

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

April 7, 2026

IN RE:)	
)	
RULEMAKING TO AMEND WASTEWATER)	DOCKET NO.
RULES AT TENN. R. & REGS. 1220-04-13 ET SEQ.)	25-00085

ORDER APPROVING AMENDED WASTEWATER RULES

This matter came before the Tennessee Public Utility Commission (the “Commission” or “TPUC”) with all Commissioners voting during a regularly scheduled Commission Conference held on March 16, 2026. The Commission’s wastewater rules were first promulgated in 2006, and in Docket No. 16-00112, the rules were comprehensively revised and updated. Since that time, the Commission Staff (the “Staff”) identified revisions to the rules that would increase clarity and streamline implementation, including issues related to escrow accounts and documentation requirements for CCN applications.

I. PROCEDURAL HISTORY

During the Commission Conference held on December 8, 2026, the Commissioners voted unanimously to initiate a rulemaking proceeding to amend certain wastewater rules. Since then, the rule has undergone limited but important revisions that benefit both the regulated utilities and the Commission. In addition to the official rulemaking form, two notices were published to solicit written comments and inform the public and stakeholders about the upcoming rulemaking hearing.¹ A

¹ *Notice of Hearing and Public Comment on Rulemaking* (February 06, 2026,) and *Amended Notice of Hearing and Public Comment on Rulemaking-Call in Option* (February 12, 2026).

rulemaking hearing was held on February 17, 2026. No comments were submitted during the hearing, nor filed in the docket file before or after the hearing.

II. THE PROPOSED RULE AMENDMENTS

Regarding the changes to the rules, other than non-substantive corrections and improvements to clarity and readability, the primary proposed amendments to the rule include:

A. *Removal of Automatic Expiration Requirements*

The provisions of Subpart (7) of Rule 1220-04-13.09 concerning the automatic expiration of CCNs after three years, along with related extension procedures, documentation requirements, and reapplication obligations that applied to a wastewater system that was not completed and providing service within three years of the CCN being granted, are eliminated. A rebuttable presumption against the validity of the CCN remains for systems that are not operational within three years. Thus, if a complaint is filed or the Commission initiates a review, the burden of proof is on the CCN holder, not the petitioner, to show why the certificate should remain in effect. In summary, the rule encourages timely project completion and gives the Commission a streamlined way to address inactive or stalled projects without lengthy investigations or proceedings. It also protects consumers and other service providers by preventing CCNs from sitting dormant indefinitely, while still allowing due process for the certificate holder.

B. *Filing of Necessary CCN Documentation Before Service May Commence*

When applying for a CCN, applicants must submit specific documents to the Commission during its review to demonstrate a public need for the service and the applicant's managerial, technical, and financial capability to deliver it. The additional documents now included in Rule 1220-04-13-.17 are those the Commission already requires to be filed when it conditionally approves a CCN and must be filed before a utility begins service operations. These documents include the following: construction agreements, deeds or easements, a signed plat, a valid contractor's license, a

final State Operating Permit and Operator Certificate, an account of contributed capital, and a copy of the required performance bond, letter of credit, or other financial security. In summary, when the Commission grants a CCN, it may, as part of its decision, reference the rule rather than listing each required document individually in its Order.

C. Reserve/Escrow Account Access

The reserve/escrow account provision in 1220-04-13-.07, subpart (7), is eliminated, and a new rule, 1220-04-13-.18, is created on reserve and escrow accounts. The amended rule requires wastewater utilities to maintain reserve or escrow funds in a separate account that may be used only for emergencies or major capital projects, unless the Commission approves another use. The regulated utility must disclose escrow charges in its tariffs and file a written notice of any withdrawals to the Commission within 30 days, along with full supporting documentation. The Commission will review each withdrawal and, if funds are used improperly, it may require reimbursement to the account, with interest and penalties. A wastewater utility must petition the Commission for approval before using funds for any nonstandard purpose.

In summary, the new rule allows utilities to respond quickly to urgent situations by removing the need for prior approval to access escrow funds in emergencies. It enforces stricter compliance by requiring detailed reports and supporting documents to be filed within 30 days of any withdrawal. Penalties may include interest-bearing reimbursements and civil fines for misuse of funds. This combination of operational flexibility and increased accountability supports timely action paired with stronger oversight.

III. FINDINGS AND CONCLUSIONS

During the regularly scheduled Commission Conference held on March 16, 2026, the Commissioners unanimously adopted the proposed rule attached to the Notice of Rulemaking Hearing filed with the Secretary of State on December 12, 2025. Further, the Commissioners directed Staff to

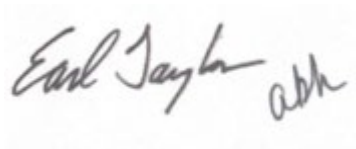
prepare the rules and related information for final review and approval of the appropriate state governmental entities.

FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:

**Chairman David F. Jones,
Vice Chairman John Hie,
Commissioner Herbert H. Hilliard,
Commissioner Robin L. Morrison,
Commissioner Clay R. Good,
Commissioner Kenneth C. Hill, and
Commissioner David Crowell concurred.**

None dissented.

ATTEST:



Earl R. Taylor, Executive Director