

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

IN RE: )  
)  
PETITION OF ) DOCKET NO. 16-00077  
OLD HICKORY WATER, LLC )  
TO POST ALTERNATIVE FINANCIAL )  
SECURITY )

**PETITION FOR APPROVAL OF ALTERNATIVE FINANCIAL SECURITY**

Old Hickory Water, LLC (“Old Hickory”), petitions the Tennessee Regulatory Authority (“Authority”), pursuant to Rule 1220-4-13.07 (5) to accept a bond of \$25,000 as sufficient financial security to comply with the requirements of Rule 1220-4-13.07.

1. TRA Rule 1220-4-13.07 (2)(a) requires a bond in the amount of one hundred percent (100%) of the amount of gross revenue reported on the most recent UD20. According to the most recent UD20 report filed at the TRA by Old Hickory, the Utility’s annual revenue for 2015 was \$76,475 (which includes water and wastewater), wastewater revenue being \$8,135 (amount of wastewater revenue from 2015 Annual Report filed at the Authority).

2. In prior years, petitions for alternative financial security have reported wastewater revenue of approximately \$10,000 greater than the \$8,135 amount in paragraph 1 (\$19,571 for 2014 and \$18,802 for 2013). Old Hickory had as its largest customer, Hickory Star Marina and Resort, LLC (“HSMR”) which has its own wastewater system and is owned by the same three (3) owners and members of Old Hickory Water, LLC. Old Hickory was erroneously charging HSMR wastewater fees, but ceased charging HSMR in 2015. This is the reason for the difference in revenues.

3. Old Hickory has the requisite financial stability to operate the utility, as demonstrated in its Annual Report filed at the TRA for 2015. Old Hickory has been operating the utility since acquisition in 2011 without any financial problems. Since acquisition, customers of both the water and wastewater systems have been served continuously and without rate increases. Motions were previously filed by Old Hickory and approved by the Authority in Docket Nos. 12-00039, 14-00091 and 15-00049 for Alternative Security of a bond in the amount of \$25,000, which is more than 100% of wastewater revenue. The Authority is assured of financial security for the wastewater system with the \$25,000 bond and the financial stability of Old Hickory.

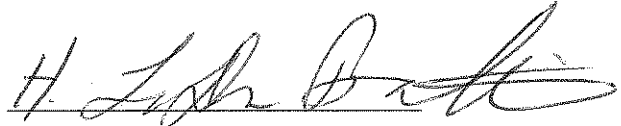
4. The Direct Testimony of John Parton in support of this petition is attached.

5. The \$25,000 bond filed by Old Hickory is ample security to cover the wastewater revenue.

WHEREFORE, Old Hickory Water, LLC respectfully requests the Authority to:

1. Approve the present \$25,000 bond as alternative financial security; and
2. Grant any other relief as the Authority may deem just and proper.

Respectfully submitted this 6th day of July, 2016,



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**IN RE:**

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**DIRECT TESTIMONY OF JOHN PARTON ON BEHALF OF  
OLD HICKORY WATER, LLC**

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Q. PLEASE STATE YOUR NAME FOR THE RECORD.

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A. My name is John Parton.

Q. WHAT IS YOUR POSITION WITH THE PETITIONER, OLD HICKORY WATER, LLC?

A. I am an owner and active member.

Q. WOULD YOU BRIEFLY DESCRIBE YOUR DUTIES WITH OLD HICKORY WATER, LLC?

A. I am part of the management team. I assist and delegate in maintenance. In addition, I oversee financial decisions and daily financial operations

Q. ARE YOU FAMILIAR WITH THE CONTENT OF THE PETITION?

A. I am.

Q. TO THE BEST OF YOUR KNOWLEDGE, INFORMATION AND BELIEF, ARE ALL STATEMENTS IN THE PETITION CORRECT AND TRUE?

A. Yes, they are.

Q. PLEASE DESCRIBE THE PETITIONER.

A. Old Hickory Water, LLC ("Company" or "Petitioner") is incorporated under the laws of the State of Tennessee. It is owned by myself, David Parton, and Dean Knuckles.

The Company was formed to purchase all of the interest in Hickory Star Water Company, LLC (and other assets including the resort and marina) from its previous owner, Hickory Star, LLC, which is no longer an active company. After the purchase, the Tennessee Regulatory Authority granted approval of a Certificate of Public Convenience and Necessity (CCN) to provide water and wastewater utility services in Docket No.

12-00039. Since the grant of such CCN, the Petitioner has provided water and wastewater utility.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide information in support of the petition of the Company for approval to post alternative financial security.

Q. HAS THE AUTHORITY GRANTED PETITIONER ALTERNATIVE FINANCIAL SECURITY PREVIOUSLY?

A. Yes. The Authority, in Docket Nos. 12-00039, 14-00091 and 15-00049, approved as alternative security a bond in the amount of \$25,000.00, which exceeded the amount of wastewater revenue.

Q. WHAT OLD HICKORY WATER'S ANNUAL REVENUE FOR 2014?

A. As stated in Old Hickory Water's most recent UD20 report filed at the T.R.A., the Petitioner's annual revenue for 2015 was \$76,475.00 (which includes water and wastewater). The amount wastewater revenue was \$8,135.00 as stated in the 2015 Annual Report filed at the Authority.

Q. IN PREVIOUS YEARS, THE WASTEWATER REVENUE HAS BEEN APPROXIMATELY \$10,000 MORE THAN IN 2016- \$19,571 IN 2014 AND \$18,802 IN 2013. PLEASE EXPLAIN THE LOWER REVENUE IN 2015.

A. In prior years, Old Hickory Water had as its largest customer, Hickory Star Marina and Resort, LLC which has its own wastewater system and is owned by the same three owners and members of Old Hickory Water, LLC. I am one of those three owners and managers. Old Hickory Water was erroneously charging Hickory Star Marina and Resort

wastewater fees, but ceased charging the fees in 2015. This is the reason for the difference in revenues.

Q. IN YOUR OPINION, DOES OLD HICKORY WATER HAVE THE REQUISITE FINANCIAL STABILITY TO OFFER UTILITIES?

A. Yes. Financial stability is demonstrated in our annual report filed at the T.R.A. for 2015.

Q. PLEASE EXPLAIN.

A. Old Hickory Water has been operating the utility since acquisition in 2011 without any financial problems. Since acquisition, customers of both the water and wastewater systems have been served continuously and without rate increases. The Authority is assured of financial security for the wastewater system with the \$25,000.00 bond and the financial stability of Old Hickory Water. The \$25,000.00 bond filed by Old Hickory Water is ample security to cover the wastewater revenues. In fact, the bond is more than 100% of wastewater revenue.

Q. DO YOU HAVE ADDITIONAL INFORMATION TO SUPPORT YOUR PETITION?

A. Old Hickory Water purchases its supply of water from the City of Maynardville and resells it to the customers of Old Hickory Water. This greatly reduces the expenses needed to operate a water and wastewater facility. It also assures that there will be a steady supply of water. This is another example of why alternative financial security is valid.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?


A. Yes.

AFFIDAVIT

The affiant, after first being duly sworn according to law, deposes and states as follows:

I, the undersigned, John Parton, attest and certify that I prepared and reviewed the Pre-Filed Testimony and that the contents thereof are true to the best of my knowledge, information and belief.

FURTHER AFFIANT SAITH NOT.

  
John Parton

STATE OF Kentucky  
COUNTY OF Bell

Sworn to and subscribed before me this the 30<sup>th</sup> day of June, 2016.

  
Theresa Parton  
Notary Public

My commission expires: 8/15/2019