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BEFORE THE TENNESSEE REGULATORY AUTHORITY

2014 APR -1 PM 1:59

IN RE:

T.R.A. DOCKET ROOM

CARTWRIGHT CREEK, LLC,
REQUEST TO UTILIZE ALTERNATIVE
FINANCIAL SECURITY PURSUANT TO
TENN. COMP. R. & REGS.
1220-4-13-.07(5)

DOCKET NO.

AGREEMENT

Comes now the Tennessee Regulatory Authority Staff participating as a party ("Party Staff") and Cartwright Creek, LLC. ("Cartwright") who respectfully request that the Tennessee Regulatory Authority ("TRA" or the "Authority") approve the following Agreement to allow Cartwright to fulfill its obligation to maintain a financial security.

I. Basis for Agreement

1. Cartwright is a wastewater treatment system operating in Williamson County, Tennessee.
2. Since June 2011, Cartwright has operated with no financial security.
3. The purpose of the financial security required by the TRA rules is to ensure that the Authority has sufficient funds available to operate the utility for the benefit of the customers in the event that the Authority assumes control of the utility.
4. In the event that the TRA must assume operation of a utility, it would be necessary for the Authority to have access to all customer billing information, the address where utility service is delivered, and the amount to be billed each customer.
5. In order to ensure that there is no interruption in utility service the Authority must have ready access to the financial security as well as bank information where customer payments are deposited. The parties agree that an irrevocable letter of credit is the preferred method of accomplishing this goal.

6. This Agreement establishes the necessary safeguards around an alternative financial security to ensure that the Authority and the consumers are protected.

II. Proposed Settlement Terms

7. Cartwright will obtain and file with the Authority an irrevocable letter of credit totaling \$20,000.00. The irrevocable letter of credit is intended by the parties to comply with the requirements of Tenn. Comp. R. & Regs. 1220-4-13-.07(7). This letter of credit shall be subject to the following conditions:
 - a. This letter of credit will be utilized only for the purpose of fulfilling this Agreement;
 - b. No funds may be expended from this letter of credit without the written approval of the Authority;
 - c. These funds are available for use by the TRA in the event that the TRA assumes control of Cartwright or a receiver is appointed at the request of the TRA;
 - d. Cartwright agrees that TRA has access to the account and records for the account and will not interfere with TRA's access to the funds in the event that the TRA determines after a hearing that the TRA must assume control of Cartwright or appoint a receiver;
 - e. Cartwright will provide the TRA a list of all customers including the physical address where utilities are provided as well as the mailing address where bills are sent, the number of bedrooms in each address where utilities are delivered, and the identity of the water system providing water service to the customer. Cartwright agrees to update this information with any changes quarterly. This information will be filed as confidential and an electronic version of the information is acceptable;

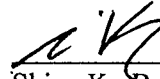
- f. Cartwright will provide the TRA with all the contact information in its possession for each water utility that services its customers; and
- g. Cartwright will submit all of the documentation required by this Settlement Agreement within 60 days from the ratification of this Settlement Agreement.

III. Policy Considerations


- 8. The purpose of the financial security required by the TRA rules is to ensure that the Authority has sufficient funds available to operate the utility for the benefit of the customers in the event that the Authority must assume control of the utility.
- 9. In the event that the TRA must assume operation of a utility it is in the best interest of both the Authority and the consumers that the Authority be able to assume control quickly and efficiently with no interruption in utility service.
- 10. In order to quickly and efficiently assume operation of any utility it would be necessary for the Authority to have access to all customer billing information, the address where utility service is delivered, and the amount to be billed each customer.
- 11. In order to ensure that there is no interruption in utility service the Authority must have ready access to the financial security as well as bank information where customer payments are deposited. An irrevocable letter of credit as financial security is preferential to insurance bonds and others forms of security because it can be readily obtained with court action.
- 12. This Agreement establishes the necessary safeguards around an alternative financial security to ensure that the Authority and the consumers are protected.

WHEREFORE, Party Staff and Cartwright respectfully request that the Authority approve this Settlement Agreement.

Respectfully submitted,



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