

J. Russell Farrar  
William N. Bates  
Kristin Ellis Berexa  
Teresa Reall Ricks  
Mary Byrd Ferrara\*  
Robyn Beale Williams  
Jennifer Orr Locklin  
Keith F. Blue  
Heather C. Stewart  
Deanna Lee Fankhauser  
Beth L. Frazer  
Brandt M. McMillan  
Rachel Morrison Casias\*\*  
Aaron E. Winter  
John C. Lyell

LAW OFFICES  
*Farrar*  
&  
*Bates*, L.L.P.

Phone 615.254.3060  
Fax 615.254.9835  
211 Seventh Avenue North  
Suite 500  
Nashville, TN 37219  
fblaw@farrar-bates.com

Of Counsel  
H. LaDon Baltimore  
Kim G. Adkins

\* Also licensed in KY  
\*\* Also licensed in NM

FILED ELECTRONICALLY IN DOCKET OFFICE ON 08/25/11  
DOCKET NO. 11-00138

August 24, 2011

Chairman, Tennessee Regulatory Authority  
c/o Sharla Dillon, Dockets and Records Manager  
460 James Robertson Parkway  
Nashville, Tennessee 37243

RE: Joint Petition for Change of Control of Hickory Star Water Company, LLC

Dear Chairman:

Enclosed for filing are the original and four (4) copies of the above-referenced petition which was previously filed electronically. Petitioners respectively request an expedited hearing.

It would be helpful if the TRA designated members of the staff to act as a party in this proceeding so they can participate in the evaluation of the petition and engage in discussions with petitioners to achieve a timely resolution acceptable to the Directors.

Sincerely,



H. LaDon Baltimore  
Attorney for Petitioners

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**IN RE:** )  
 )  
**JOINT PETITION OF HICKORY** )  
**STAR, LLC; HICKORY STAR** )  
**WATER COMPANY, LLC;** )  
**HICKORY STAR RESORT AND** )  
**MARINA, LLC; AND OLD HICKORY** )  
**WATER, LLC FOR APPROVAL OF** )  
**CHANGE OF CONTROL** )

**DOCKET NO.** \_\_\_\_\_

---

**JOINT PETITION**

---

Hickory Star, LLC (“HS”); Hickory Star Water Company, LLC (“HSWC”); Hickory Star Resort & Marina, LLC (“HSRM”) and Old Hickory Water, LLC (“OHW”), by and through their counsel pursuant to Tenn. Code Ann. §§ 65-4-112 and §§ 65-4-113 and the Rules of the Tennessee Regulatory Authority (“Authority”), respectfully request that the Authority approve their petition for a transfer of certain water and sewer utility systems and the accompanying authority to provide water and sewer utility services from HSWC to OHW. Due to a foreclosure of another asset of HS, HS assigned certain assets, including its membership certificate in HSWC to a bank which in turn sold these assets, including HSWC, to HSRM which transferred its interest in HSWC to OHW. Due to the nature of the transactions, as explained herein, petitioners respectfully request an expedited hearing.

As an immediate consequence of the transaction OHW will continue to provide service to customers of HSWC pursuant to its Tennessee Regulatory Authority certification under the same rates, terms and conditions. Accordingly, this transaction will have no effect on the rates, terms and conditions of service of the customers of HSWC.

In support of this petition, petitioners provide the following information:

## **1. DESCRIPTION OF THE PETITIONERS**

HSWC is incorporated under the laws of the State of Delaware and was authorized to do business in the State of Tennessee by the Secretary of State on August 4, 1998. HSWC is a public utility pursuant to the laws of the State of Tennessee and its public utility operations are subject to the jurisdiction of the Authority. HSWC was granted its original Certificate of Convenience and Necessity by the Authority on November 24, 1999 in Docket No. 99-00485. HSWC's principal place of business was 6151 W. Century Blvd., Suite 307, Los Angeles, CA 90045. This address is undeliverable.

HS was the sole owner of HSWC. HS's principal address was 6151 W. Century Blvd., Suite 307, Los Angeles, California 90045. This address is undeliverable.

