

**RULES
OF
THE TENNESSEE COMPTROLLER OF THE TREASURY
TENNESSEE BOARD OF UTILITY REGULATION**

**CHAPTER 1715-06
UTILITY REVITALIZATION FUND**

TABLE OF CONTENTS

1715-06-.01	General Provisions	1715-06-.03	Miscellaneous Provisions
1715-06-.02	Request for a Grant from the URF		

1715-06-.01 GENERAL PROVISIONS.

- (1) The Board may approve a grant request made by one or more utility systems when:
 - (a) The utility systems have merged in accordance with T.C.A. § 7-82-704; or
 - (b) The utility systems are pursuing a voluntary merger.
- (2) When Payments May Be Made:
 - (a) Grant payments may be made to any entity involved in a merger, or to the merged entity.
 - (b) In the case of a merger ordered by the Board pursuant to T.C.A. § 7-82-704, payments may only be made after the merger is final.
 - (c) Payments may be made to an entity involved in a voluntary merger when the parties are legally obligated to merge or have merged. Payments may only be made to entities involved in a voluntary merger if the merger is in the best interest of at least one (1) utility system's service population, does not harm another service population, and the grant is necessary to achieve the merger.
 - (d) Grant payments are subject to the claw back provision in 1715-06-.03(4).
- (3) Grant payments may be used to offset, in whole or in part, the following costs and obligations:
 - (a) Amounts to offset increased administrative costs relating to the merger, to the extent those costs cannot reasonably be recovered from customer revenues or other assets of the utility system;
 - (b) Amounts that may be necessary to cure a default on indebtedness of the utility system to the extent the defaults can, in the opinion of the Board, reasonably be cured;
 - (c) Amounts that may be necessary to renovate and repair the facilities of the utility system to the level necessary to enable the merged utility to provide continued service to the public being served by an ailing utility system;
 - (d) Amounts necessary to standardize equipment, infrastructure, or software between the merging utilities; and,
 - (e) Other payments that may be necessary in the opinion of the Board to accomplish the merger and mitigate the financial impact of the merger.

(Rule 1715-06-.01, continued)

- (4) The Board will not favor any grand division, county, municipality, or service population over any other when determining whether a grant should be approved.
- (5) A grant will only be approved pursuant to a completed grant request for such payments, which request must be made in a manner approved by the Board and timely submitted to Board staff.
- (6) The Board has sole discretion to approve a grant.
- (7) The Board has sole discretion to determine the amount of a grant. The Board shall consider the following:
 - (a) Available funds in the URF;
 - (b) The findings of a study performed pursuant to T.C.A. § 7-82-704;
 - (c) Evidence provided by a qualified professional as part of a feasibility or rate study; or,
 - (d) Any other source or authority determined by the Board to be reliable.
- (8) A request for a grant may be approved prior to a merger of the utility systems but grant payments will only be made as described in the order approving the grant.

Authority: T.C.A. §§ 4-5-201, *et seq.*, 7-82-702, 7-82-704, and 7-82-708. **Administrative History:** New rules filed May 5, 2025; effective August 3, 2025.

1715-06-.02 REQUEST FOR A GRANT FROM THE URF.

- (1) A grant request must be made in a manner approved by the Board. Board staff will make the process to request a grant available online.
- (2) Before the Board will consider a grant request, the grant request must be complete. A grant request is deemed complete when it includes the following:
 - (a) The names of all utility systems involved in the plan to merge. If only a portion of a utility system is involved in the plan to merge, a description of the area to be merged must be included. The grant request must designate an individual from the requesting utility that Board staff may work with regarding the grant application and grant payments, and provide contact information for the designated individual.
 - (b) A summary of the plan to merge and the need for a grant. This includes:
 - 1. A summary of what grant payments will be used for and why existing funds or customer revenue is insufficient to cover these expenses; and,
 - 2. A summary of the plan to merge, including which utility will survive the merger or what the name of the merged utility will be, an anticipated timeline for infrastructure changes or upgrades that are necessary.
 - (c) The most recent audit of all utilities involved in the merger, or written explanation why such audit cannot be provided; and,
 - (d) When the merger occurs pursuant to T.C.A. § 7-82-704, a feasibility study performed by a qualified professional examining the feasibility of a merger between any utilities involved in the merger. This feasibility study must examine the impact of the merger on the customers of all utilities involved, such that the Board can determine whether the

(Rule 1715-06-.02, continued)

merger is in the best interest of at least one utility and is not detrimental to other involved utilities.

- (3) The Board may deny a grant if any of the requirements are not met or are insufficient, in the Board's discretion.
- (4) A grant request may include any supplementary information the applying utility system wishes to include.
- (5) The Board or Board staff may request any additional information necessary to determine whether the utility qualifies for a grant, how or when payments should be made, and the amount of the grant.
- (6) Grant requests will only be approved upon showing that all eligibility requirements are met. This includes the requirements set forth above, in addition to statutory and other requirements. The applicant has the burden to establish eligibility for grant payments.
- (7) Grants are presumed to take the form of reimbursement for expenses incurred. Grant payments may take other forms upon Board approval.
- (8) Quarterly Reports
 - (a) Any utility that receives grant payments under this section must submit a quarterly report to the Board on a form approved by the Board.
 - (b) Reports must be submitted within 90 days from the date of the first disbursement of funds to a party to the merger, and every 90 days thereafter.
 - (c) Two quarterly reports must be submitted after the date of the last grant payment.

Authority: T.C.A. §§ 4-5-201, et seq., 7-82-702, 7-82-704, and 7-82-708. **Administrative History:** New rules filed May 5, 2025; effective August 3, 2025.

1715-06-.03 MISCELLANEOUS PROVISIONS.

- (1) A grant request may be submitted prior to the merger, and up to 180 days after the merger. A grant request is received when it is completed; that is, when Board staff receive the grant request in a manner approved by the Board including all required supplemental information set forth in 1715-06(2)(b).
- (2) The Board will review completed grant requests at the first meeting following Board staff's receipt of the request. At this meeting the Board will approve, deny, or modify the grant, or request further information prior to issuing a final order.
- (3) A party to a merger may request an amendment to the grant or make an amendment to a grant request freely. The Board will review the amendment at its next regular meeting. Board staff may request additional information following receipt of an amendment, if necessary.
- (4) If grant payments were made to a utility system and that utility system does not merge as described in its grant request, the utility system must repay the URF in full within 180 days of the date on which the plans to merge are discontinued or dissolved. If no such date can be determined, the URF must be repaid in full within 180 days of the day Board staff learn that the merger will not proceed.

(Rule 1715-06-.03, continued)

- (5) Any grant amount that is not used for approved purposes must be reimbursed to the URF within 180 days of the inappropriate use. If the date of the inappropriate use is not known, the amount must be reimbursed within 180 days of the date Board staff learn of the inappropriate payment.
- (6) Any grant or grant request is subject to the availability of funds in the URF, and any pending grant payments may be reduced or terminated if funds become unavailable.

Authority: T.C.A. §§ 4-5-201, et seq., 7-82-702, 7-82-704, and 7-82-708. **Administrative History:** New rules filed May 5, 2025; effective August 3, 2025.