

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:	April 4, 2006)	
)	
PETITION FOR APPROVAL OF TENNESSEE)	DOCKET NO.
WASTEWATER SYSTEMS, INC, TO EXPAND)	05-00212
ITS SERVICE AREA TO INCLUDE A PORTION)	
OF ROBERTSON COUNTY, TENNESSEE, KNOWN)	
AS THE CEDAR HILL AREA)	

ORDER APPROVING PETITION TO AMEND
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

This matter came before Chairman Ron Jones, Director Deborah Taylor Tate and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, as part of the Hearing Calendar heard on November 7, 2005 to consider the *Petition of Tennessee Wastewater Systems, Inc. to Amend its Certificate of Convenience and Necessity* (the "*Petition*") requesting that the Authority expand its service area to include a portion of Robertson County, Tennessee known as the Cedar Hill Area.

Background

On April 6, 1994, Tennessee Wastewater Systems, Inc.¹ ("TWS" or "Company") received a Certificate of Public Convenience and Necessity ("CCN") in Docket No. 93-09040 from the Tennessee Public Service Commission to provide wastewater service to the Oakwood Subdivision in Maury County. Since that time, through various other dockets, the Company has been granted approval to expand its service territory to include other areas in Tennessee. The Company's principal office is located in Nashville, Tennessee.

¹ Tennessee Wastewater Systems, Inc. was formerly known as On-Site Systems, Inc. This name change was effected by the TRA's order of February 19, 2004, in Docket No. 03-00518.

TWS filed the *Petition* in this matter on August 2, 2005. The Authority issued a Data Request on September 13, 2005. TWS provided a response to the Data Request in a timely manner. TWS filed the Pre-filed Direct Testimony of Charles Pickney, Jr. on September 20, 2005.

Legal Standard for Granting Certificate of Public Convenience and Necessity

No public utility is permitted to begin construction or operation of a new utility facility or service before obtaining approval of the Authority. The procedure for obtaining a CCN evidencing such approval is set forth in Tenn. Code Ann. § 65-4-201(a) (2004), which states as follows:

(a) No public utility shall establish or begin the construction of, or operate any line, plant, or system, or route in or into a municipality or other territory already receiving a like service from another public utility, or establish service therein, without first having obtained from the authority, after written application and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation, and no person or corporation not at the time a public utility shall commence the construction of any plant, line, system or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate. . . .

The *Petition*

On August 2, 2005, TWS filed the *Petition* requesting that its service area be expanded to include a portion of Robertson County, Tennessee known as the Cedar Hill Area, which includes the City of Cedar Hill, land outside the city and property that serves the new Jo Burns Elementary School. The approximate acreage is 900. According to the *Petition*, the Company initially seeks to provide service to the school and two residential subdivisions. Therefore, TWS filed both commercial and residential sewer rates with the *Petition*.² TWS also attached a letter from Melissa Ellis, City Recorder, expressing the City of Cedar Hill's desire that TWS provide service to the city. In addition, TWS attached letters from other potential wastewater service providers stating that none of the potential providers currently serves the area or intends to extend wastewater service to the

² TWS filed with the *Petition* a Tariff Sheet with commercial sewer rates and a billing summary listing the Company's residential customers and indicating that the residential rate will be \$35.11.

Cedar Hill Area.³ The Company also attached a service area map showing the location of the Cedar Hill Area.

The November 7, 2005 Hearing

Pursuant to Tenn. Code Ann. § 65-4-201(a) (2004), public notice of the Hearing in this matter was issued by the Hearing Officer on October 14, 2005. No person sought intervention prior to or during the Hearing. During the Hearing held on November 7, 2005, Mr. Charles Pickney, President of TWS, participated, presented testimony and was subject to examination by the panel. Mr. Pickney's Pre-Filed Testimony was entered into the record in this matter. The Pre-Filed Testimony states that the Company has the managerial, technical and financial ability to provide wastewater services to the Cedar Hill Area.⁴ Additionally, the panel took administrative notice of TWS's 2004 annual report filed with the Authority. At the time of the Hearing, TWS had not yet received a final approved permit from the Tennessee Department of Environment and Conservation ("TDEC") for the system.

Based upon the evidentiary and administrative record as a whole and relying on the legal standards set forth in Tenn. Code Ann. § 65-4-201(a) (2004), the panel found that the petitioner has met the requirements established by the agency and § 65-4-201, but has not received a permit from TDEC.⁵ The panel further found that TWS has filed rates identical to those previously approved by this agency. Therefore, the panel voted unanimously to grant approval of the *Petition* subject to receipt of a final approved permit from TDEC evidencing its approval of the Company's

³ See *Petition* (unnumbered attachments) (August 2, 2005); Letter from Tom Richards, Mayor of the City of Cedar Hill, Tennessee, to Keith Townsend (April 26, 2005); Letter from Howard R. Bradley, County Executive, Robertson County, to Keith Townsend (April 20, 2005); Letter from Omer Gene Brooksher, Mayor of the City of Adams, Tennessee, to Keith Townsend (May 4, 2005); Letter from Richard McCroy, System Manager, Adams-Cedar Hill Water System to Keith Townsend (May 16, 2005); Letter from Roger D. Lemasters, Director, Springfield Water and Wastewater Department, City of Springfield, Tennessee, to Keith Townsend (April 22, 2005).

⁴ Charles Pickney, Jr., Pre-Filed Testimony, p. 1 (September 20, 2005).

⁵ Director Kyle voted to grant the CCN after applying the standards set forth in Tenn. Code Ann. § 65-4-201. She disagrees with the statement that requirements other than Tenn. Code Ann. § 65-4-201 have been established by the TRA and disagrees with the finding that standards other than those established by statute or promulgated by Authority rule should be used to evaluate the *Petition*.

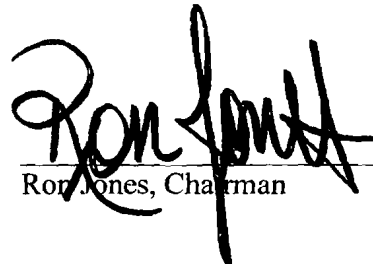
application to provide service to the Cedar Hill Area. The panel also ordered that TWS notify the Authority in writing at the time it receives a permit from TDEC for the Cedar Hill Area.

IT IS THEREFORE ORDERED THAT:

1. The *Petition of Tennessee Wastewater Systems, Inc. to Amend its Certificate of Convenience and Necessity* to expand its service area to include the Cedar Hill Area in Robertson County, Tennessee, as shown in the map attached to the *Petition*, is approved subject to receipt of a final approved permit from the Tennessee Department of Environment and Conservation.

2. The Petitioner's rates for wastewater service shall be as listed in the Tariff and rate schedules filed with the *Petition*.

3. Tennessee Wastewater Systems, Inc. shall provide written notification to the Authority once it has received a final approved permit evidencing the Tennessee Department of Environment and Conservation's approval of Tennessee Wastewater Systems, Inc.'s application to provide service to the Cedar Hill Area in Robertson County, Tennessee.



Ron Jones, Chairman

Deborah Taylor Tate, Director⁶



Sara Kyle, Director

⁶ Director Tate voted in agreement with the motion made by Chairman Jones but resigned her position as director before the issuance of this order.