

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

**IN RE:**

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

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**DOCKET NO.** 18-00098

**PETITION FOR APPROVAL OF ALTERNATIVE FINANCIAL SECURITY**

Old Hickory Water, LLC petitions, by and through its counsel, the Tennessee Public Utility Commission (“ the Commission”), pursuant to Rule 1220-4-13.07 (5) to accept a bond of \$5,000 as sufficient financial security to comply with the requirements of Rule 1220-4-13.07.

1. Commission Rule 1220-4-13.07 (2)(a) requires a bond in the amount of one hundred percent (100%) of the amount of gross revenues reported on the most recent UD20 or \$20,000, whichever is greater. According to the most recent UD20 report filed at the Commission by Old Hickory Water, LLC, the Utility’s annual revenues for 2017 was \$71,512.32 (which includes water and wastewater), wastewater revenues being \$2,022.10 (amount of wastewater revenues from 2017 Annual Report filed at the Commission).

2. Old Hickory Water, LLC has the requisite financial stability to operate the Utility, as demonstrated in its Annual Report filed at the Commission for 2017. Old Hickory Water, LLC has operated the Utility since acquisition in 2011 without any financial problems. Since acquisition, customers of both the water and wastewater systems have been served continuously and without rate increases. Petitions were previously filed by Old Hickory Water, LLC and approved by the Commission in Docket Nos. 12-00039, 14-00091, 15-00049, 16-00077, and 17-00066 for a bond in the amount of \$20,000, which is more than 100% of wastewater revenues.

3. However, financial security in an alternative form 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 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.

This rule allows the Commission to determine financial security on a case-by-case basis.

4. The cost of a \$20,000 bond, along with attorney fees and filing fees, exceed the \$2,022.10 in wastewater revenue. The Commission has already approved a financial security target of 50% of net revenues in its new wastewater rules that were approved in Docket 16-00112. Although the new rules are not yet official, they do reflect the intent of the Commission. Old Hickory Water, LLC requests the Commission recognize and approve \$5,000 as the appropriate amount for its financial security. A \$5,000 bond exceeds the new rule requirement of 50% of wastewater revenues; it is double the wastewater revenues.

5. The Commission is assured of financial security for the wastewater system with a \$5,000 bond and the financial stability of Old Hickory Water, LLC. The proposed alternative security is in the public interest and consistent with Commission Rule 1220-4-13-.07(5).

6. The Direct Testimony of Justin Noah in support of this Petition is attached.

WHEREFORE, Old Hickory Water, LLC respectfully requests the Commission to:

1. Approve a \$5,000 bond as alternative financial security; and
2. Grant any other relief as the Commission may deem just and proper.

Respectfully submitted this 6<sup>th</sup> day of September, 2018.

A handwritten signature in black ink, appearing to read "H. LaDon Baltimore", written over a horizontal line.

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**DIRECT TESTIMONY OF JUSTIN NOAH ON BEHALF OF  
OLD HICKORY WATER, LLC**

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- Q. PLEASE STATE YOUR NAME FOR THE RECORD.
- A. My name is Justin Noah.
- Q. WHAT IS YOUR POSITION WITH THE PETITIONER, OLD HICKORY WATER, LLC?
- A. General Manager.
- Q. WOULD YOU BRIEFLY DESCRIBE YOUR DUTIES WITH OLD HICKORY WATER, LLC?
- A. I am part of the management team. I assist and delegate in maintenance. In addition, I oversee financial decisions and daily financial operations.
- Q. ARE YOU FAMILIAR WITH THE CONTENT OF THE PETITION?
- A. I am.
- Q. TO THE BEST OF YOUR KNOWLEDGE, INFORMATION AND BELIEF, ARE ALL STATEMENTS IN THE PETITION CORRECT AND TRUE?
- A. Yes, they are.
- Q. PLEASE DESCRIBE THE PETITIONER.
- A. Old Hickory Water, LLC is incorporated under the laws of the State of Tennessee. It is owned by John Parton, David Parton, and Dean Knuckles. Old Hickory Water, LLC was formed to purchase the wastewater assets of Hickory Star Water Company, LLC from its previous owner, Hickory Star, LLC, which is no longer an active company. After the purchase, the Commission granted approval of a Certificate of Public Convenience and Necessity (CCN) to provide water and wastewater utility services in Docket No. 12-00039. Since the grant of such CCN, the Petitioner has provided water and wastewater utility services.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide information in support of the petition of Old Hickory Water, LLC for approval to post alternative financial security.

Q. HAS THE COMMISSION GRANTED PETITIONER ALTERNATIVE FINANCIAL SECURITY PREVIOUSLY?

A. Yes. The Commission, in Docket Nos. 12-00039, 14-00091, 15-00049, 16-00077, and 17-00066, approved an alternative security.

Q. WHAT WAS OLD HICKORY WATER'S ANNUAL REVENUE FOR 2017?

A. As stated in Old Hickory Water's most recent UD-20 report filed at the Commission, the Petitioner's annual revenue for 2017 was \$71,512.32 (which includes water and wastewater). The amount wastewater revenue was \$2,022.10 as stated in the 2017 Annual Report filed at the Commission.

Q. IN YOUR OPINION, DOES OLD HICKORY WATER HAVE THE REQUISITE FINANCIAL STABILITY TO OFFER UTILITIES?

A. Yes. Financial stability is demonstrated in our annual report filed at the T.R.A. for 2017.

Q. PLEASE EXPLAIN.

A. Old Hickory Water, LLC has been operating the utility since acquisition in 2011 without any financial problems. Since acquisition, customers of both the water and wastewater systems have been served continuously and without rate increases. The Commission is assured of financial security for the wastewater system with a \$5,000 bond and the financial stability of Old Hickory Water, LLC. A \$5,000 bond filed by Old Hickory Water, LLC is ample security to cover the wastewater revenues. In fact, the bond is more than 200% of wastewater revenue.

Q. DO YOU HAVE ADDITIONAL INFORMATION TO SUPPORT YOUR PETITION?

A. Old Hickory Water, LLC purchases its supply of water from the City of Maynardville and resells it to the customers of Old Hickory Water, LLC. This greatly reduces the expenses needed to operate a water and wastewater facility. It also assures that there will be a steady supply of water. This is another example of why alternative financial security is valid.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

AFFIDAVIT

The affiant, after first being duly sworn according to law, deposes and states as follows:

I, the undersigned, Justin Noah, attest and certify that I prepared and reviewed the Pre-Filed Testimony and that the contents thereof are true to the best of my knowledge, information and belief.

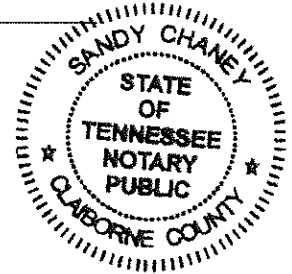
FURTHER AFFIANT SAITH NOT.

Justin Noah  
Justin Noah

STATE OF TN  
COUNTY OF Clairborne

Sworn to and subscribed before me this 6 day of ~~August~~ <sup>September</sup>, 2018.

Sandy Chaney  
Notary Public



My commission expires: 4.4.2020