

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

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IN RE:

**JOINT PETITION OF CARTWRIGHT
CREEK, LLC AND TRA STAFF (AS A
PARTY) TO INCREASE RATES AND
CHARGES**

T.R.A. DOCKET ROOM

DOCKET NO. 16-00127

JOINT PETITION

Cartwright Creek, LLC ("Cartwright" or "Company") and TRA Staff (As a Party) ("Party Staff") (collectively, the "Parties"), pursuant to Tenn. Code Ann. § 65-5-103, jointly petition the Tennessee Regulatory Authority ("Authority") for an increase to Cartwright's rates and charges for the purpose of recovering the Company's costs of providing wastewater services to its customers and for authority to place such rates and charges into effect through a revised tariff.

In support of the Joint Petition, the Parties submit the following:

1. Cartwright is a public utility as defined in Tenn. Code Ann. § 65-4-101 and is engaged in providing wastewater services to approximately 657 residential customers and 42 commercial customers located in Cartwright's service territory in Williamson County, Tennessee, which consists of the Grasslands community, as well as the Arrington Retreat and Hideaway subdivisions. The name and business address of the Company are:

Cartwright Creek, LLC
Bruce Meyer, Operations Manager
1551 Thompson's Station Road West
Thompson's Station, TN 37179

2. The names and business address of the Party Staff are:

Daniel Ray, Utility Rate Specialist
Patsy Fulton, Utility Rate Specialist
Joe Shirley, Deputy Chief of Utilities
Monica Smith-Ashford, Deputy General Counsel

Tennessee Regulatory Authority
502 Deaderick Street, Fourth Floor
Nashville, TN 37243

3. The currently-tariffed rates and charges of Cartwright were approved by the Authority over six years ago on March 2, 2010, in Docket No. 09-00056. Under the current rates and charges, the Company's revenues and revenue projections are not sufficient to allow the Company a fair opportunity to recover its reasonable operating costs and to provide a fair and reasonable net operating income. In order for Cartwright to maintain its utility systems and provide safe and reliable services to its customers in accordance with Authority requirements, an increase to its rates and charges should be granted.

4. As shown by the Exhibits to the Pre-filed Direct Testimony of Daniel Ray filed in support of this Joint Petition, the Company is projected to experience a net operating income of only \$1,677 for the Twelve Month Attrition Period Ending December 31, 2017. Using the operating margin method to establish a fair margin of 6.5% of operating expenses, Cartwright is projected to incur a revenue deficiency of \$44,154 during the attrition period absent any rate relief.

5. The Parties propose to eliminate this revenue deficiency by increasing certain rates and charges for wastewater services as follows:

a. Grasslands:

<u>Customer/Classification</u>	<u>Current Monthly Rate</u>	<u>Proposed Monthly Rate</u>
Residential 1 Bedroom	\$28.88	\$42.00
Residential 2 Bedroom	36.38	42.00
Residential 3 Bedroom	42.38	46.50
Residential 4 Bedroom	49.14	52.00
Residential 5 Bedroom	55.13	55.25
Commercial Usage Rate	\$8.21/1,000 Gal.	\$8.75/1,000 Gal.
Commercial Minimum Bill	\$28.49	\$37.00

b. Arrington Retreat:

<u>Customer/Classification</u>	<u>Current Monthly Rate</u>	<u>Proposed Monthly Rate</u>
Residential 1 Bedroom	\$28.88	\$55.25
Residential 2 Bedroom	36.38	55.25
Residential 3 Bedroom	42.38	55.25
Residential 4 Bedroom	49.14	55.25
Residential 5 Bedroom	55.13	55.25
Commercial Usage Rate	\$8.21/1,000 Gal.	\$8.75/1,000 Gal.
Commercial Minimum Bill	\$28.49	\$37.00

c. Hideaway:

<u>Customer/Classification</u>	<u>Current Monthly Rate</u>	<u>Proposed Monthly Rate</u>
Residential 1 Bedroom	\$28.88	\$55.25
Residential 2 Bedroom	36.38	55.25
Residential 3 Bedroom	42.38	55.25
Residential 4 Bedroom	49.14	55.25
Residential 5 Bedroom	55.13	55.25
Commercial Usage Rate	\$8.21/1,000 Gal.	\$8.75/1,000 Gal.
Commercial Minimum Bill	\$28.49	\$37.00

6. In addition to the proposed monthly wastewater service rates set forth above, the Parties also propose to implement a Capital Improvements Surcharge (“Surcharge”) to include an additional charge of \$7.50 per month for each customer for thirty-six (36) months for the sole purpose of funding a capital improvements account under the following terms:

- a. The Surcharge shall automatically and without further action of the Authority terminate immediately after the thirty-sixth (36th) month of collection of the \$7.50 monthly charge per customer;
- b. Notwithstanding the foregoing, the Authority, in the exercise of its discretion, may terminate the Surcharge upon the issuance of a termination order;
- c. The funds collected under the Surcharge, as well as all cash contributions in aid of construction received by Cartwright during the Surcharge’s thirty-six (36) month collection period, shall be deposited and held in a separate FDIC insured state authorized

interest-bearing bank account (“Capital Account”) from which funds shall not be expended without Cartwright seeking and obtaining from the Authority (in a specified amount and for a specified purpose), prior to expenditure of such funds, an order by the Authority specifically authorizing the expenditure of such funds in a specified amount and for a specified purpose; provided, however, that in exigent circumstances requiring expenditures of funds from the Capital Account, Cartwright may expend funds from such account after obtaining the required approval in accordance with the exigent circumstances procedures described below. The Authority order authorizing expenditure(s) of funds from the Capital Account shall state the purpose(s) and amount(s) of such expenditure(s), and may impose additional restrictions upon such expenditure(s) in the discretion of the Authority;

d. If, in the reasonable view of Cartwright, exigent circumstances exist requiring the use of funds held in the Capital Account, Cartwright shall, prior to the expenditure of such funds, seek approval of the Chief of the TRA’s Utilities Division or his/her designee by submitting a letter request to the TRA (in a specified amount and for a specified purpose) with appropriate support and documentation for the request, including without limitation an explanation of how any amount requested was calculated;

e. Cartwright will clearly and conspicuously state on each bill sent to its customer the Surcharge for capital improvements as a separate line item; and

f. Cartwright shall file with the TRA on the 10th business day of the month after the end of each calendar quarter a report on the balance in the Capital Account, including copies of the bank statements for such account for the prior three month period, and the expenditure(s) of any amount(s) from such account. Upon request, Cartwright shall

provide additional information related to the Capital Account, including documentation supporting deposits to and withdrawals from such account.

7. In accordance with Authority Rule 1220-4-1-.05, Cartwright notified its customers of the proposed increase to rates and charges by direct mail to the customers' billing address on file with the Company. A copy of the notice is attached to the Affidavit of Bruce Meyer filed in support of this Joint Petition. A copy of the notice was also posted at the Company's business office and will remain displayed until the rate hearing in this matter has been conducted or, if necessary, a re-notice issued.

8. In light of the Company's present financial condition, the Parties request the Joint Petition be heard and approved at the regularly-scheduled Authority Conference on December 12, 2016, with new rates and charges to become effective January 1, 2017.

9. In further support of this Joint Petition, the Parties have filed seasonably herewith the following:

a. Pre-filed Direct Testimony of Bruce Meyer, Operations Manager, regarding a general overview of Cartwright's operations and capital improvement requirements, as well as a summary of the rate relief requested;

b. Pre-filed Direct Testimonies, Exhibits and Workpapers of Daniel Ray, Patsy Fulton and Joe Shirley regarding the ratemaking principles, methodologies and calculations used to project the revenue deficiency for the attrition period and to recommend the rate design to eliminate the projected revenue deficiency and to establish a monthly charge to fund a capital improvements account for long-term maintenance and repair projects and emergencies;

c. Affidavit of Bruce Meyer regarding the notice of rate hearing provided to the Company's customers of record; and

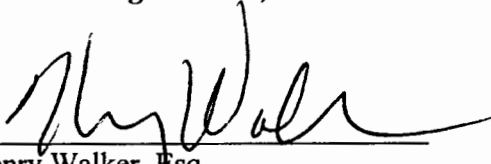
d. Revised Tariff providing the adjustments to rates and charges calculated by the Parties' cost of service study.

WHEREFORE, the Parties jointly request the Authority to:

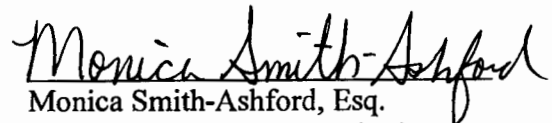
1. Schedule the Joint Petition for hearing on December 12, 2016, upon proper notice;
2. Find that the rates and charges proposed by the Parties are just and reasonable and in the public interest;
3. Approve the Company's Revised Tariff implementing the proposed rates and charges effective January 1, 2017; and
4. Grant such other and further relief as circumstances may warrant.

RESPECTFULLY SUBMITTED,

For Cartwright Creek, LLC:


Henry Walker, Esq.
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203
(615) 252-2363
hwalker@babc.com

For TRA Staff (As a Party):

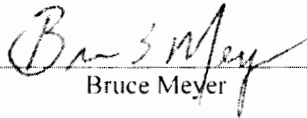

Monica Smith-Ashford, Esq.
Tennessee Regulatory Authority
502 Deaderick Street, Fourth Floor
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VERIFICATION

STATE OF TENNESSEE

COUNTY OF WILLIAMSON

I, Bruce Meyer hereby declare under penalty of perjury, that I am Operations Manager of Cartwright Creek, LLC; that I am authorized to make this verification on behalf of Cartwright Creek, LLC; that I have read the foregoing Joint Petition; and that the facts stated therein are true and correct to the best of my knowledge, information and belief.


Bruce Meyer

Sworn to and subscribed before me the 9th day of November, 2016.


Notary Public

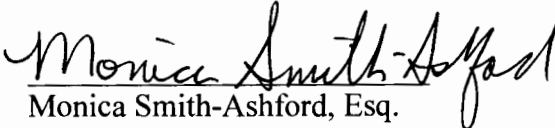
My commission expires: _____



CERTIFICATE OF SERVICE

I hereby certify that on the 10th day of November, 2016, a true and correct copy of the foregoing Joint Petition was served by electronic mail upon the following:

Cynthia Kinser, Esq. (Cynthia.Kinser@ag.tn.gov)
Vance Broemel, Esq. (Vance.Broemel@ag.tn.gov)
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