

¹ *Petition*, p. 1 (February 12, 2021).

granted a CCN to provide wastewater services in various areas within the State of Tennessee. In its *Petition*, TWSI seeks to expand its service area to provide wastewater services to a subdivision known as The Pointe in Clay County.²

In support of its *Petition*, the Company filed maps showing the location of The Pointe, documents demonstrating the corporate structure and management experience of the Company, and a letter from the City of Celina indicating the subject property area is not served by or in the service territory of the City.³ Upon completion of construction of the system, it will serve 179 residential lots with 54,000 gpd and will be completed in one phase.⁴ TWSI also provided a letter from Clay County indicating that the county government provided no wastewater service and would not provide such service to The Pointe.⁵

The Company also filed the testimony of Matthew Nicks, President of TWSI.⁶ Mr. Nicks testifies that TWSI received its initial CCN in 1994, has been granted over 100 CCNs, and provides wastewater services to customers in 23 Tennessee counties.⁷ Mr. Nicks states that The Pointe Subdivision is located in Clay County, Tennessee, and is planned for 420 single-family residences. However, he notes that TWSI has only been asked to serve 179 of those lots, as the rest will either be on individual septic systems or not be built upon.⁸ Mr. Nicks describes the collection system as a septic tank effluent pump system, with septic tanks and pumps at each home. The tanks will discharge to collection lines that will connect the wastewater to the central recirculating media filter type treatment system. The treated effluent will be disinfected and applied to land through

² *Id.* at 1-2.

³ *Id.* at Exhs. 4, 7A, 7B, 12, and 15.

⁴ *Id.* at 2. See also *Tennessee Wastewater Systems, Inc. Second Supplemental Information in Response to Commission Staff Data Request Filed June 16, 2022*, Exh. 5A (June 21, 2022).

⁵ Clay County Denial Letter (June 24, 2022).

⁶ Matthew Nicks, Pre-Filed Direct Testimony (February 12, 2021).

⁷ *Id.* at 1.

⁸ *Id.* See also *Petition*, Exh. B (February 12, 2021) (indicating which lots will be served by TWSI).

drip irrigation which is similar to most systems owned and operated by TWSI.⁹ Mr. Nicks also submitted supplemental testimony in which he stated that the property is not served by any wastewater provider or local government and that the wastewater system will be constructed within three (3) years of approval of the CCN.¹⁰ No party sought intervention in this matter.

THE HEARING

A Hearing in this matter was held before the voting panel of Commissioners during the regularly scheduled Commission Conference on July 11, 2022, as noticed by the Commission on July 1, 2022. Participating in the Hearing were:

Tennessee Wastewater Systems – Jeff Riden, Esq., General Counsel, and Matthew Nicks, President, 851 Aviation Pkwy., Smyrna, Tennessee.

During the Hearing, Matthew Nicks, President of TWSI, presented testimony on behalf of the Company and adopted and summarized his Pre-Filed Direct Testimony and Supplemental Testimony. Mr. Nicks was subject to questions from the voting panel of Commissioners and Commission Staff. Members of the public were given an opportunity to offer comments, at which time, no comments were submitted.

STANDARD FOR COMMISSION APPROVAL

A public utility is not permitted to begin construction or operation of a new utility service without first obtaining a CCN from the Commission, as set forth in Tenn. Code Ann. § 65-4-201(a), which states:

No public utility shall establish or begin the construction of, or operate any line, plant, or system, or route in or into a municipality or other territory already receiving a like service from another public utility, or establish service therein, without first having obtained from the commission, after written application and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation, and no person or corporation not at the time a public utility shall commence the

⁹ Matthew Nicks, Pre-Filed Direct Testimony, p. 2 (February 12, 2021).

¹⁰ Matthew Nicks, Pre-Filed Supplemental Testimony, Exh. 14, p. 5 (June 21, 2022).

construction of any plant, line, system, or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate; provided, however, that this section shall not be construed to require any public utility to obtain a certificate for an extension in or about a municipality or territory where it shall theretofore have lawfully commenced operations, or for an extension into territory, whether within or without a municipality, contiguous to its route, plant, line, or system, and not theretofore receiving service of a like character from another public utility, or for substitute or additional facilities in or to territory already served by it.

Additionally, to obtain a CCN to provide wastewater service, Commission Rule 1220-04-13-.17 (1) provides:

Any public wastewater utility requesting a Certificate of Public Convenience and Necessity (“CCN”) in accordance with Tenn. Code Ann. §§ 65-4-201, et seq., shall file an application that complies with Rule 1220-01-01-.03 and this rule. Each applicant shall demonstrate to the Commission that it possesses sufficient managerial, financial, and technical capabilities to provide the wastewater services for which it has applied. Each application shall demonstrate that there exists a public need for wastewater service and include the required financial security consistent with Tenn. Code Ann. § 65-4-201, and these rules.

