

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**September 23, 2015**

**IN RE:**

**PETITION OF OLD HICKORY WATER,  
LLC TO POST ALTERNATIVE FINANCIAL  
SECURITY**

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**DOCKET NO.  
15-00049**

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**ORDER APPROVING ALTERNATIVE FINANCIAL SECURITY**

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This matter came before Vice Chairman David F. Jones, Director Robin Bennett, and Director James M. Allison of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on August 17, 2015, to hear and consider the *Petition for Approval of Alternative Financial Security* (“*Petition*”) filed by Old Hickory Water, LLC (“OHW” or the “Company”) on April 28, 2015, as amended and corrected by the Company on June 12, 2015. In its *Petition*, Old Hickory requests approval of an alternative form of financial security pursuant to TRA Rule 1220-4-13-.07(5).

**BACKGROUND AND THE *PETITION***

TRA Rule 1220-4-13-.07 requires regulated wastewater companies to “furnish to the Authority, prior to providing service to a customer, acceptable financial security using a format prescribed by the Authority.”<sup>1</sup> Security “in the amount of one hundred percent (100%) of the gross annual revenue in the most recent Authority Form UD20 or \$20,000, whichever is greater” is to be provided in the form of a “bond issued by any duly licensed commercial bonding or insurance company authorized to do business in Tennessee” or an “irrevocable letter of credit issued by a

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<sup>1</sup> Tenn. Comp. R. & Regs. 1220-4-13-.07(1).

financial institution acceptable to the Authority.”<sup>2</sup> TRA Rule 1220-4-13-.08 provides a “Corporate Surety Bond” form “to be used by public wastewater utilities under the jurisdiction of the Tennessee Regulatory Authority when filing a corporate surety bond pursuant to this Chapter.”<sup>3</sup> The Authority’s Wastewater Rules also give the Authority discretion to approve an alternative form of financial security upon petition by the utility, which must be filed with the Authority by May 1 of each year.<sup>4</sup>

The *Petition* was filed on April 28, 2015, and was amended by the Company on June 12, 2015, to correct an error. In its *Petition*, OHW seeks approval to post an alternative form of security pursuant to TRA Rule 1220-4-13-.07(5) in the form of a \$25,000 bond. The total revenue for OHW, which includes their water revenue, on the UD-20 form for year end 2014 was \$86,338, with the wastewater revenue being \$19,571.<sup>5</sup> According to OHW, the amount of the bond is adequate security to cover the wastewater revenues, which are significantly less than the bond amount.<sup>6</sup> Additionally, OHW states that the Company has the financial stability to operate the utility, and that since 2011, OHW has been operating the utility without any financial problems and customers have been served continuously without rate increases.<sup>7</sup> OHW asserts that the alternative security requested in this docket is for the same amount as the alternative security previously approved for OHW by the Authority in TRA Dockets No. 12-00039 and No. 14-00091.<sup>8</sup>

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<sup>2</sup> Tenn. Comp. R. & Regs. 1220-4-13-.07(2)(a) and (3).

<sup>3</sup> Tenn. Comp. R. & Regs. 1220-4-13-.08.

<sup>4</sup> Tenn. Comp. R. & Regs. 1220-4-13-.07(5).

<sup>5</sup> John Parton, Amended and Corrected Pre-filed Direct Testimony, p. 3 (June 12, 2015).

<sup>6</sup> *Id.*

<sup>7</sup> *Amended and Corrected Petition*, p. 1-2 (June 12, 2015).

<sup>8</sup> John Parton, Pre-filed Direct Testimony, p. 3 (April 28, 2015); *see In re: Petition Of Old Hickory Water, LLC for a Certificate of Convenience and Necessity*, Docket No. 12-00039, *Order Granting Certificate of Convenience and Necessity and Approving Motion for Alternative Security* (July 3, 2013); *In re: Petition Of Old Hickory Water, LLC to Post Alternative Financial Security*, Docket 14-00091, *Order Approving Alternative Financial Security* (March 9, 2015).

## **FINDINGS AND CONCLUSIONS**

At the regularly scheduled Authority Conference held on August 17, 2015, the panel conducted a Hearing in this matter, which was noticed by the Authority on August 7, 2015. At the Hearing, Mr. H. LaDon Baltimore, Esq. of Farris Bobango, PLC, 618 Church Street, Suite 300, Nashville, TN 37219, appeared on behalf of OHW. Mr. John Parton, owner and active member of OHW, appeared by telephone as a witness for the Company.<sup>9</sup> At the Hearing, members of the public were given an opportunity to present comments to the panel, but no one sought recognition.


The panel considered OHW's *Petition* and found that the alternative form and amount of the proposed bond, which is more than 100% of the Company's annual wastewater revenues, are consistent with the alternative security previously approved for the Company in TRA Dockets No. 12-00039 and 14-00091 and that the proposed alternative security continues to be sufficient. Thereafter, the panel voted unanimously to grant the *Petition* pursuant to TRA Rule 1220-4-13-.07(5).

### **IT IS THEREFORE ORDERED THAT:**

The *Petition for Approval of Alternative Financial Security* filed by Old Hickory Water, LLC is approved.

**Vice Chairman David F. Jones and Director Robin Bennett concur. Director James M. Allison concurred in the Motion.**

**ATTEST:**

  
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**Earl R. Taylor, Executive Director**

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<sup>9</sup> On August 24, 2015, the *Notary Public Affidavit* of Teresa Parton and the *Witness Certification* of John Parton were filed in the docket file in satisfaction of the requirements set forth in the *Order Granting Motion to Allow Witness to Appear and Participate Telephonically During the Hearing* issued on August 10, 2015.