

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

June 18, 2018

IN RE:)	
)	DOCKET NO.
KING'S CHAPEL CAPACITY)	18-00050
TO POST ALTERNATIVE FINANCIAL)	
SECURITY)	

ORDER APPROVING PETITION FOR ALTERNATIVE FINANCIAL SECURITY

This matter came before Chairman David F. Jones, Commissioner Herbert H. Hilliard and Commissioner Kenneth C. Hill of the Tennessee Public Utility Commission (the "Commission" or "TPUC"), the voting panel assigned to this docket, during the regularly scheduled Commission Conference held on May 14, 2018, for hearing and consideration of the *Petition of King's Chapel Capacity, LLC to Post Alternative Financial Security* ("Petition") filed on April 20, 2018, by King's Chapel Capacity, LLC ("KCC" or the "Company").

BACKGROUND AND PETITION

On April 20, 2018, KCC filed its *Petition* with the Commission seeking approval of the Company's posting of alternative financial security pursuant to TPUC Rule 1220-04-13-.07(5). The Company requests approval of a bond in the amount of \$39,000 as a form of alternative security.¹ The Company seeks approval of the same bond the Commission found acceptable as a form of alternative security in TPUC Docket No. 17-00033.² According to KCC's *Petition* and supporting documentation, the Company's total income for 2017 was \$127,000.³

¹ *Petition*, pp. 1-2 (April 20, 2018).

² *In re: Petition of King's Chapel Capacity LLC to Post Alternative Financial Security*, Docket No. 17-00033, *Order Approving Petition for Alternative Financial Security*, pp. 3-4 (August 22, 2017).

³ *Petition*, p. 1 (April 20, 2018).

In its *Petition*, KCC states that the \$39,000 amount of its proposed bond is an appropriate amount for determining financial security to comply with the Commission's rules and further as sufficient financial security to comply with the new financial security rules for wastewater utilities approved by the Commission in Docket No. 16-00112.⁴ KCC states that while its total receipts for calendar year 2017 were approximately \$127,000, \$26,000 was related to TPUC approved bond surcharges and \$24,000 was related to escrow liability, leaving net utility revenues of approximately \$77,000.⁵ KCC therefore requests that the Commission recognize and approve \$77,000 as the appropriate revenue level for determining financial security. On April 20, 2018 in support of its *Petition*, KCC filed the testimony of John Powell, President/Owner of KCC, as Attachment #1.

STANDARD FOR COMMISSION APPROVAL

Tenn. Code Ann. § 65-4-201(e) (2017) provides:

The commission shall direct the posting of a bond or other security by a public utility providing wastewater service or for a particular project proposed by a public utility providing wastewater service. The purpose of the bond or other security shall be to ensure the proper operation and maintenance of the public utility or project. The commission shall establish by rule the form of such bond or other security, the circumstances under which a bond or other security may be required, and the manner and circumstances under which the bond or other security may be forfeited.

Pursuant to TPUC Rule 1220-04-13-.07(2), a public wastewater utility must furnish proof of financial security to the Commission in the amount of 100% of its gross annual revenue or \$20,000, whichever is greater. However, financial security in an alternative form to that above may be provided pursuant to TPUC Rule 1220-04-13-.07(5), which states:

If the public wastewater utility proposes to post financial security other than the type or amount permitted above, it must file with the Commission by May 1 of each year a petition requesting acceptance of the security. A hearing shall be held

⁴ *Id.*

⁵ *Id.*

to determine the amount of the financial security and if the form of the proposed financial security serves the public interest. At this hearing, the burden of proof shall be on the public wastewater utility to show that the proposed financial security and the proposed amount will be in the public interest. The public wastewater utility shall comply with Rule 1220-4-13-.07(2) until the alternative financial security is approved by the Commission.

THE HEARING

The Hearing in this matter was held before the voting panel of Commissioners during the regularly scheduled Commission Conference on May 14, 2018, as noticed by the Commission on May 4, 2018. Participating in the Hearing was:

King's Chapel Capacity, LLC – Charles B. Welch, Jr., Esq., Farris Bobango, PLC, 414 Union Street, Suite 1105, Nashville, TN 37219.

During the Hearing, KCC witness, John Powell, ratified, then summarized his pre-filed testimony and was subject to questioning before the panel. There were no intervening parties to the proceeding. Members of the public were given an opportunity to offer comments, but no one sought recognition to do so.

FINDINGS AND CONCLUSIONS

In its *Petition*, KCC seeks Commission approval to post alternative financial security under TPUC Rule 1220-04-13-.07(5). Based on a review and consideration of the pleadings, pre-filed testimony and the entire administrative record and the facts of this docket, the panel found that the proposed alternative security is in the public interest and consistent with Commission Rule 1220-4-13-.07(5). In its *Petition*, KCC states that the \$39,000 amount of its proposed bond is an appropriate amount for determining financial security to comply with the Commission's rules and further as sufficient financial security to comply with the new financial security rules for wastewater utilities approved by the Commission in Docket No. 16-00112.⁶ Although the new financial security rules are not yet effective, KCC maintains that the approval

⁶ The wastewater rules approved by the Commission are pending and are not yet effective.

by the Commission “reflect[s] the intent of the Commission.”⁷ The panel found that the bond form is in substantial compliance with the rules and is sufficient to meet statutory and regulatory requirements. Based on these findings, the panel voted unanimously to approve KCC’s *Petition*.

IT IS THEREFORE ORDERED THAT:

1. The *Petition of King’s Chapel Capacity, LLC to Post Alternative Financial Security* filed on April 20, 2018, by King’s Chapel Capacity, LLC is granted.

2. Any person who is aggrieved by the Commission’s decision in this matter may file a Petition for Reconsideration with the Commission within fifteen days from the date of this Order.

3. Any person who is aggrieved by the Commission’s decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty days from the date of this Order.

Chairman David F. Jones, Commissioner Herbert H. Hilliard and Commissioner Kenneth C. Hill concur.

ATTEST:



Earl R. Taylor, Executive Director

⁷ *Petition*, p. 2 (April 20, 2018).