating its Grasslands wastewater treatment system successfully in accordance with the regulations of the Tennessee Department of Environment and Conservation ("TDEC"). Over such six and a half year period, Cartwright Creek has performed repairs and maintenance to ensure compliance with existing permits and to ensure its customers receive reliable service. Cartwright Creek has also committed significant engineering and management resources to the three-year renewal process of its NPDES discharge permit and to identification of system upgrades that will be required for continued compliance. In March 2010, Cartwright Creek took over and began to operate the wastewater treatment and collection system serving Waterbridge Development in Williamson County, Tennessee.
3. Capital Obligations:
Sheaffer has provided significant capital to the Company since the December 2004 purchase. Cartwright Creek and Sheaffer have expenses and foresee additional future capital requirements due, in large part, to increased regulatory costs as well as additional operating and engineering expenses for a facility that is approximately 40 years old.

4. Initial posting of financial security:

- a. Within one (1) year of purchasing Cartwright Creek Utility Company, Inc., Cartwright Creek was faced with the new wastewater regulations requiring financial security, which were in effect as of June 2006, known as Rule 1220-4-13-.07.
- b. At such time, Sheaffer, the 90% owner of Cartwright Creek, was forced to quickly comply with such regulations and posted a letter of credit for \$240,000.00. The ownership group of Cartwright Creek did not plan or budget for such a financial expenditure and experienced a cash flow problem because there was no way to obtain a letter of credit without cash to back the issuance of such letter of credit. Thus, Sheaffer's members provided cash equity of \$240,000.00 to purchase a certificate of deposit at Pinnacle Bank and a letter of credit was issued.

5. Sheaffer and Cartwright Creek investigated the posting of a bond as the preferred method of complying with the TRA financial security requirements. Typically, a bond would be posted by an insurance company on behalf of the utility, such bond not requiring a cash infusion by Cartwright Creek, but a 1%-2% fee to obtain a bond. It became evident in a very short time that no insurance company would issue a bond, in the form required by the TRA rules, without a dollar for dollar match by Cartwright Creek in cash to support that bond. Bonding companies were also requiring audited financial statements at costs between \$10,000.00 - \$15,000.00 to Cartwright Creek and its members, as well as personal guarantees, including the requirement that spouses sign personally. Unable to procure a bond, the members of Cartwright Creek contributed equity to Cartwright Creek in the amount of \$240,000.00 so that the appropriate financial security could be provided to the TRA.

6. Subsequent to the initial posting of the letter of credit in 2006, the Company has had no choice but to continue to renew the letter of credit as obtaining a bond was not possible. \$240,000.00 cash from owners that cannot be used for operating is a severe cash strain to any company.

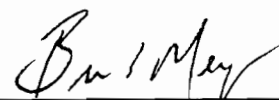
7. Cartwright Creek and Sheaffer continued to provide equity to maintain and operate the system serving the Grasslands customers and have done so since purchasing the facility in 2005. Cartwright Creek has demonstrated since it took over operation at the utility that it can perform the necessary and required service, maintenance, repairs and capital improvements without the need to post a letter of credit. Cartwright Creek's significant financial interest in the utility is reason alone to continue and maintain the facility and service customers in accordance with the TRA requirements. Equally as significant is Cartwright Creek's desire to become a more successful public wastewater utility, increase its customer base at the Waterbridge property, as well as commence work and development at the Stillwater property, which combined have the potential for over 700 additional home sites.
8. Cartwright Creek intends to continue such operation and requests that the TRA allow it to do so without the posting of the \$240,000.00 letter of credit.

WHEREFORE, Cartwright Creek prays that:

The TRA enters an order approving an alternative form of financial security for the year July 2011 through June 30, 2012 as follows:

1. The submission of a letter of credit in the amount of \$20,000.00.
2. The assignment of Cartwright Creek accounts receivable and collection rights under all service agreements with its customers.
3. A corporate guaranty of Cartwright Creek and Sheaffer Wastewater Solutions, LLC.

Respectfully submitted, Cartwright Creek, LLC



Bruce E. Meyer
Operations Vice President