

KING'S CHAPEL CAPACITY

Providing Superior Water Service to Tennessee

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TN PUBLIC UTILITY COMMISSION
DOCKET OFFICE

April 30, 2018

Via Hand Delivery

Chairman, Tennessee Public Utility Commission
c/o Sharla Dillon, Dockets and Records Manager
502 Deaderick Street, 4th Floor
Nashville, TN 37243

18-00050

Re: Petition of King's Chapel Capacity to Post Alternative Financial Security

Ms. Dillon:

King's Chapel Capacity files the attached petition to post alternative financial security.

I have also enclosed a check in the amount of \$25.00 for the required filing fee. Please contact me if you have any questions or need additional information.

Respectfully submitted,


John Powell, President

Enclosures

Cc: William H. Novak

9539 Mullens Road
Arrington, TN 37014
615-834-1222

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

**PETITION OF KING’S CHAPEL
CAPACITY, LLC TO POST ALTERNATIVE
FINANCIAL SECURITY**

DOCKET NO._____

**PETITION OF KING’S CHAPEL CAPACITY, LLC
TO POST ALTERNATIVE FINANCIAL SECURITY**

King’s Chapel Capacity, LLC (“KCC” or “the Company”) petitions the Commission, pursuant to Rule 1220-4-13-.07(5) to approve and accept \$77,000 as the appropriate amount for determining financial security to comply with the Commission’s rules. In addition, KCC further requests the Commission to approve and accept a bond of \$39,000 (50% of net revenues) as sufficient financial security to comply with the new financial security rules for wastewater utilities approved by the Commission in Docket 16-00112.

TPUC Rule 1220-4-13-.07(2)(a) requires wastewater utilities to post one hundred percent (100%) of the gross annual revenue in the most recent Commission Form UD20 or \$20,000, whichever is greater. As shown in the table below, KCC’s total receipts for calendar year 2017 were approximately \$127,000 of which approximately \$26,000 was related to TPUC approved bond surcharges and \$24,000 was related to escrow liability leaving net utility revenues of approximately \$77,000.

	Total Receipts	Less Bond Surcharge	Less Escrow Liability	Net Revenues
January, 2017	\$13,037.07	\$1,929.10	\$2,458.86	\$8,649.11
February	10,052.29	2,015.05	1,895.92	6,141.32
March	9,192.64	2,091.45	1,733.78	5,367.41
April	10,952.49	2,158.30	2,065.70	6,728.49
May	10,796.07	2,206.05	2,036.20	6,553.82
June	10,704.16	2,206.05	2,018.86	6,479.25
July	13,162.75	2,253.80	2,482.57	8,426.38
August	9,821.28	2,244.25	1,852.35	5,724.68
September	10,948.24	2,282.45	2,064.90	6,600.89

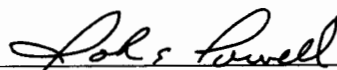
October	9,713.29	2,330.20	1,831.98	5,551.11
November	9,816.99	2,377.95	1,851.54	5,587.50
December	9,155.77	2,377.95	1,726.83	5,050.99
Total	\$127,353.04	\$26,472.60	\$24,019.48	\$76,860.96

KCC maintains that it is not reasonable, nor was it ever the Commission's intent, to require financial security on existing bond surcharges. The Commission has recognized this anomaly in its new rules for wastewater utilities by specifically excluding bond surcharge revenues from the financial security requirement.¹ KCC therefore asks the Commission to recognize and approve \$77,000 as the appropriate revenue level for determining financial security.

KCC also asks the Commission to approve financial security of 50% of the \$77,000 in net receipts described above (or \$39,000) as sufficient for KCC to comply with Commission rules. The Commission has already approved a financial security target of 50% of net revenues in its new wastewater rules that were approved in Docket 16-00112. Although the new rules are not yet official, they do reflect the intent of the Commission. In addition, the Commission's existing rules allow it to determine financial security on a case-by-case basis.² KCC therefore asks the Commission to recognize and approve \$39,000 as the appropriate amount for its financial security. In support of this petition, we have attached the testimony of John Powell as Attachment #1.

