

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 13, 2008

IN RE:)	
)	
REQUEST OF HC SEWAGE TREATMENT, LLC)	DOCKET NO.
FOR AUTHORITY ACTION PURSUANT TO LETTER)	08-00183
DATED SEPTEMBER 23, 2008)	

ORDER AUTHORIZING GENERAL COUNSEL TO ACT ON BEHALF OF AUTHORITY

This matter came before Chairman Tre Hargett, Director Eddie Roberson, and Director Mary W. Freeman of the Tennessee Regulatory Authority (“Authority” or “TRA”), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on October 6, 2008 to consider the September 23, 2008 correspondence from HC Sewage Treatment, LLC (“HC Sewage” or “Company”).

BACKGROUND

On September 23, 2008, Darlene Standley (Chief, TRA Utilities Division) received a letter dated September 23, 2008 from counsel for HC Sewage. HC Sewage operates a small wastewater treatment plant that serves two commercial customers in Hampton, Tennessee: Greeneville Oil & Petroleum (“Greeneville”) and Pizza Plus. The letter of September 23, 2008 states that HC Sewage “is insolvent within the meaning of Rule 1220-4-13-.09 and is no longer able to continue the operation of the sole plant owned by the utility in Hampton, Tennessee.” The letter requests that the TRA “appoint a receiver or take other appropriate action pursuant to Rule 1220-4-13-.11.” The letter further states that “the plant will continue to be operated through October 10, 2008 [and]...no further funds will be provided by the Stricklands [the current owners of HC Sewage] to make up the

operating loss¹ and the power and the water will either have to be transferred to another person or terminated and the technical person will be dismissed.”

FINDINGS AND CONCLUSIONS

At the regularly scheduled Authority Conference held on October 6, 2008, the General Counsel provided an update to the panel and indicated that an agreement in spirit had been reached between HC Sewage and Greeneville under which Greeneville would take over the operation of the utility, but the details of the transfer had not yet been finalized. Counsel for HC Sewage, who participated in the Authority Conference by telephone, confirmed that his client was in support of the transfer of the Company to Greeneville. Discussions between HC Sewage and Greeneville have been facilitated by attorneys of the Consumer Advocate and Protection Division of the Office of the Attorney General (“Consumer Advocate”). The Consumer Advocate appeared at the Authority Conference and agreed with the General Counsel’s assessment of the current situation. The Consumer Advocate stated that in light of the time sensitive nature of this situation that the Authority should empower the General Counsel to take any necessary actions on behalf of the Authority to insure the continued operation of the wastewater treatment facility.

TRA Rule 1220-04-13-.09(1) directs the Authority to take appropriate action where good cause is shown. Under TRA Rule 1220-04-13-.09(2)(b) 3 and 4, good cause, includes the actual, threatened, or impending insolvency of a public wastewater utility or the actual or threatened abandonment of the utility by its owners or operators. The panel found that the Company’s letter of September 23, 2008 demonstrates good cause as required under TRA Rule 1220-04-13-.09. Thereafter, the panel voted unanimously to authorize the General Counsel or his designee to act on behalf of the Authority to take whatever legal measures are necessary to ensure that HC Sewage complies with the Authority’s rules and that service to customers of HC Sewage does not experience an interruption.

¹ HC Sewage currently has a rate case pending in Docket No. 08-00126; the TRA opened a contested case at the September 22, 2008 Authority Conference. A proposed settlement agreement filed in that docket has been vigorously opposed by the two customers, who object to the size of the proposed rate increase.

IT IS THEREFORE ORDERED THAT:

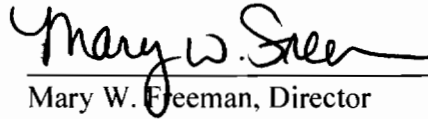
The General Counsel or his designee is authorized to act on behalf of the Authority to take whatever legal measures are necessary to ensure that HC Sewage Treatment, LLC complies with the Authority's rules and the wastewater system continues to serve the two customers.



Tre Hargett, Chairman



Eddie Roberson, Director



Mary W. Freeman, Director