

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

IN RE:)	
)	
CARTWRIGHT CREEK, LLC)	DOCKET NO. 18-<u>00066</u>
REQUEST TO UTILIZE ALTERNATIVE)	
FINANCIAL SECURITY)	

PETITION FOR ALTERNATIVE FINANCIAL SECURITY

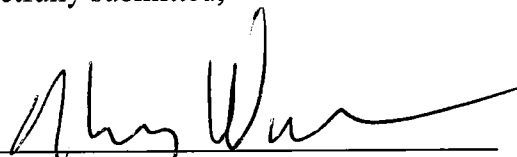
Pursuant to TRA Rule 1220-4-13-.07(5), Cartwright Creek, LLC (“Cartwright Creek”) petitions the Tennessee Public Utility Commission (“TPUC” or “the Commission”) to accept as alternative financial security a surety bond in the amount of \$120,000, an amount substantially higher, both in absolute terms and as a proportion of the utility’s total revenue, than the amount approved for this utility in 2016 and 2017. See, “Order Approving Petition for Alternate Financial Security, Docket 15-0052 (Aug. 17, 2016), and “Order Approving Petition for Alternate Financial Security,” Docket No. 17-00035 (Dec. 5, 2017).

In 2016, the agency found that a bond of \$50,000 provided sufficient financial security to the utility’s customers. As the Commission noted, the \$50,000 bond amount was “approximately 11% of the Company’s gross annual revenues” but “would provide sufficient funds to operate the company on a temporary basis for two months.” Docket 15-00052, Order, at 5. In 2015, the utility’s total revenue was \$471,947.07 (Order, at 1). The utility’s total revenue in 2016 increased slightly to \$476,351. The cost of operating the utility for two months did not change and the Commission again found that a bond of \$50,000 was sufficient financial security. Docket 17-00035.

As stated in the utility's 2017 annual report, the company's total revenue has risen from \$476,351 in 2016 to \$482,670 in 2107 (less \$124,469 in developer contributions and \$22,500 in tap fees). As explained in the pre-filed testimony of Mr. Bruce Meyer, the cost of operating the company for two months has also increased to \$75,000. A bond of \$120,000 will more than cover those expenses. Moreover, a bond of \$120,000 is approximately 21% of the company's total revenue of \$582,670, substantially more than the 11% coverage the Commission approved in 2015 and 2016 and consistent with the percentage amount recently approved by the Commission for another large wastewater provider. See, Docket 18-00053.

For these reasons, which are discussed further in the attached, pre-filed testimony of Mr. Bruce Meyer, Cartwright Creek requests that the Commission accept as alternative financial security a bond in the amount of \$120,000. If the Commission grants this request, the utility will file a bond of that amount within thirty-days following the issuance of a written order.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Henry Walker', is written over a horizontal line.

Henry Walker (B.P.R. No. 000272)
Bradley Arant Boult Cummings, LLP
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Nashville, TN 37203
Phone: 615-252-2363
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BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

IN RE:

**CARTWRIGHT CREEK, LLC,
REQUEST TO UTILIZE ALTERNATIVE
FINANCIAL SECURITY**

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DOCKET NO. 18-_____

**DIRECT TESTIMONY
OF
BRUCE MEYER**

ON BEHALF OF CARTWRIGHT CREEK, LLC

June 5, 2018

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A1. My name is Bruce Meyer and my business address is 1551 Thompson's Station Road West, Thompson's Station, TN 37179.

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

A2. I am employed by Sheaffer Wastewater Solutions, LLC as Operations Manager of Cartwright Creek, LLC.

Q3. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A3. The purpose of my testimony is to support the Petition of Cartwright Creek, LLC to utilize alternative financial security of \$120,000 as described in the Petition.

Q4. WHY IS CARTWRIGHT CREEK REQUESTING THE ALTERNATIVE FINANCIAL SECURITY?

A4. In previous dockets Cartwright Creek has provided testimony that the utility could not obtain financial security at the level required by the current TRA regulations due to the utility's financial condition. As an alternative, Cartwright Creek presented information that showed that a \$50,000 bond, which would be obtainable, would provide funds to operate the utility on a temporary basis for two months. The Commission agreed to accept the company's proposal in both dockets 15-00052 and 17-00035.

Q5. HAS CARTWRIGHT CREEK'S REVENUE CHANGED FROM 2016 TO 2017?

A5. Yes. After deducting developer contributions and tap fees, the utility's revenue increased from \$476, 351 in 2016 to \$582,670 in 2017.

Q6. WHAT IMPACT HAS THE APPROVAL OF THE STAFF ASSISTED RATE CASE IN DOCKET 16-00127 HAD ON THE UTILITY'S FINANCIAL CONDITION?

A6. The rate case was approved in January 2017 and the new rates went into effect on February 1, 2017. The increases in sewer service charges and maintenance surcharges approved in that docket have helped Cartwright Creek improve its financial situation. Revenues have increased. Expenses have increased also. Today, the cost of operating the company on a temporary basis for two months would be approximately \$75,000.

Q7. WHAT FINANCIAL SECURITY DOES CARTWRIGHT CREEK PROPOSE TO OFFER?

A7. If the Commission agrees, Cartwright Creek will post a bond of \$120,000 within thirty-days after the issuance of a Commission order. That amount will more than cover the cost of operating the utility for two months and, both in absolute terms and as a percentage of the utility's total revenue, is a significant increase from the amount approved by the Commission for Cartwright Creek in each of the last two years.

Q8. DOES THIS COMPLETE YOUR TESTIMONY?

A8. Yes, it does.

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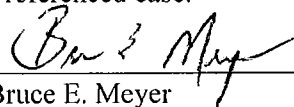
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AFFIDAVIT

I, Bruce E. Meyer, on behalf of Cartwright Creek, LLC hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case.

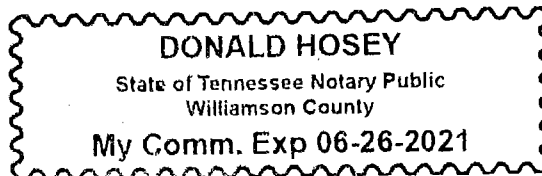


Bruce E. Meyer

Sworn to and subscribe before me
This 5 day of June, 2018.



NOTARY PUBLIC



My Commission Expires: 06-26-2021