

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

January 17, 2008

IN RE:

**DOCKET TO DETERMINE THE
RESERVE/ESCROW REQUIREMENT FOR AQUA
UTILITIES COMPANY PURSUANT TO TRA RULE
1220-4-13-.07(8)**

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**DOCKET NO.
07-00059**

ORDER THAT ESTABLISHMENT OF ESCROW ACCOUNT IS NOT REQUIRED

This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at the regularly scheduled Authority Conferences held on October 22, 2007 and December 17, 2007. This docket was opened to consider whether an escrow account should be established by Aqua Utilities Company (“Aqua” or the “Company”) pursuant to the Authority’s Wastewater Rules.

Authority Staff (“Staff”) made recommendations in a report (“Staff Report”) issued on November 14, 2007. The Staff Report noted that the Company’s potential appeal of the TRA decision in its rate case¹ may impact the Authority’s decision-making regarding the need for Aqua to establish an escrow account. Staff further noted that the Authority would not have access to updated financial information until the Company submits its December 31, 2007 annual


¹ See *In re: Petition of Aqua Utilities Company for Approval of Adjustment of its Rates and Charges and Revised Tariff*, Docket No. 06-00187.

report due on April 1, 2008. Therefore, Staff recommended that the Authority not require establishment of an escrow account by Aqua at this time.

At the December 17, 2007 Authority Conference, after reviewing the Staff Report the panel adopted the findings and recommendations in the Staff Report and found that an escrow account should not be established by the Company at this time.

IT IS THEREFORE ORDERED THAT:

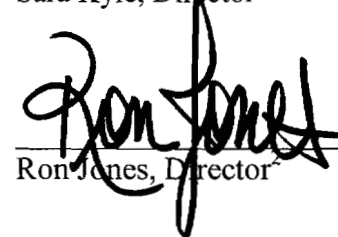
The Authority Staff Report is adopted and Aqua Utilities Company is not required to establish an escrow account at this time.



Eddie Roberson, Chairman



Sara Kyle, Director



Ron Jones, Director

² In addition to voting in favor of adopting the Staff Report recommendation, Director Jones noted that the panel should direct Staff to file a second, updated report after either reviewing the 2007 Annual Report, expiration of the time for filing a reconsideration request, or resolution of a reconsideration request, whichever is later.