Therefore, KCC asks that this petition be granted and that the Commission approve this alternative form of financial security in accordance with TRA Rule 1220-4-13-.07(5).

Respectfully submitted:

By: 
 John Powell, Owner
 Kings Chapel Capacity, LLC
 9539 Mullens Road
 Arrington, TN 37014

¹ See specifically TPUC Rule 1220-4-13-.07(2)(a)(1) approved by the Commission in Docket 16-00112.

² See current TPUC Rule 1220-4-13-.07(8).

ATTACHMENT #1
TESTIMONY OF JOHN POWELL

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)	
PETITION OF KING’S CHAPEL)	
CAPACITY TO POST ALTERNATIVE)	Docket No.
FINANCIAL SECURITY)	
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)	

April 30, 2018

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

3 ***A1.*** My name is John Powell. My business address is 9539 Mullens Road, Arrington,
4 TN, 38014. I am the President and Owner of King's Chapel Capacity (KCC).

5

6 ***Q2. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
7 ***PROCEEDING?***

8 ***A2.*** The purpose of my testimony is to present to the Commission the underlying
9 methodology used by KCC to support its petition to post alternative financial
10 security.

11

12 ***Q3. WHY IS KCC ASKING THE COMMISSION TO APPROVE AN***
13 ***ALTERNATIVE TO ITS EXISTING RULES FOR FINANCIAL SECURITY***
14 ***AT THIS TIME?***

15 ***A3.*** TPUC Rule 1220-4-13-.07(2)(a) requires wastewater utilities to post one hundred
16 percent (100%) of the gross annual revenue in the most recent Commission Form
17 UD20 or \$20,000, whichever is greater. As shown in the table below, KCC's total
18 receipts for calendar year 2017 were approximately \$127,000 of which
19 approximately \$26,000 was related to TPUC approved bond surcharges and
20 \$24,000 was related to escrow liability leaving net utility revenues of
21 approximately \$77,000.

22

23

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KCC maintains that it is not reasonable, nor was it ever the Commission's intent, to require financial security on existing bond surcharges. The Commission has recognized this anomaly in its new rules for wastewater utilities by specifically excluding bond surcharge revenues from the financial security requirement.¹

KCC therefore asks the Commission to recognize and approve \$77,000 as the appropriate revenue level for determining financial security. KCC also asks the Commission to approve financial security of 50% of the \$77,000 in net receipts described above (or \$39,000) as sufficient for KCC to comply with Commission rules.

Q4. HAS THE COMMISSION RECENTLY ACTED TO AMEND ITS CURRENT RULES FOR FINANCIAL SECURITY FROM WASTEWATER UTILITIES?

¹ See specifically TPUC Rule 1220-4-13-.07(2)(a)(1) approved by the Commission in Docket 16-00112.

1 **A4.** Yes. In Docket 16-00112, the Commission approved new rules for wastewater
2 utilities that adopt a financial security target of 50% of net revenues. Although
3 the new rules are not yet official, they do reflect the intent of the Commission. In
4 addition, the Commission's existing rules allow it to determine financial security
5 on a case-by-case basis.² KCC therefore requests that the Commission recognize
6 and approve 50% of KCC's net receipts or \$39,000 (\$77,000 * 50%) as the
7 appropriate amount for its financial security.

8

9 **Q5. *DOES THIS COMPLETE YOUR TESTIMONY?***

10 **A5.** Yes, it does.

² See current TPUC Rule 1220-4-13-.07(8).

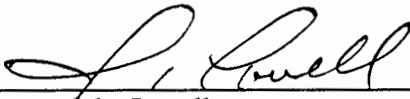
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AFFIDAVIT

I, John Powell, on behalf of King's Chapel Capacity hereby certify that the attached direct testimony represents my opinion in the above referenced case.



John Powell

Sworn to and subscribed before me this 19 day of April, 2018.



NOTARY PUBLIC

My commission expires: 3/8/21

