

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TN

April 27, 2017

IN RE:)	
)	
PETITION OF TENNESSEE)	
WASTEWATER SYSTEMS, INC.,)	DOCKET NO. 17-00034
TO POST ALTERNATIVE FINANCIAL)	
SECURITY)	

**PETITION OF TENNESSEE WASTEWATER SYSTEMS, INC.,
TO POST ALTERNATIVE FINANCIAL SECURITY**

Tennessee Wastewater Systems, Inc. ("TWSI") petitions the Tennessee Public Utilities Commission ("Commission" or "TPUC"), pursuant to Tenn. Comp. R. & Regs. 1220-4-13-.07(5), to accept a bond in the amount of \$300,000 as sufficient financial security to comply with the Commission's financial security rules.

TWSI currently has on file with the Commission a bond in the amount of \$1, 248,882. This bond represents 66% of TWSI's annual revenue of \$1,885,036 per the utility's most recently filed UD20 form. The Commission has previously found this bond to be sufficient and in the public interest¹. On April 10, 2017, the Commissioners voted to adopt changes to the Commission's rules regarding, among other things, the posting of financial security. The approved modification

¹ Docket 16-00045 – Order p.3.

to TPUC Rule 1220-4-13-.07 requires wastewater utilities to file with the Commission “a security in an amount of fifty percent (50%) of annual wastewater revenues in the most recent Annual report or \$20,000, whichever is greater” with a cap of \$300,000. Though this proposed rule is not yet in effect the Commission has the discretion under the current rules to decide and set the proper amount of sufficient financial security².

TWSI advocated for the \$300,000 cap adopted in the new rules explaining that the Commission has repeatedly found in ruling on TWSI’s previous alternative financing petitions that it is unlikely that all TWSI’s treatment facilities will fail at one time and that a reasonable cap on the bonding required by the Commission will still allow for sufficient funds to be available to operate any wastewater system until more permanent arrangements can be made. Further, the reduction in bond amount also frees up substantial amounts of the Company’s capital which is otherwise dedicated to securing the bond³. That the Commission has approved the proposed rule with a cap of \$300,000 as adequate financial security tends to show there is agreement with TWSI that this amount is reasonable and therefore, the Company should be allowed to reduce the bond.

A reduction in bond from \$1,248,882 to \$300,000 is also in the public interest as it will save TWSI’s ratepayers approximately one dollar (\$1) per month on their current sewer bill. The cost of the current bond is around 3% or \$43,000 which requires a bonding charge of \$1.21 per customer per bill. A bond of \$300,000 will cost approximately \$9000 and result in a bonding charge of around twenty-five cents (.25) per month to the customer.

² Tenn. Comp. R. & Regs. 1220-4-13-.07(5).

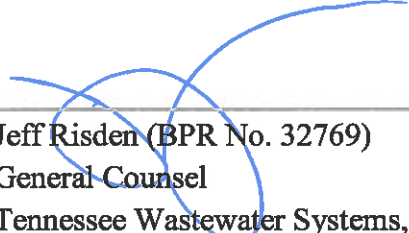
³ Docket 16-00112 – TWSI’s Comments p.2

TWSI is not asking to be treated under the new rule as the new rule is not yet in effect. However, TWSI requests that the Commission exercise its discretion in setting an amount that it has already found to be reasonable in the approved proposed rule.

Therefore, TWSI respectfully requests that this petition be granted and that the Commission grant a reduction of the current bond to \$300,000, determining the amount reasonable and in the public interest in accordance with the Commission's financial security requirements.

Respectfully submitted,

By:



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