

**RULES
OF
TENNESSEE REGULATORY AUTHORITY**

**CHAPTER 1220-04-01
GENERAL PUBLIC UTILITIES RULES**

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1220-04-01-.01 CAPITAL ADDITIONS BUDGETS OF UTILITIES.

- (1) All public utilities operating in the State of Tennessee shall submit one (1) copy of the following information on an annual basis, to be filed no later than ninety (90) days after the beginning of the current fiscal year with the Chief, Utilities Division or as otherwise agreed upon.
 - (a) Projected expenditures on capital construction projects both routine and specific for the current year.
 - (b) For the current year a brief description of the nature, location and necessity of individual specific projects. Individual specific projects are those projects which for public utilities having more than 300,000 customers in their Tennessee jurisdiction any addition to plant where the cost of the project exceeds \$200,000. For public utilities having between 30,000 and 300,000 customers in their Tennessee jurisdiction, any addition to plant where the cost of the project exceeds \$100,000. For public utilities having less than 30,000 customers in their Tennessee jurisdiction, any addition to plant where the cost of the project exceeds \$50,000.00.
 - (c) New projects over the above thresholds that arise during the reporting year as well as reported projects that are later deferred or canceled should be reported at the time of such decisions if they significantly impact customer service. A summary of all changes, together with reasons for change will be included as a supplement to the following year's annual report.
- (2) Those utilities that, pursuant to Rule 1220-4-2-.55, prepare Tennessee specific capital addition budgets for the first and second following years shall also file similar information for these years with the filing in (a) above.
- (3) An annual conference, where appropriate, will be scheduled for each utility as required by the Authority's Staff for clarification of the submitted capital additions budgets. The review of such information at an annual conference will not necessarily constitute approval of a utility proposed capital addition.

Authority: T.C.A. § 65-2-102. **Administrative History:** Original rule certified May 9, 1974. Amendment filed December 3, 1986; effective March 31, 1987. Repeal filed August 7, 1992; effective November 29, 1992. New rule filed June 4, 1993; effective September 28, 1993. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; "Commission" and references to the "Commission" were changed to "Authority" and references to the "Authority"; effective March 28, 2003. Amendment filed February 11, 2015; effective May 12, 2015.

1220-04-01-.02 TARIFF SPECIFICATIONS.

- (1) Form and Style of Tariffs.
 - (a) All tariffs must be in book, sheet or pamphlet form with loose leaves so that changes can be made by reprinting and inserting a single leaf.
 - (b) The initial tariff filed by each public utility shall be designated as TRA No. 1 and thereafter as other tariffs are filed they shall be designated with the next number in consecutive numerical order. Revisions and additions shall be inserted in the most appropriate location and denoted by the previous sheet numbers plus a letter, i.e., 3A, 3B, etc., or 3.1, 3.2, etc. Revisions to tariff sheets shall be denoted by 1st Revised Sheet No.3, 2nd Revised Sheet, etc.
 - (c) The title page should be uniform. Rates, rules and regulations shall be written only on one side of a sheet. If a single sheet is insufficient, two or more pages should be used.
 - (d) Separate tariffs shall be filed for electric, telephone, telegraph, gas, water, heat or for any other services rendered.
- (2) Size of Tariffs and Copies Required.
 - (a) Tariffs and supplements thereto must be typewritten on paper 8½ x 11 inches in size.
 - (b) Three copies of each tariff, rate schedule, or revision or supplement shall be filed with the Authority. All three shall bear the name and title of the issuing officer.

Authority: T.C.A. § 65-2-102. **Administrative History:** Original rule certified May 9, 1974. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; "Commission" and references to the "Commission" were changed to "Authority" and references to the "Authority"; effective March 28, 2003.

1220-04-01-.03 TARIFF CONTENTS.

- (1) Tariffs must explicitly state the rates and charges for each class of service rendered, designating the area or district to which they apply.
- (2) Rules and regulations of the utility that in any manner affects the rates charged or to be charged or that define the extent or character of the service to be given shall be included with each tariff.

Authority: T.C.A. § 65-2-102. **Administrative History:** Original rule certified May 9, 1974.

1220-04-01-.04 TARIFF CHANGES REQUIRE THIRTY (30) DAYS NOTICE TO THE AUTHORITY.

- (1) Except as hereinafter provided all tariffs, rate schedules or supplements thereto containing any change in rates, tolls, charges or rules and regulations must be filed with the Authority at least thirty (30) days before the effective date of such changes, unless upon application and for good cause shown the Authority may waive the thirty (30) day time limit or any portion thereof.

