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June 11, 2015

VIA: EMAIL sharla.dillon@tn.gov
Chairman, Tennessee Regulatory Authority
c/o Sharla Dillon, Dockets and Records Manager
502 Deadrick Street, 4th Floor
Nashville, TN 37243

Re: Tariff Filing to True Up Bonding Cost – Docket 14-00158

Dear Ms. Dillon,

Please file the attached Response of King's Chapel Capacity To Data Request of the Tennessee Regulatory Authority on Behalf of King's Chapel Capacity, LLC in the above matter. King's Chapel is providing only an electronic Excel version of the true-up PDF made with the original filing, at the TRA's request. The response to Item #2 is confidential and is being provided under seal. For all other documents, the original and four copies are being delivered via mail and/or hand delivery.

Sincerely,



MICHELE MCGILL, ESQ.

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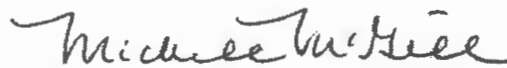
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Sincerely,



MICHELE MCGILL, ESQ.

TRA FIRST DATA REQUEST TO KING'S CHAPEL CAPACITY

DATA REQUESTS

1. Provide an electronic copy in Excel with working formulas of the Schedules labelled Page 1 and Page 2 in the Tariff Filing, calculating the true-up of the Bond Costs.
2. Provide a copy of the monthly Customer Billing Registers for the months February 2009 through March 2015 (omitting January 2014 and December 2014 for which actual bills have been provided). If possible, provide them electronically.
3. Provide a schedule showing the dollar amount actually paid for each financial security (Performance and Maintenance Bond and/or Letter of Credit) paid to the bank by month from July 1, 2009 through December 31, 2014. Also list the name of the bank or financial institution, the date of payment, the amount of payment, the Letter of Credit or Bond number and amount, the name of the Applicant and the effective dates of the security. For each entry, provide a dated receipt, cancelled check, bank statement or other document from the bank documenting the amount paid.
4. In Docket No. 08-00181, the TRA granted King's Chapel's request for approval of a loan of up to \$152,000 to finance its bonding costs and in Docket No. 08-00069 the TRA also approved a tariff to pass through the cost of the loan at 6.95% interest plus a 1% letter of credit fee. The loan commitment was for a term of five (5) years. Please explain the Company's reasoning for requesting customers to pay 7.95% interest to Ashby Communities on monies it paid to obtain bonds/letters of credit that were not the result of a loan obtained by the Utility or approved by the TRA.
5. Please explain the Company's reasoning for requesting the utility customers to pay for the costs incurred by the developer.
6. How many Phases exist in the King's Chapel development? What is the status of each Phase (i.e. percentage of completeness of the system, percentage build out of homes, etc.)?
7. Explain the bond requirements of Williamson County for King's Chapel as it relates to each Phase of the development. Break down current bond cost between the Phases of the development.

KING'S CHAPEL CAPACITY

Tariff Filing to True Up Bonding Cost – Docket 14-00158

Response to the TRA Staff's First Data Request

- 1. Provide an electronic copy in Excel with working formulas of the Schedules labelled Page 1 and Page 2 in the Tariff Filing, calculating the true-up of the Bond Costs.**

RESPONSE:

Please see Attachment 1a. Kings Chapel Capacity is only providing an electronic copy to this request since paper copies were already included in the Tariff Filing.

KING'S CHAPEL CAPACITY

Tariff Filing to True Up Bonding Cost – Docket 14-00158

Response to the TRA Staff's First Data Request

2. Provide a copy of the monthly Customer Billing Registers for the months February 2009 through March 2015 (omitting January 2014 and December 2014 for which actual bills have been provided). If possible, provide them electronically.

RESPONSE:

Please see Attachment 2a-CONFIDENTIAL. Because of the voluminous nature of this response, we are only providing a single copy which is being filed under seal. We are also providing a confidential electronic copy.

KING'S CHAPEL CAPACITY

Tariff Filing to True Up Bonding Cost – Docket 14-00158

Response to the TRA Staff's First Data Request

3. Provide a schedule showing the dollar amount actually paid for each financial security (Performance and Maintenance Bond and/or Letter of Credit) paid to the bank by month from July 1, 2009 through December 31, 2014. Also list the name of the bank or financial institution, the date of payment, the amount of payment, the Letter of Credit or Bond number and amount, the name of the Applicant and the effective dates of the security. For each entry, provide a dated receipt, cancelled check, bank statement or other document from the bank documenting the amount paid.

