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KING'S CHAPEL CAPACITY

Providing Superior Wastewater Service to Tennessee

September 10, 2015

VIA HAND DELIVERY

Mr. David Foster, Chief
Utilities Division
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, Tennessee 37219

Re: Docket No. 14-00158 –Tariff Filing of Kings Chapel Capacity to true-up bonding costs.

Dear Mr. Foster:

Attached are the responses of King's Chapel Capacity to the TRA Staff's 3rd Data Request.

Thank you for your assistance in this matter.

Sincerely,



Jeremy R. Durham
Attorney for King's Chapel Capacity

PO Box 34, Arrington, TN 37014
Phone: 615-395-0001 Fax: 615-370-3095

KING'S CHAPEL CAPACITY

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

Response to the TRA Staff's Third Data Request

1. Based on the Company's responses to the first and second data requests of the TRA, the TRA Staff has recomputed the Pro Forma Monthly Bonding Surcharge Rate. The TRA Staff used the Company's methodology and bond pass-through costs, but extended the true-up period through March 2015 to reflect corrected and updated customer billing information. The TRA Staff also annualized the customer count at March 2015 to arrive at projected bills. The TRA Staff's calculations are attached hereto. Please refer to the attached calculations and respond to the following:
 - a. Does the Company agree that TRA Staff's calculation of the Pro Forma Monthly Bonding Surcharge rate is based upon the Company's methodology, the Company's bond pass-through costs, the corrected and updated customer billing information through March 2015, and the annualized customer count at March 2015 to compute projected bills? If not, please fully explain all reasons the Company disagrees.

RESPONSE:

No, the Company disagrees with the TRA Staff's calculation. Specifically, the TRA Staff's calculation only considers the incremental recoveries in the bond true-up calculation without any consideration for incremental costs.

In its bond true-up filing, KCC identified the total bonding required at September 30, 2014 to be \$116,500. Since the time of the Company's bond true-up filing, additional bonds have been required by Williamson County. As of September 9, 2015, the bonding cost totaled \$277,500 as shown below.

Development Section	Bond #	Amount
3B	9502357	\$17,500
3C	9052687	12,500
4B	9054238	67,500
6	9054480	180,000
	Total	\$277,500

In addition to the bonds listed above, new bonds for Development Sections 5 and 7 are currently on the October agenda for the Williamson County Planning Commission for \$162,500. Also, none of KCC's anticipated new bonds for TRA financial security are included in this amount.

Because the TRA Staff's calculation fails to consider the incremental bonding costs incurred by the Company since the true-up filing date, the Company disagrees with its calculation.

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 - b. Does the Company agree that the TRA Staff's calculation is mathematically correct? If not, please fully explain all reasons the Company disagrees.**

RESPONSE:

No, the Company disagrees with the TRA Staff's calculation. Specifically, the TRA Staff's calculation only considers the incremental recoveries in the bond true-up calculation without any consideration for incremental costs. Therefore it is not mathematically correct.

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 - c. **Does the Company agree with extending the true-up period through March 2015 to reflect updated customer billing information such that the adjusted true-up period would be from February 2009 through March 2015? If not, please fully explain all reasons the Company disagrees.**

RESPONSE:

No, the Company disagrees with the TRA Staff's calculation. Specifically, the TRA Staff's calculation only considers the incremental recoveries in the bond true-up calculation without any consideration for incremental costs. Therefore, the Company disagrees with extending the true-up period through March 2015 as proposed by the TRA Staff.

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d. Does the Company agree with using the annualized customer count at March 2015 to compute projected bills? If not, please fully explain all reasons the Company disagrees.

RESPONSE:

No, the Company disagrees with the TRA Staff's calculation. Specifically, the TRA Staff's calculation only considers the incremental recoveries in the bond true-up calculation without any consideration for incremental costs. Therefore, the Company disagrees with annualizing the customer count at March 2015 as proposed by the TRA Staff.