Authority: T.C.A. § 65-2-102. **Administrative History:** Original rule certified May 9, 1974. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; "Commission" and references to the "Commission" were changed to "Authority" and references to the "Authority"; effective March 28, 2003.

1220-04-01-.05 PETITION FOR REVISION OF RATES.

- (1) All public utilities applying for revision of rates shall provide the following public notice in regard to proposed rate changes:
 - (a) A utility shall make a summary of the proposed changes and the reasons for them available at each of the utility's business offices.
 - (b) A utility shall cause a summary of the proposed changes and the reasons for them to be published in a newspaper of general circulation located in the utility's service area.
- (2) The summary must include a summarization of every proposed rate change written in clear, simple, and understandable language and the predicted impact of proposed changes on the average residential and business customers served by the utility. The newspaper notice and the notice at the utility's business office shall state that a complete copy of the proposed tariff changes and the reasons for them are on file with the Tennessee Regulatory Authority and are open to public inspection. The public notice should also state the date and place when the application will be heard by the Authority, if known.
- (3) The petitioner, by a duly authorized officer, or by its attorney, shall file a statement in writing on or before the date of hearing that the above notice has been published and posted, together with the date and location of said posting and publication, as required by this rule.

Authority: T.C.A. §§ 65-2-102 and 65-4-104. **Administrative History:** Original rule certified May 9, 1974. Amendment filed November 9, 1984; effective December 9, 1984. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; "Commission" and references to the "Commission" were changed to "Authority" and references to the "Authority"; effective March 28, 2003.

1220-04-01-.06 CHANGES IN TARIFF.

- (1) All public utilities, agents, representatives, or bureaus issuing tariffs or schedules of rates and charges affecting Tennessee intrastate business, shall file with the Tennessee Regulatory Authority of the State of Tennessee written notice, in triplicate, containing a brief explanation of the character of and reason for proposed changes in said tariff schedules.
- (2) Such explanation shall be filed not later than the date said tariff or schedule is filed.
- (3) A receipt copy of said explanation shall be evidence of filing such explanation and related tariffs or schedules.
- (4) All tariffs and supplements affecting Tennessee intrastate business shall be filed with the Tennessee Regulatory Authority at least thirty (30) days before the date upon which they are to become effective, unless upon application and for good cause shown the Authority may waive the thirty (30) days time limit or any portion thereof.
- (5) The Authority may, on its own motion or on the filing of a sufficient protest by any person or persons affected, order such tariff modified or suspended.

Authority: T.C.A. § 65-2-102. **Administrative History:** Original rule certified May 9, 1974. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; "Commission" and references to the "Commission" were changed to "Authority" and references to the "Authority"; effective March 28, 2003.

1220-04-01-.07 SPECIAL CONTRACTS.

- (1) Special contracts between public utilities and certain customers prescribing and providing rates, services and practices not covered by or permitted in the general tariffs, schedules or rules filed by such utilities are subject to supervision, regulation and control by the Authority. A copy of such special agreements shall be filed, subject to review and approval.

Authority: T.C.A. § 65-2-102. **Administrative History:** Original rule certified May 9, 1974. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; "Commission" and references to the "Commission" were changed to "Authority" and references to the "Authority"; effective March 28, 2003.

1220-04-01-.08 NAME CHANGES FOR PUBLIC UTILITIES.

- (1)
 - (a) Any public utility (i) changing its registered business name, (ii) adopting an assumed business name, or (iii) discontinuing the use of an assumed business name shall notify the Authority at least thirty (30) days before offering services to Tennessee customers under a new name.
 - (b) A public utility certificated in the state of Tennessee pursuant to T.C.A. § 65-4-201 but not presently offering services to Tennessee customers shall notify the Authority of any change referenced above within thirty (30) days of the change.
- (2) A notification of any change referenced in subsection (1)(a) above shall include all of the following:
 - (a) For public utilities operating as either a corporation, limited liability company, or limited liability partnership, verification that the public utility has registered the changed or assumed business name with the Office of the Tennessee Secretary of State in compliance with the requirements of T.C.A. §§ 48-14-103, 48-54-103, 48-207-103, or 61-2-103;
 - (b) For public utilities providing telecommunications services in the state of Tennessee, verification that the changed or assumed business name has been recorded in the public utility's surety bond or letter of credit obtained pursuant to T.C.A. § 65-4-125;
 - (c) If the public utility is currently serving end user customers in the state of Tennessee, a copy of the proposed notice to be sent to the utility's Tennessee customers for the purpose of informing these customers of the anticipated change in business name, adoption of an assumed business name, or removal of an assumed business name; and
 - (d) If the public utility intends to use more than one business name to provide services in the state of Tennessee, a notice specifying which services will be provided to customers under each name.
- (3) At its own discretion, the Authority may waive any of the requirements of subsection (2) of this rule for good cause.