While the Tennessee Secretary of State lists both as active, no annual reports have been filed since June 3, 2010 for HSWC and since March 31, 2010 for HS for which the Secretary of State issued a Notice of Determination on June 2, 2011. Filing information for HSWC and HS from the Secretary of State web-site are attached as **Exhibit A**.

Prior to the formation of HSWC, the area, including Hickory Star Marina and Campground, was served by a spring near Norris Lake. HSWC was formed at the request of the Division of Water Supply of the State of Tennessee because of a concern over groundwater intrusion into the spring. There was also concern that the spring will not service the increased number of customers in the area. HSWC currently serves approximately 118 customers. The original water lines in the service were old and the Division of Water Supply of the State of Tennessee ordered HSWC to install new water lines which it did.

HSWC purchases water from Maynardville and resells such water to the customers of Hickory Star Marina and Campground. The Authority approved HSWC's existing rates and charges to its customers by Order dated July 22, 2010 in Docket No. 10-00029.

HSRM is incorporated under the laws of the State of Tennessee. Its principal address is 110 Coal Drive, P.O. Box 159, Middlesboro, Kentucky 40965.

OHW is incorporated under the laws of the State of Tennessee. Its principal address is 110 Coal Drive, P.O. Box 159, Middlesboro, Kentucky 40965. Articles of Organization for HSMR and OHW are attached as **Exhibit B**.

## **2. DESIGNATED CONTACTS**

All correspondence and communications with respect to this petition should be sent to the following:

H. LaDon Baltimore  
Farrar & Bates, LLP  
211 7<sup>th</sup> Ave., N., Suite 500  
Nashville, TN 37219  
(615) 254-3060  
FAX: (615) 254-9835  
[don.baltimore@farrar-bates.com](mailto:don.baltimore@farrar-bates.com)

John Parton  
Parton Brothers Contracting, Inc.  
110 Coal Drive  
P.O. Box 159  
Middlesboro, KY 40965  
(606) 242-2003  
[bluejeanboys@gmail.com](mailto:bluejeanboys@gmail.com)

## **3. DESCRIPTION OF THE TRANSACTION**

HS was the sole owner (sole member) of HSWC, LLC and also sole owner of Hickory Star Marina and Campground. Due to financial difficulties, HS's bank, First Century Bank ("Bank"), Powell, Tennessee, foreclosed on Hickory Star Marina and Campground. As part of the financial arrangements resulting from such foreclosure, HS assigned its sole membership and all other rights in HSWC to Bank. HSRM and OHW were formed to purchase all of HS's interest in HSWC (and other assets including the resort and marina). Bank, in order to remove HSWC from its books in compliance with all state and federal laws and regulations, sold the assets of HS to HSRM. HSWC was sold to HSRM as an interim

and pro forma step for HSRM to transfer the assets of HSWC to OHW. Along with the other assets of HS, HSWC had to be sold at the time of the sale, January 24, 2010. The sale was necessary in order to continue the operation of Hickory Star Marina and Campground and to supply water to the residents who are customers of HSWC. It was necessary to find an owner with sufficient financial, technical, and managerial resources. The Bank had no choice when it sold HS but to sell all of HS's assets, including HSWC, as one package simultaneously. Although it would have been preferable to have been able to obtain Authority approval pre-sale, the circumstances did not allow for such pre-approval. The Bill of Sale from Bank is attached hereto as **CONFIDENTIAL EXHIBIT C**.

As a result of the transaction, HSWC will have its assets including its CCN, transferred to OHW. Pre- and post-transaction corporate structure charts are provided as **Exhibit D**.

HSRM and OHW are owned by John Parton, David Parton, and Dean Knuckles. They are the members of these LLCs.

John Parton and David Parton own and operate Parton Brothers Contracting, Inc. ("PBC"), Highway 441, Middlesboro, Kentucky 40965, which is a private company offering coal mining services. It was established in 1996, incorporated in Kentucky, and employs a staff of 32. The company owns two underground mines. Petitioners, as owners and operators of mines, are familiar with federal and state regulatory frameworks.

