

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF CARTWRIGHT
CREEK, LLC TO EXTEND CAPITAL
IMPROVEMENTS SURCHARGE

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DOCKET NO. 19-00097

PETITION OF CARTWRIGHT CREEK, LLC
TO EXTEND CAPITAL IMPROVEMENTS SURCHARGE

Summary

Cartwright Creek, LLC (“Cartwright Creek” or the “Company”) petitions the Tennessee Public Utility Commission (“the Commission”) to extend for thirty-six months the Capital Improvements Surcharge (the “Surcharge”) adopted by the Commission in Docket 16-00127, “In Re: Joint Petition of Cartwright Creek, LLC and TRA Staff (as a Party) to Increase Rates and Charges,” Order issued January 10, 2107. The Surcharge is scheduled to expire at the end of 2019. The Company’s need for repairs and system upgrades as described in Docket 16-00127 by Staff witness Daniel Ray and Company witness Bruce Meyer remains as critical today as in 2016. Therefore, the Surcharge should be extended, subject to the same terms and conditions prescribed by the Commission when the Surcharge was established.

Background

The Company asks that the Commission take Administrative Notice of the evidentiary record in Docket 16-00127. In that docket Company witness Bruce Meyer described in detail the repairs and maintenance problems at the Company’s Grasslands system and the need for the eventual replacement of the system in order to meet state environmental requirements at an estimated cost of \$3 to \$4 million. The Surcharge was proposed by the Company “to begin providing a funding mechanism for capital improvements.” Meyer testimony at 4. Staff witness Daniel Ray agreed with Mr. Meyer that the

Surcharge was needed to fund “some of the specific capital improvements” described by Mr. Meyer “particularly at the aging Grasslands system.” Ray testimony at 8.

As described further in the attached, pre-filed testimony of Mr. Meyer, the environmental problems at Grasslands continue just as he had predicted in his earlier testimony. On April 29, 2019 the Tennessee Department of Environment and Conservation (“T.D.E.C.”) issued “Director’s Order and Assessment WPC18-0100” as a result of violations self-reported by the Company. Cartwright Creek is now engaged in settlement negotiations with T.D.E.C. and the parties have tentatively agreed, subject to final approval by each side, that the Company will achieve “substantial compliance” with the conditions of its T.D.E.C. permit by December 31, 2023. As Mr. Meyer describes, the Company is in the process now of beginning the needed repairs to address infiltration issues at Grasslands (see Docket 19-00034) and is gathering cost estimates for the replacement of the Grasslands treatment system by the end of 2023.

Finally, the Company has discussed this Petition with the Consumer Advocate and agrees that, in addition to seeking an extension of the Surcharge, the Company requests the Commission to open a new docket for the purpose of discussion and monitoring by the Commission and the Consumer Advocate on the Company’s long-term plan to replace the Grasslands treatment system and how it will be financed. As part of that monitoring process, the Company also agrees to adopt, effective January 1, 2020, the “Overspending Protection” provisions approved by the Commission in Docket 16-00096, “Stipulation and Settlement Agreement,” Section 20 (July 25, 2017). In that docket, which also involved a wastewater company that needed to spend a substantial amount of money to repair treatment systems, the Consumer Advocate and Tennessee Wastewater Systems agreed to set up a financial reporting system that allowed the Consumer Advocate and the Commission to monitor the costs and progress of the repairs as the work was being done. Although the provisions adopted in Docket 16-00096 were written specifically to apply to Tennessee Wastewater’s repair projects, Cartwright Creek will work with the Consumer Advocate to adapt those provisions to apply to the current project to

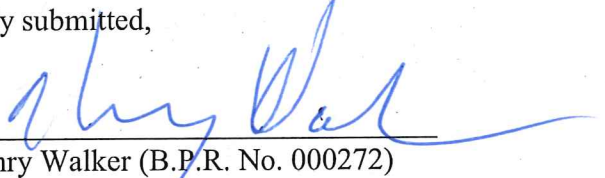
address infiltration issues at Grasslands and the larger project to replace the treatment plant by the end of 2023.

Conclusion

There is no question that the Surcharge will be needed along with revenue from tap fees over at least the next thirty-six months to fund these necessary upgrades in order to comply with state law. Therefore, the Company asks that the Surcharge be continued at the current level of \$7.50 per month for thirty-six months beginning in January, 2020. The terms and conditions under which the Surcharge is collected and spent should remain unchanged.

Respectfully submitted,

By: _____



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CERTIFICATE OF SERVICE

I hereby certify that on the 21st day of October, 2019, a copy of the foregoing document was served on the parties of record, via electronic email transmission and regular U.S. Mail, postage prepaid, addressed as follows:

Karen Stachowski, Asst. Atty. Gen.
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HENRY WALKER