The rule further establishes minimum information filing guidelines for applications for new or expanded CCNs.¹¹

FINDINGS AND CONCLUSIONS

In its *Petition*, TWSI has asked the Commission to amend its CCN to include The Pointe Subdivision in Clay County, Tennessee, maintaining that the Company possesses the managerial, technical, and financial capability to provide service to the subdivision. Based on a review and consideration of the pleadings, the Pre-Filed Testimony, and the entire administrative record, the voting panel made the following findings and conclusions:

The panel found that The Pointe Subdivision requires wastewater service to move forward with the proposed development and that the proposed subdivision is not currently connected to a wastewater

¹¹ Tenn. Comp. R. & Regs. 1220-04-13-.17.

treatment facility operated by any other municipal utility, utility district, or other private wastewater utility. No other utility is seeking to serve the parcel. Therefore, the panel voted unanimously that there exists a public need to provide wastewater service to The Pointe Subdivision as required by Tenn. Code Ann. § 65-4-201(a) and Commission Rule 1220-04-13-.17(1).

The panel found that TWSI has demonstrated that it possesses the requisite managerial, financial, and technical capabilities to provide wastewater service to The Pointe Subdivision. In addition, TWSI is in good standing with the Commission and in compliance with all Commission rules. Based upon these findings, the panel voted unanimously to grant the Company's *Petition*, contingent upon the filing of the following documents:

1. The deed and/or easements for all the land and ownership rights to the wastewater system within 15 days of being issued and before the first customer is connected to the wastewater system, along with a copy of the title insurance policy. The title policy should include that the Sewage Facility Land is free and clear of all material or interfering encumbrances, including, but not limited to any monetary liens in the name of TWSI for the full amount of the construction of the Sewage Facility and the value of the Sewage Facility Land as set forth in contracts submitted by TWSI to the Commission.
2. A final copy of the State Operating Permit issued by the Tennessee Department of Environment and Conservation ("TDEC") within 15 days of issuance.
3. A copy of the as-built plans with signed certification by TWSI indicating the wastewater system has been inspected and is approved to begin operation.
4. A copy of the signed plat, once the area of development is approved by the City and/or County government within 15 days of being issued and before the first customer is connected to the wastewater system.

5. A copy of the performance bond from the developer or builder of the wastewater system made payable to the Utility to ensure the construction of the wastewater system. The performance bond should be for an amount equal to or greater than the cost of the system as provided in contracts between the builder, developer and/or utility.

6. The amount of collection system costs and the cost of the land being transferred to TWSI no later than 15 days after the final plat is signed by the Utility.

In addition, the panel directed the Company to file a report in this docket demonstrating its compliance with the filing requirements prior to providing wastewater service to The Pointe Subdivision. In the event the compliance report is not filed, the panel directed TWSI to file, within six (6) months from the date of this order and every three (3) months thereafter until the installation is complete, a report on the status of providing wastewater service to The Pointe Subdivision, as well as the status of its compliance with each of the aforementioned filing requirements.

IT IS THEREFORE ORDERED THAT:

1. The *Petition to Amend Certificate of Convenience and Necessity* filed by Tennessee Wastewater Systems, Inc. to serve The Pointe Subdivision in Clay County is approved, contingent upon Tennessee Wastewater Systems, Inc. filing the following in this docket:

a. The deed and/or easements for all the land and ownership rights to the wastewater system within fifteen (15) days of being issued and before the first customer is connected to the wastewater system, along with a copy of the title insurance policy. The title policy should include that the Sewage Facility Land is free and clear of all material or interfering encumbrances, including, but not limited to, any monetary liens in the name of Tennessee Wastewater Systems, Inc. for the full amount of the construction of the Sewage Facility and the value of the Sewage Facility Land as set forth in contracts submitted by the Company to the

Commission.

b. A copy of the final State Operating Permit issued by the Tennessee Department of Environment and Conservation within fifteen (15) days of issuance.

c. A copy of the as-built plans with certification by Tennessee Wastewater Systems, Inc. indicating inspection and approval to begin operation.

d. A copy of the signed plat, once the area of development is approved by the City and/or County government within fifteen (15) days of being issued and before the first customer is connected to the wastewater system.

e. A copy of the performance bond from the developer or builder of the wastewater system made payable to Tennessee Wastewater Systems, Inc. to ensure the construction of the wastewater system. The performance bond should be for an amount equal to or greater than the cost of the system as provided in contracts between the builder, developer and/or utility; and

f. The amount of collection system costs and the cost of the land being transferred to Tennessee Wastewater Systems, Inc. no later than fifteen (15) days after the final plat is signed by the Utility.

2. Tennessee Wastewater Systems, Inc. is directed to file a report in this docket demonstrating its compliance with the filing of the above referenced documents. If the required documentation is not filed within six (6) months of this order, then Tennessee Wastewater Systems, Inc. is directed to file a report on the status of the provision of wastewater service to The Pointe Subdivision as well the status of the filing of required documentation. The compliance report shall be updated every three (3) months until installation of the wastewater system is complete.

3. Any person who is aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within fifteen (15) days from the date of this Order.

4. 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 (60) days from the date of this Order.

FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:

**Chairman Herbert H. Hilliard,
Vice Chairman John Hie,
Commissioner David F. Jones,
Commissioner Robin L. Morrison, and
Commissioner Kenneth C. Hill concurring.**

None dissenting.

ATTEST:



Earl R. Taylor, Executive Director