In the event the Authority determines its necessary to approve the interim transfer of the assets and certificate of HSWC to HSRM, then Petitioners request such approval.

Petitioners HSRM and OHW have the requisite financial stability to operate HSWC. Since these petitioners are newly formed companies, financial statements are not available. However, financial statements are available for PBC and Mr. Knuckles and his related

entities, including Knuckles Enterprises. Such financial information is being provided herewith as **CONFIDENTIAL EXHIBIT E** and marked Confidential and Privileged.

John Parton is a one-third (1/3) owner and active member.

David Parton is a one-third (1/3) owner and active member.

Dean Knuckles is a one-third (1/3) owner and onsite manager.

The Partons and Mr. Knuckles have sufficient managerial and technical experience to manage HSWC. Their years of experience in the contracting business, trucking, coal hauling and mine construction will be of benefit to managing OHW. Their profiles are attached as **EXHIBIT F**.

John and David Parton and Dean Knuckles all reside within close geographic proximity to HSWC and will be able to devote onsite management. Their resources for equipment include equipment owned by PBC and Dean Knuckles Enterprises, Inc. which will be available for any operation, maintenance and repair necessary to the equipment and water lines and sewer lines of OHW.

The surety bond for HSW is in effect until September 11, 2011. OHW is in the process of obtaining a surety bond prior to that date and will furnish such bond when it is obtained.

Petitioner OHW will submit to the Authority all annual reports and other filings in a timely fashion.

#### **4. PUBLIC INTEREST**

Joint petitioners submit that the transaction described herein will serve the public interest and will enhance the rural community served by OHW. Under new ownership, the water and sewer utility will gain access to the additional resources and operational expertise of petitioners HSRM and OHW. Approval of this petition is also in the public interest due to the past precarious financial condition of HSWC. It is also in the public interest in that the

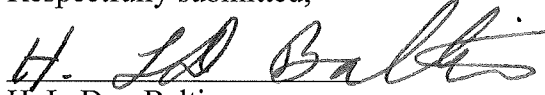
Bank is not qualified to run a utility company. With approval of the change of control and authority to provide utility services, OHW customers will receive reliable water and sewage services.

The rates, terms and conditions of services provided by HSWC to its customers will not change as a result of the transaction. The transaction will be seamless and transparent to customers and OHW will continue to provide water and sewer services to the former customers of HSWC without interruption and without change in rates, terms or conditions. Future changes in those rates, terms and conditions, if any, will be undertaken pursuant to the applicable notice and tariff requirements.

WHEREFORE, joint petitioners respectfully request the Authority to:

1. Set an expedited hearing;
2. Approve the transfer of certain assets and authority from Hickory Star Water Company, LLC to Old Hickory Water, LLC; and
3. Grant any other relief as the Authority may deem just and proper.

Respectfully submitted,



H. LaDon Baltimore  
Farrar & Bates, LLP  
211 7<sup>th</sup> Ave., N., Suite 500  
Nashville, TN 37219  
(615) 254-3060  
FAX: (615) 254-9835  
[don.baltimore@farrar-bates.com](mailto:don.baltimore@farrar-bates.com)  
*Counsel to Petitioners*

VERIFICATION

STATE OF KY

COUNTY OF Bell

I, John Parton, am owner of Hickory Star Marina and Resort, LLC and owner of Blue Jean Boys, LLC; that I have read the foregoing Petition and contents thereof, and that the contents thereof are true to the best of my knowledge, information and belief.

John Parton  
John Parton

Sworn to and subscribed before me this 2nd  
Day of August 2011.

