

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

**PETITION OF KINGS CHAPEL
CAPACITY, LLC FOR APPROVAL OF
A LEGAL & REGULATORY EXPENSE
RECOVERY RIDER**

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DOCKET NO. 15-00037

**DIRECT TESTIMONY
of
JOHN POWELL**

ON BEHALF OF KINGS CHAPEL CAPACITY, LLC

March 17, 2015

1 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND***
2 ***OCCUPATION FOR THE RECORD.***

3 ***A1.*** My name is John Powell and my business address is 9539 Mullens Road,
4 Arrington, TN 37014.

6 ***Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?***

7 ***A2.*** I am the owner and general manager of Kings Chapel Capacity, LLC (“KCC” or
8 “the Company”).

10 ***Q3. WHAT ARE YOUR RESPONSIBILITIES FOR KCC?***

11 ***A3.*** I am responsible for the day-to-day operation, permitting, and long-term planning
12 for KCC. Among other things, this includes supervision and daily contact with
13 the operator at the treatment system; review and approval of expenditures;
14 reviewing and resolving customer issues; scoping and obtaining proposals for
15 maintenance work; establishment of contracts; contact with regulatory personnel
16 on existing and future permit requirements and issues; preparation of portions of
17 and review of tariff documents; investigation of physical and operational
18 conditions of the collection and treatment systems; and evaluation of proposals
19 for plant upgrades and replacement.

21 ***Q4. PLEASE DESCRIBE THE KCC SERVICE AREA.***

22 ***A4.*** KCC currently provides service to approximately 100 residences in the Kings
23 Chapel subdivision in Williamson County.

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Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A5. My testimony will support and address KCC’s proposal for a Legal & Regulatory Expense Recovery Rider (“L&RERR”). KCC is currently defending itself against the TRA Party Staff regarding alleged violations of wastewater rules in TRA Docket 14-00007. I have instructed counsel to appeal the decision of the TRA in Docket 13-00141, and also file a complaint for a Declaratory Judgment in Williamson County Chancery Court. As the Authority well knows, the costs of defending a legal action such as this are likely to be substantial. At present, KCC has no ability on its own to fund the legal and regulatory costs to defend itself against the TRA Party Staff, and protect its rate payers from duplicitous bond expenses, that are against public policy, rules and state code. Therefore, the Company is proposing this L&RERR as an alternative regulatory mechanism to fund its legal and regulatory expenses.

Q6. ARE LEGAL AND REGULATORY COSTS ALREADY PROVIDED FOR IN KCC’S CURRENT RATE STRUCTURE?

A6. No. KCC’s tariff rates contain no provision for recovery of legal and regulatory costs of the type and amounts that will be required in Docket 14-00007. While KCC’s tariff does provide for recovery of \$0.40 per customer per month for “Rate Regulatory Expense” this charge is only related to recovery of regulatory costs for the filing of routine regulatory reports and not for a specific legal action.

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2 ***Q7. PLEASE DESCRIBE THE L&RERR RIDER THAT THE COMPANY IS***
3 ***PROPOSING TO FUND LEGAL AND REGULATORY COSTS.***

4 ***A7.*** As shown on Exhibit JP-1 to my testimony, KCC is proposing to aggregate its
5 legal and regulatory costs annually and file this amount with the TRA by July 1st
6 of each year. KCC would then propose to recover these costs from its customers
7 over an indeterminable time period in a manner where the surcharge does not
8 exceed \$20.00 per customer per month. KCC would propose to continue this
9 surcharge until all of its legal and regulatory costs have been recovered. KCC
10 does not propose to recover interest on its unrecovered legal and regulatory costs.

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12 ***Q8. PLEASE SUMMARIZE THE COMPANY'S REQUESTED RELIEF FROM***
13 ***THE AUTHORITY.***

14 ***A8.*** KCC requests that the TRA approve its proposed tariff authorizing a L&RERR
15 surcharge of up to \$20.00 per month until its legal and regulatory expenses are
16 fully recovered

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18 ***Q9. DOES THIS COMPLETE YOUR TESTIMONY?***

19 ***A9.*** Yes it does.

King's Chapel Capacity
TRA #3
Wastewater Tariff

Second Revised Sheet #1
First Original Sheet #1
Effective Date: May 1, 2015

**King's Chapel Capacity
Wastewater Service Billing Summary**

System	Monthly Charge	
Ashby Communities – Sheet 2	\$73.71	I

King's Chapel Capacity
TRA #3
Wastewater Tariff

Second Revised Sheet #2
Replacing First Sheet #2
Effective Date: May 1, 2015

**King's Chapel Capacity
Ashby Communities Billing Rates**

	Monthly Charge	Escrowed Amount
Collection System Operation and Maintenance (Tariff Items 1 – 4)	\$8.95	\$6.35
Treatment System Cost (Tariff Items 5 – 7)	6.23	2.90
Utility Cost (Tariff Items 11 and 13)	1.30	0.00
Disposal System Cost (Tariff Items 15 – 17)	1.53	0.88
Sampling and Testing Cost (Tariff Item 18)	7.00	0.00
Billing and Collection Cost (Tariff Item 20)	1.50	0.00
Miscellaneous Cost (Tariff Items 21 – 30 excluding Bonding)	8.60	0.00
Bonding Cost (Pass Through) **	18.60	0.00
Legal & Regulatory Expense Recovery Rider (Pass Through)	20.00	0.00
Total	\$73.71	\$10.13

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Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00
Access	\$84.00

**** Bonding Cost incurred is passed through to the customer with no markup by the Company.**

Total Bonding Cost

Amount of Bond	\$151,642	
Interest Rate	7.95%	(1% Letter of Credit + 6.95% Debt Funding)
Number of Lots	54	
Months per Year	12	
Total	\$18.60	