

owned subsidiary of AWK.¹ As TAWC needs additional long-term financing from time to time, AWCC sells portions of the AWCC Securities in the U.S. public/private capital markets, or to an investor or lender, and loans the proceeds of the sale of said securities to TAWC. In addition, the Services Agreement provides that the Company may utilize AWCC to meet short-term borrowing requirements through advances funded by a syndicated credit facility arranged by AWCC and its cash management needs. Through the Services Agreement, TAWC is obligated to pay all of its allocated portion of AWCC's costs related to the AWCC Securities issued to fund the loan to TAWC, as well as its proportionate share of AWCC's overhead. TAWC is not prohibited from borrowing from third parties by the Services Agreement and may terminate the Services Agreement upon ten (10) days' notice.² The Commission has approved financing transactions for TAWC in previous dockets.³

In its *Petition*, TAWC proposes to continue its participation in the AWCC program and to issue Company Securities in an aggregate principal amount of up to \$107,000,000 in order to refinance outstanding indebtedness and to finance the acquisition of additional facilities. The Company states that it expects that maturity of the Company Securities will be from one (1) to thirty-five (35) years, depending upon market conditions, but will not mature more than fifty

¹ *Petition*, p. 3 (January 3, 2024).

² *Id.* at 3-4.

³ *Id.* at 4-5. See *In re: Petition of Tennessee-American Water Company for Approval of and Authority to Borrow Up To \$30,100,000 to Refinance Outstanding Indebtedness and Finance Additions and Improvements to Facilities and Acquisitions and to Repay Short-Term Indebtedness Pursuant to T.C.A. § 65-4-109*, TPUC Docket No. 00-00637, *Order Approving Debt Issuance* (October 10, 2000); *In re: Petition of Tennessee-American Water Company for Approval of and Authority to Borrow Up To \$44,900,000*, TPUC Docket No. 06-00305, *Order Approving Financing Transaction* (June 14, 2007); *In re: Petition of Tennessee-American Water Company for Approval of and Authority to Borrow Up To \$45,000,000 to Refinance Outstanding Indebtedness and Finance Additions and Improvements to Facilities and Acquisitions and to Repay Short-Term Indebtedness Pursuant to T.C.A. § 65-4-109*, TPUC Docket No. 09-00073, *Order Approving Financing Transactions* (September 28, 2009); and, *In re: Petition of Tennessee-American Water Company for Approval of and Authority to Borrow Up To \$60,000,000 to Refinance Outstanding Indebtedness and Finance Additions and Improvements to Facilities and Acquisitions and to Repay Short-Term Indebtedness Pursuant to T.C.A. § 65-5-109*, TPUC Docket No. 14-00061, *Order Approving Financing Arrangements* (September 3, 2014). *In re: Petition of Tennessee-American Water Company for Approval of and Authority to Borrow Up To \$50,000,000 to Finance Additions and Improvements to Facilities and Acquisitions and to Repay Short-Term Indebtedness Pursuant to T.C.A. § 65-4-109*, TPUC Docket No. 19-00041, *Order Approving Financing Arrangement* (June 24, 2019).

(50) years from the nominal date of issue. Further, the Company states that the interest rates will be the same as those borne by the AWCC Securities, from which the Company Securities were funded, and will be determined by market conditions at the time of issuance. The Company may employ hedging tools in order to reduce borrowing costs in rising interest rate environments.⁴ No party requested to intervene in this case.

HEARING ON THE MERITS

A hearing was held before the panel assigned to this docket, as noticed by the Commission on February 9, 2024. The following persons appeared on behalf of TAWC:

Tennessee-American Water Company - Katherine Barnes, Butler Snow LLP, The Pinnacle at Symphony Place 150 3rd Avenue South, Suite 1600 Nashville TN 37201 and Robert (Bob) C. Lane, Senior Manager, Rates and Regulatory for Tennessee American Water Company, 109 Wiehl Street, Chattanooga, Tennessee 37403.

During the hearing, Mr. Lane ratified and summarized his Pre-Filed Testimony and was subject to questioning by the panel. Members of the public were given an opportunity to offer comments, but no one sought recognition to do so.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann. § 65-4-109 provides:

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the commission for such proposed issue. It shall be the duty of the commission after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the commission.⁵

Based on the administrative record and testimony during the hearing, the panel voted unanimously to approve the *Application* and made the following findings:

1. The proposed financing transactions are subject to Commission approval pursuant to

⁴ *Petition*, pp. 6-8.

⁵ Tenn. Code Ann. § 65-4-109.

Tenn. Code Ann. § 65-4-109.

2. The proposed transactions are being made in accordance with laws enforceable by this agency.

3. The proposed transactions are in the public interest because it helps Tennessee-American Water to secure long-term financing for its operations.

IT IS THEREFORE ORDERED THAT:

1. The *Petition* of Tennessee-American Water Company for authorization through December 31, 2028, to intermittently borrow up to \$107,000,000, refinance outstanding indebtedness, and to finance the acquisition of additional facilities, as discussed herein, is approved pursuant to Tenn. Code Ann. § 65-4-109.

2. The authorization and approval of these financing programs given hereby shall not be used by any party for the purpose of inferring an analysis or assessment of the risks involved, and this decision is not intended to create any liability on the part of the Tennessee Public Utility Commission, the State of Tennessee, or any political subdivision thereof.

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,
Commissioner Robin Morrison,
Commissioner Kenneth C. Hill,
Commissioner David Crowell, and
Commissioner John Hie concurring.**

None dissenting

ATTEST:

A handwritten signature in dark ink, appearing to read "Earl Taylor" followed by a stylized monogram or initials "abh".

Earl Taylor, Executive Director