Authority: T.C.A. §§ 48-14-103, 48-54-103, 48-207-103, and 61-2-103, 63-2-102, 65-2-101, 65-4-104 and 65-4-201. **Administrative History:** Original rule certified May 9, 1974. Amendment by Public Chapter 440; effective July 1, 1985. Amendment filed July 14, 2005; effective September 27, 2005.

1220-04-01-.09 PIPELINE SAFETY RULE.

- (1) "The Minimum Federal Safety Standards for the transportation of natural and other gas by pipeline (Title 49, Chapter 1, Part 192) as published in the Federal Register Vol. 35, Number 161 shall be the standard for use by gas transmission and distribution systems within the State of Tennessee."

[With the exception of paragraph (b) of Section 192-455 (Title 49, Chapter 1, Part 192) as published in the Federal Register Volume 36, Number 126, which is deleted.]

- (2) "The present American Standard Code for Pressure Piping, Gas Transmission and Distribution Piping System (ASA - B 31.8), and all supplements and amendments thereto, shall be used to supplement this rule, insofar as the same does not conflict with Part 192." (Cross reference -1220-4-5-.43 - 1220-4-5-.44).

Authority: T.C.A. §65-2-102. **Administrative History:** Amendment of the Pipeline Safety Rule effective on November 1, 1970, to be the Minimum Federal Safety Standards for the transportation of natural and other gas by pipeline (Title 49, Chapter 1, Part 192) as published in the Federal Register, Volume 35, Number 161. Amendment to delete paragraph (b) of Section 192-455 (Title 49, Chapter 1, Part 192) as published in the Federal Register, Volume 36, Number 126, from its standard for the transmission of natural and other gas by pipeline; effective August 1, 1972. Rule certified May 9, 1974.

1220-04-01-.10 REPORTS-UNIFORM FINANCIAL REPORT FORMS.

- (1) Reports

All electric, telephone, gas, water, and other public utility companies as set forth in T.C.A. §65-4-101, and with operating revenues in excess of \$250,000 annually, shall submit financial statements to the Authority monthly, and public utilities with operating revenues of less than \$250,000 annually shall submit quarterly financial statements to the Authority, except as otherwise provided in this rule.

- (2) Type of Public Utilities

- (a) Telephone Utility Companies

1. All companies subject to the jurisdiction of the Authority as set forth in T.C.A. §65-4-101, which are either a subsidiary of a holding company or have in excess of 6,000 access lines shall submit monthly to this Authority Monthly Report Form TRA-3.01 within sixty (60) days after the end of the month covered by the report. The Monthly Report Form shall be completed by each company to the extent data is available.
2. All companies subject to the jurisdiction of the Authority as set forth in T.C.A. §65-4-101, which are not a subsidiary of a holding company and have less than 6,000 access lines shall submit quarterly to this Authority Quarterly Report Form TRA-3.02 within sixty (60) days after the end of the quarter covered by the report. The Quarterly Report Form shall be completed by each company to the extent data is available.
3. All companies operating pursuant to price regulation under T.C.A. § 65-5-109 shall submit to the Authority the above report annually, for the twelve months ending December, or for the company's fiscal year, if different, within sixty (60) days after the end of the twelve (12) month period covered by the report.

(Rule 1220-04-01-.10, continued)

(b) Gas Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of \$1,500,000 shall submit monthly to this Authority, Monthly Report Form TRA-3.03 sixty (60) days after the end of the month covered by the report.
2. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year of \$1,500,000 or less shall submit quarterly to this Authority, Quarterly Report Form TRA-3.04 sixty (60) days after the end of the quarter covered by the report.

(c) Electric Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues from operations within Tennessee for the preceding year in excess of \$1,500,000 shall submit monthly to this Authority, Monthly Report Form TRA-3.05 sixty (60) days after the end of the month covered by the report.

(d) Water Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of \$1,500,000 shall submit monthly to this Authority, Monthly Report Form TRA-3.06 sixty (60) days after the end of the month covered by the report.
2. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of \$100,000 but less than \$1,500,000 shall submit to this Authority, Quarterly Report Form TRA-3.07 sixty (60) days after the end of the month covered by the report.