Sherrie Sanders  
Notary Public

My commission expires: 8/27/14



## LIST OF EXHIBITS

- A. Filing Information from Secretary of State for Hickory Star Water Company, LLC and Hickory Star, LLC
- B. Hickory Star Resort & Marina, LLC and Old Hickory Water, LLC Articles of Organization
- C. **CONFIDENTIAL**-Bill of Sale
- D. Pre- and Post- Transaction Corporate Structure Charts
- E. **CONFIDENTIAL**- Financials
- F. Management Profiles

## **EXHIBIT A**



**STATE OF TENNESSEE**  
**Tre Hargett, Secretary of State**  
Division of Business Services  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

## Filing Information

Name: **HICKORY STAR WATER COMPANY,L.L.C.**

### General Information

Control # :	355275	Formation Locale:	Delaware
Filing Type:	Limited Liability Company - Foreign	Date Formed:	07/27/1998
Filing Date:	08/04/1998 11:22 AM	Fiscal Year Close	2
Status:	Active	Member Count:	1
Duration Term:	Perpetual		
Managed By:	Member Managed		

**Registered Agent Address**  
CORPORATION SERVICE COMPANY  
2908 POSTON AVE  
NASHVILLE, TN 37203

**Principal Address**  
6151 W.CENTURY BLVD  
SUITE 307  
LOS ANGELES, CA 90045

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
06/03/2010	2010 Annual Report	6725-3003
	Principal Address 1 Changed From: 6171 W CENTURY BLVD To: 6151 W.CENTURY BLVD	
	Principal Address 2 Changed From: SUITE 100 To: SUITE 307	
05/22/2009	2009 Annual Report	6543-0798
03/10/2008	2008 Annual Report	6241-1044
03/02/2007	2007 Annual Report	5970-1584
05/19/2006	Registered Agent Change (by Entity)	5794-0428
	Registered Agent Physical Address Changed	
	Registered Agent Changed	
03/14/2006	2006 Annual Report	5714-2365
03/14/2005	2005 Annual Report	5385-3002
09/27/2004	Registered Agent Change (by Agent)	5243-0482
	Registered Agent Physical Address Changed	
05/26/2004	2004 Annual Report	5145-0509
05/27/2003	2003 Annual Report	4824-0908
03/11/2002	2002 Annual Report	4438-1371

## Filing Information

Name: **HICKORY STAR WATER COMPANY,L.L.C.**

04/09/2001	2001 Annual Report	4175-0169
03/02/2000	2000 Annual Report	3842-1724
10/14/1999	CMS Annual Report Update	3754-1388
	Fiscal Year Close Changed	
08/18/1999	Articles of Amendment	3726-2204
	Member Count Changed	
	Principal Address Changed	
08/04/1998	Initial Filing	3543-1801
<b>Active Assumed Names (if any)</b>		<b>Date Expires</b>



**STATE OF TENNESSEE**  
**Tre Hargett, Secretary of State**  
Division of Business Services  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

## Filing Information

Name: **HICKORY STAR, L.L.C.**

### General Information

Control # :	341343	Formation Locale:	Delaware
Filing Type:	Limited Liability Company - Foreign	Date Formed:	10/31/1997
Filing Date:	12/02/1997 10:41 AM	Fiscal Year Close	12
Status:	Active	Member Count:	1
Duration Term:	Perpetual		
Managed By:	Member Managed		
Public/Mutual Benefit:	Mutual		

### Registered Agent Address

CORPORATION SERVICE COMPANY  
2908 POSTON AVE  
NASHVILLE, TN 37203

### Principal Address

6151 W CENTURY BLVD  
STE 307  
LOS ANGELES, CA 90045

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
06/02/2011	Notice of Determination	A0073-2646
03/31/2010	2009 Annual Report	6692-2474
	Principal Address 1 Changed From: 6171 W CENTURY BLVD To: 6151 W CENTURY BLVD	
	Principal Address 2 Changed From: STE 100 To: STE 307	
05/22/2009	2008 Annual Report	6543-0686
03/10/2008	2007 Annual Report	6241-1040
01/31/2007	2006 Annual Report	5935-1775
05/19/2006	Registered Agent Change (by Entity)	5794-0434
	Registered Agent Physical Address Changed	
	Registered Agent Changed	
01/18/2006	2005 Annual Report	5653-2320
01/25/2005	2004 Annual Report	5337-1443
09/27/2004	Registered Agent Change (by Agent)	5243-0482
	Registered Agent Physical Address Changed	
02/18/2004	2003 Annual Report	5056-0379

