

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

July 15, 2011

VIA FACSIMILE AND U.S. MAIL

Thomas L. Kolschowsky, Esq.
Sheaffer International, LLC
800 Roosevelt Road
Building A, Suite 120
Glen Ellyn, IL 60137

Re: Cartwright Creek's Petition for Alternative Financial Security
TRA Docket No. 11-00066

Dear Mr. Kolschowsky:

This letter will confirm our most recent telephone conversation on July 13, 2011 regarding the above-styled docket. You advised in that telephone conversation that negotiations between Cartwright Creek, LLC ("Cartwright") and staff for the Tennessee Regulatory Authority ("TRA") had come to an end because Cartwright will not respond to the TRA's most recent offer (extended by staff on July 7, 2011) and will not move from the offer you made on July 6, 2011. Cartwright's response certainly is not consistent with its representations during the July 11, 2011 Authority Conference, where you asked the Directors to give Cartwright additional time to work with TRA staff on the basis that such would likely lead to a resolution of this matter.

Irrespective of the breakdown of negotiations, of greater concern is the fact that Cartwright refuses to hold in pledge the \$244,000 which was withdrawn by Cartwright as the funds backing Cartwright's letter of credit. Cartwright proceeded to cancel that letter of credit as of July 1, 2011 without putting any financial security in its place. When this fact came to the attention of the panel presiding over this docket, Chairman Roberson and Directors Hill and Kyle, during the Authority Conference on July 11, 2011, the panel voted unanimously to require Cartwright to cure its noncompliance with TRA Rule 1220-4-13-.07 by using those funds (\$244,000) as Cartwright's security during the pendency of this docket. You informed me and TRA staff members Pat Murphy and Patsy Fulton on July 13, 2011 that Cartwright does not intend to secure the \$244,000 through a certificate of deposit, a letter of credit or holding it in a special account. In essence, Cartwright is refusing to follow the directive of the TRA that Cartwright maintain financial security while this proceeding is pending.

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This letter is being filed in the docket to inform the Directors of Cartwright's action and to advise Cartwright that the TRA staff is hereby recommending to the Directors that Cartwright's Petition be denied in its entirety and that Cartwright be ordered to put in place financial security in the amount of its gross revenue figure for 2010, which is \$350,000, in compliance with TRA Rule 1220-4-13-.07.

Very truly yours,

A handwritten signature in cursive script that reads "J. Richard Collier".

J. Richard Collier
General Counsel

c: Docket File No. 11-00066
Chairman Eddie Roberson
Director Kenneth C. Hill
Director Sara Kyle