(e) Sewer Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of \$1,500,000, shall submit monthly to this Authority Monthly Report Form TRA-3.18 sixty (60) days after the end of the month covered by the report.
2. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of \$100,000 but less than \$1,500,000, shall submit quarterly to this Authority, Quarterly Report Form TRA-3.19, sixty (60) days after the end of the quarter covered by the report.

(3) Uniform Financial Report Forms

The following report forms which are attached to his order as Appendix A shall be used by the utility companies, as designated in paragraph (2) of this rule:

- (a) Telephone Utility Companies
Form TRA-3.01
Form TRA-3.02

(Rule 1220-04-01-.10, continued)

- (b) Gas Utility Companies
Form TRA-3.03
Form TRA-3.04
- (c) Electric Utility Companies
Form TRA-3.05
- (d) Water Utility Companies
Form TRA-3.06
Form TRA-3.07
- (e) Sewer Utility Companies
Form TRA-3.18
Form TRA-3.19

Authority: T.C.A. §§ 65-2-102, 65-4-401, 65-4-101, 65-4-104, 65-4-111, and 65-5-109. **Administrative History:** Original rule certified May 9, 1974. Amendment filed February 29, 1988; effective May 29, 1988. Amendment filed August 26, 1988; effective November 29, 1988. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; "Commission" and references to the "Commission" were changed to "Authority" and references to the "Authority"; effective March 28, 2003. Amendment filed September 25, 2003; effective December 9, 2003. Amendment filed February 11, 2015; effective May 12, 2015.

1220-04-01-.11 UNIFORM SYSTEM OF ACCOUNTING.

- (1) The following uniform system of accounting will be followed by utilities and other companies making periodic reports to the Authority:
 - (a) For Classes A and B telephone companies - Uniform System of Accounts as adopted and amended by the Federal Communications Commission.
 - (b) For Classes C and D telephone companies - Uniform System of Accounts as adopted and amended by the Federal Communications Commission.
 - (c) For Classes A and B gas companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, and any amendments or revisions pertaining thereto.
 - (d) For Classes C and D gas companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, and any amendments or revisions pertaining thereto.
 - (e) For Classes A and B electric companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, or any amendments or revisions pertaining thereto.
 - (f) For Classes C and D electric companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, or any amendments or revisions pertaining thereto.
 - (g) For Classes A, B, and C water companies - Uniform System of Accounts as adopted and amended by the National Association of Railroad and Utilities Commissioners.
 - (h) For Classes A, B, and C sewer companies - Uniform System of Accounts as adopted and amended by the National Association of Railroad and Utilities Commissioners.

(Rule 1220-04-01-.11, continued)

- (2) That this rule shall not apply to utilities deriving less than one percent (1%) of their total gross operating revenues from business in Tennessee and they shall be permitted to keep their accounting records in accordance with the system of accounts prescribed by the State Authority of the State in which a majority of their gross revenues are derived.
- (3) That each utility subject to the jurisdiction of this Authority shall notify this Authority within thirty (30) days from the date of this order of its election to adopt either the “service life flow-through” method of accounting or the “initial year flow-through” method of accounting for the treatment of the investment tax credit as provided by Section 38 of the 1954 Internal Revenue Code, as amended, and specifically the 1962 and 1964 Revenue Acts.
- (4) That utilities deriving less than one percent (1%) of their total gross operating revenues from business in Tennessee shall be permitted to keep their accounting records in accordance with the system of accounts prescribed by the State Authority of the State in which a majority of their gross revenues are derived.
- (5) That the election once made by a utility shall not be subject to change without prior formal approval of this Authority.

Authority: T.C.A. §§ 65-4-101, 65-4-104, 65-4-111, and 65-2-102. **Administrative History:** Original rule certified May 9, 1974. Amendment filed October 13, 1978; effective November 27, 1978. Amendment filed August 26, 1988; effective November 29, 1988. Editorial changes made by the Secretary of State pursuant to Public Chapter 305 of 1995; “Commission” and references to the “Commission” were changed to “Authority” and references to the “Authority”; effective March 28, 2003. Amendment filed February 11, 2015; effective May 12, 2015.

1220-04-01-.12 REPEALED.

Authority: T.C.A. §65-2-102. **Administrative History:** Original rule certified May 9, 1974. Amendment filed March 12, 1981; effective April 27, 1981. Repeal filed October 29, 1993; effective March 1, 1994.