## Filing Information

Name: **HICKORY STAR, L.L.C.**

02/04/2003	2002 Annual Report	4733-1780
01/23/2002	2001 Annual Report	4394-2296
02/02/2001	2000 Annual Report	4111-1869
	Mail Address Changed	
02/18/2000	1999 Annual Report	3832-0738
10/22/1999	Articles of Amendment	3755-2365
	Principal Address Changed	
07/08/1999	Reinstatement	3710-0753
07/08/1999	CMS Annual Report Update	3710-0752
	Principal Address Changed	
06/04/1999	Dissolution/Revocation - Administrative	3692-0177
02/17/1999	Notice of Determination	3627-2411D
02/05/1999	Articles of Amendment	3624-0797
	Name Changed	
11/17/1998	Registered Agent Change (by Entity)	3584-1102
	Registered Agent Physical Address Changed	
	Registered Agent Changed	
12/02/1997	Initial Filing	3417-1236

<b>Active Assumed Names (if any)</b>	<b>Date</b>	<b>Expires</b>
--------------------------------------	-------------	----------------

## **EXHIBIT B**

State of Tennessee



Department of State

Corporate Filings

312 Eighth Avenue North

6<sup>th</sup> Floor, William R. Snodgrass Tower

Nashville, TN 37243

ARTICLES OF ORGANIZATION  
(LIMITED LIABILITY COMPANY)

(For use on or after 7/1/2006)

FILED

For Office Use Only

RECEIVED  
STATE OF TENNESSEE

2010 DEC -3 PM 1:43

TRE HARGRETT  
SECRETARY OF STATE

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act.

1. The name of the Limited Liability Company is: Hickory Star Resort & Marina, LLC

(NOTE: Pursuant to the provisions of TCA §48-249-106, each limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")

2. The name and complete address of the Limited Liability Company's initial registered agent and office located in the state of Tennessee is:

David E. Parton

(Name)

1360 Hickory Star Road

Maynardville

TN 37807

(Street address)

(City)

(State/Zip Code)

Union

(County)

3. The Limited Liability Company will be: (NOTE: PLEASE MARK APPLICABLE BOX)

☒ Member Managed

☐ Manager Managed

☐ Director Managed

4. Number of Members at the date of filing, if more than six (6): 3

5. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is: (Not to exceed 90 days)

Date: \_\_\_\_\_, \_\_\_\_\_ Time: \_\_\_\_\_

6. The complete address of the Limited Liability Company's principal executive office is:

110 Coal Drive, P.O. Box 159

Middlesboro

KY/Bell/40965

(Street Address)

(City)

(State/County/Zip Code)

7. Period of Duration if not perpetual: \_\_\_\_\_

8. Other Provisions:

9. THIS COMPANY IS A NONPROFIT LIMITED LIABILITY COMPANY (Check if applicable) ☐

11-19-10  
Signature Date

[Signature]  
Signature

Attorney for LLC  
Signer's Capacity (if other than individual capacity)

David Stanwick  
Name (printed or typed)



State of Tennessee



Department of State  
Corporate Filings  
312 Eighth Avenue North  
6<sup>th</sup> Floor, William R. Snodgrass Tower  
Nashville, TN 37243

ARTICLES OF ORGANIZATION  
(LIMITED LIABILITY COMPANY)

(For use on or after 7/1/2006)

For Office Use Only

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act.