RESPONSE:

Please see the detail schedules included along with the Company's tariff filing of December 15, 2014 in this docket. These schedules provide the information requested including the statement from each bank documenting the amount paid for each individual letter of credit.

KING'S CHAPEL CAPACITY

Tariff Filing to True Up Bonding Cost – Docket 14-00158

Response to the TRA Staff's First Data Request

4. In Docket No. 08-00181, the TRA granted King's Chapel's request for approval of a loan of up to \$152,000 to finance its bonding costs and in Docket No. 08-00069 the TRA also approved a tariff to pass through the cost of the loan at 6.95% interest plus a 1% letter of credit fee. The loan commitment was for a term of five (5) years. Please explain the Company's reasoning for requesting customers to pay 7.95% interest to Ashby Communities on monies it paid to obtain bonds/letters of credit that were not the result of a loan obtained by the Utility or approved by the TRA.

RESPONSE:

King's Chapel Capacity objects to the form of the question in that it calls upon conclusions that are either incorrect or not in evidence. Without removing its objection, King's Chapel Capacity responds as follows:

As stated in Question #4 above, in Docket 08-00181 the TRA approved a loan of up to \$152,000 to finance KCC's bonding costs. In particular the TRA's order in this docket reads as follows:

"The initial bonding costs required by the Williamson County Planning Commission were \$1,780,248. A significant portion of this bonding cost was subsidized by Ashby Communities, LLC ("Ashby" or "the Developer"), the Developer of KCC's service territory. On May 15, 2008, KCC received notice from the Developer that it would no longer be in a position to underwrite the bonding costs required by the Williamson County Planning Commission related to wastewater treatment and dispersal for KCC.

KCC obtained a commitment letter dated November 17, 2008, from Ashby to loan KCC the principal sum of \$151,642 to finance the permanent bonding costs required by the Williamson County Planning Commission for the treatment and dispersal of wastewater. The term of the loan is five years with an 8% fixed interest rate and a balloon payment of the entire principal payment at the end of the loan."

As can be clearly seen from the excerpts above, the TRA clearly approved the loan from Ashby to KCC to cover the bonding costs of the Williamson County Planning Commission. Therefore, the loan was obtained by the utility and the loan was approved by the TRA.

KING'S CHAPEL CAPACITY

Tariff Filing to True Up Bonding Cost – Docket 14-00158

Response to the TRA Staff's First Data Request

- 5. Please explain the Company's reasoning for requesting the utility customers to pay for the costs incurred by the developer.**

RESPONSE:

King's Chapel Capacity objects to the form of the question in that it calls upon conclusions that are either incorrect or not in evidence. Without removing its objection, King's Chapel Capacity responds as follows:

The costs of utility bonding represent real and bona fide costs that are necessary in order for KCC to provide wastewater service to its customers. To the extent that KCC has borrowed funds from the developer through loans approved by the TRA, the proceeds of these loans were used solely to pay for bonding costs imposed by the Williamson County Planning Commission in order for KCC to provide wastewater service to its customers.

KING'S CHAPEL CAPACITY

Tariff Filing to True Up Bonding Cost – Docket 14-00158

Response to the TRA Staff's First Data Request

6. How many Phases exist in the King's Chapel development? What is the status of each Phase (i.e. percentage of completeness of the system, percentage build out of homes, etc.)?

RESPONSE:

Please see Attachment 6a.

KING'S CHAPEL CAPACITY

Tariff Filing to True Up Bonding Cost – Docket 14-00158

Response to the TRA Staff's First Data Request

- 7. Explain the bond requirements of Williamson County for King's Chapel as it relates to each Phase of the development. Break down current bond cost between the Phases of the development.**

RESPONSE:

Please see Attachment 7a for a copy of the Williamson County bond requirements.

The current Williamson County Bond Requirement for King's Chapel Capacity broken down by development phase is as follows:

- | | |
|---------------|--------|
| 1. Section 3A | 19,500 |
| 2. Section 3B | 17,500 |
| 3. Section 3C | 12,500 |
| 4. Section 4A | 12,000 |
| 5. Section 4B | 67,500 |
| 6. Section 6 | 82,500 |