

TENNESSEE REGULATORY AUTHORITY



500 Deaderick Street, 4th Floor
Nashville, Tennessee 37242-0001

MEMORANDUM

To: Docket No.

From: Jerry Kettles, Chief *JK*
Shiva Bozarth, Legal Counsel *JK*

Date: January 23, 2014

Re: Request to appoint a Hearing Officer to determine whether to initiate a show cause proceeding against King's Chapel Capacity for violations of the statutes and rules regulating waste water utilities

Background:

Compliance Division staff asserts that King's Chapel Capacity ("King's Chapel") has violated the laws regulating waste water utilities and that these violations may require customer refunds as well as the imposition of civil penalties in order to ensure future compliance by King's Chapel.

On May 20, 2011, the previous General Counsel for the Authority sent King's Chapel a letter explaining that the bonds that had previously been submitted were no longer acceptable for compliance with TENN. COMP. R. & REGS. 1220-4-13-.07(2) and that proof of compliance with the rules was to be submitted not later than July 1, 2011. King's Chapel has failed to submit any evidence of compliance with TENN. COMP. R. & REGS. 1220-4-13-.07 to the Authority. The last time the Authority approved King's Chapel's financial security was in an order dated September 16, 2008.

King's Chapel was sent a data request pursuant to TENN. CODE ANN. §65-4-117(a)(1) by TRA staff on November 29, 2010. To date King's Chapel has refused to respond to the data request.

On December 2, 2013, King's Chapel refused to respond to TRA staff data requests made pursuant to TENN. CODE ANN. §65-4-117(a)(1). To date King's Chapel has refused to respond to the data request.

On January 13, 2014, King's Chapel representative John Powell admitted under oath that King's Chapel had operated at different times without the full bond amount that the utility was billing customers for under the December 19, 2008, Order Approving Tariff in Docket No. 08-00069.ⁱ

King's Chapel has failed to file a tariff true-up as required by TENN. COMP. R. & REGS. 1220-4-13-.07(7).

King's Chapel's lack of transparency in responding to repeated TRA data requests may conceal additional violations of law.

Recommendation:

The Compliance Division respectfully requests that the Authority appoint a hearing officer to determine whether to initiate a Show Cause proceeding against King's Chapel for failure to comply with various statutory and regulatory requirements of the law outlined below. The Compliance Division also requests that the hearing officer prepare this matter for hearing.

ⁱ See *In Re: Petition of King's Chapel Capacity for Exemption from Financial Security required by TRA Wastewater Regulations*, Docket No. 13-00141, Transcript of Hearing, p. 24 (January 13, 2014).