1. The name of the Limited Liability Company is: Old Hickory Water, LLC

(NOTE: Pursuant to the provisions of TCA §48-249-106, each limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")

2. The name and complete address of the Limited Liability Company's initial registered agent and office located in the state of Tennessee is:

David E. Parton

(Name)

1360 Hickory Star Road

(Street address)

Maynardville

(City)

Tennessee 37807

(State/Zip Code)

Union

(County)

3. The Limited Liability Company will be: (NOTE: PLEASE MARK APPLICABLE BOX)

☒ Member Managed

☐ Manager Managed

☐ Director Managed

4. Number of Members at the date of filing, if more than six (6): 3

5. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is: (Not to exceed 90 days)

Date: \_\_\_\_\_, \_\_\_\_\_ Time: \_\_\_\_\_

6. The complete address of the Limited Liability Company's principal executive office is:

110 Coal Drive, P.O. Box 159

(Street Address)

Middlesboro

(City)

Kentucky, Bell, 40965

(State/County/Zip Code)

7. Period of Duration if not perpetual: \_\_\_\_\_

8. Other Provisions:

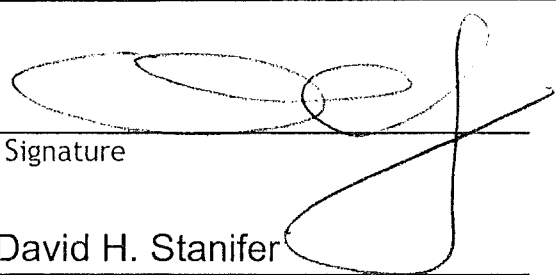
9. THIS COMPANY IS A NONPROFIT LIMITED LIABILITY COMPANY (Check if applicable) ☐

02/04/2011

Signature Date

Attorney for LLC

Signer's Capacity (if other than individual capacity)

  
Signature

David H. Stanifer

Name (printed or typed)

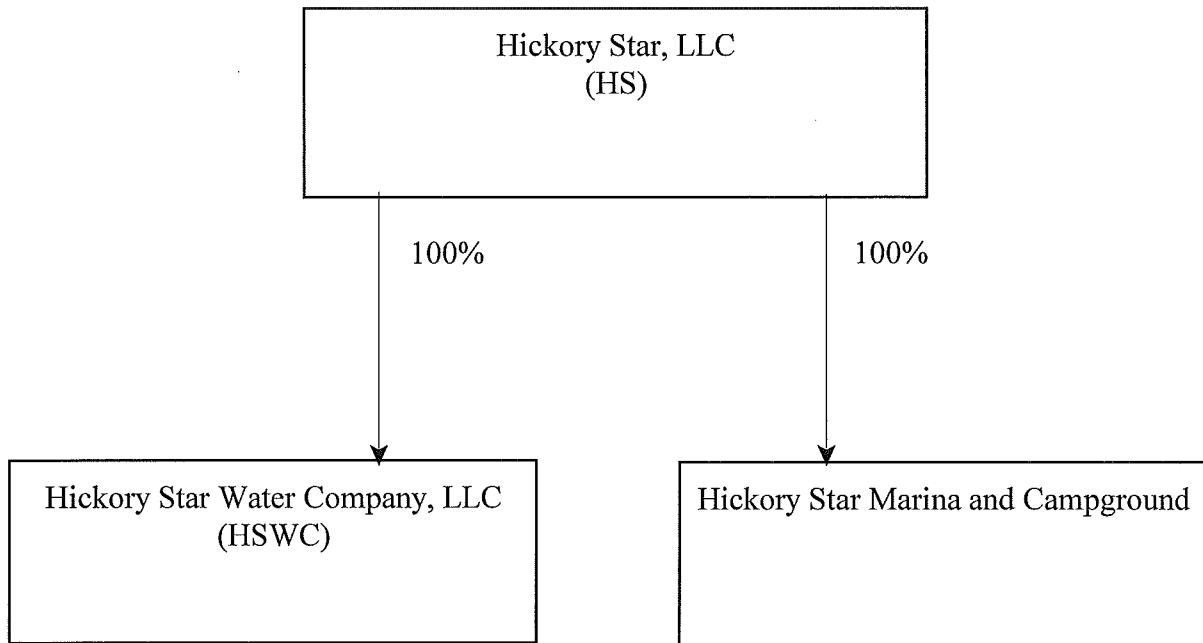
**EXHIBIT C**

**CONFIDENTIAL AND PRIVILEGED**

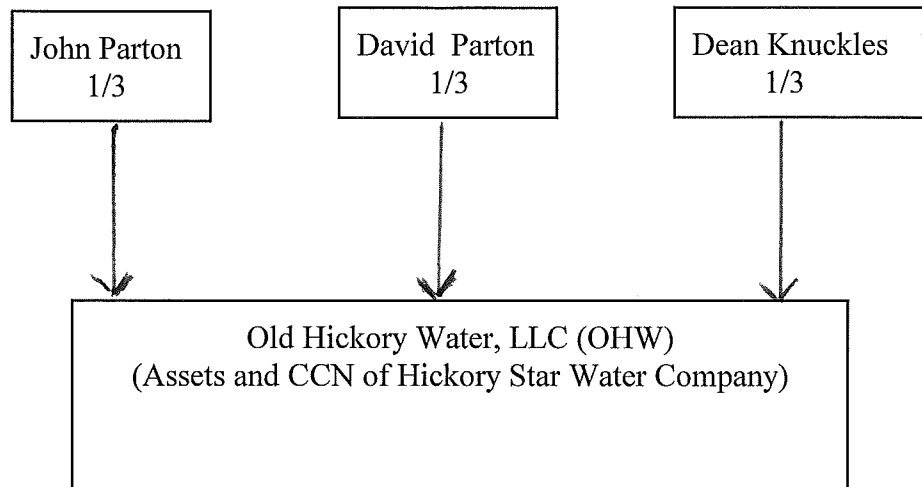
**FURNISHED IN SEPARATE ENVELOPE**

## **EXHIBIT D**

**PRE-TRANSACTION CORPORATE STRUCTURE**



## POST-TRANSACTION CORPORATE STRUCTURE



**EXHIBIT E**

**CONFIDENTIAL AND PRIVILEGED**

**FURNISHED IN SEPARATE ENVELOPE**

## **EXHIBIT F**

John H. Parton, Jr., a resident of Middlesboro, Kentucky, was born on December 13, 1958. John graduated from Bell County High School, Pineville, Kentucky, in 1976 and thereafter attended Southeast Community and Technical College, Cumberland, Kentucky, for mine certification training. He has worked in the coal mining industry for 34 years, becoming a mine owner and operator in 1989. Currently, these mining operations, all of which John is a part-owner, are comprised of three coal mining entities, a mining equipment company, and a security company. John holds a master electrician's license and a contractor's license. In addition, he holds various certifications relating to the operation of underground coal mines. John is experienced and proficient in the operation of the underground mining equipment. Further, he has performed construction work and is experienced and proficient in the operation of excavators, dozers, backhoes, and other construction equipment. By purchase in January 2011, John became a one-third owner of a marina and associated real estate near Maynardville, Tennessee, along with related water and sewer utility systems.

David E. Parton, a resident of Ewing, Virginia, was born on November 28, 1959. David graduated from Bell County High School, Pineville, Kentucky, in 1977 and thereafter attended Southeast Community and Technical College, Cumberland, Kentucky, for mine certification training. He has worked in the coal mining industry for 33 years, becoming a mine owner and operator in 1996. Currently, these mining operations, all of which David is a part-owner, are comprised of three coal mining entities, a mining equipment company, and a security company. David holds a master electrician's license and a contractor's license. In addition, he holds various certifications relating to the operation of underground coal mines. David is experienced and proficient in the operation of the underground mining equipment. Further, he has performed construction work and is experienced and proficient in the operation of excavators, dozers, backhoes, and other construction equipment. By purchase in January 2011, David became a one-third owner of a marina and associated real estate near Maynardville, Tennessee, along with related water and sewer utility systems.

Walter Dean Knuckles, a resident of Arjay, Kentucky, was born October 25, 1951. Dean graduated from Lone Jack High School in Bell County, Kentucky, after attending Red Bird Mission School, also in Bell County, Kentucky, for eleven years. He is an honorably discharged veteran of the United States Army and a former iron worker. Dean owns and operates construction and trucking businesses based in Bell County, Kentucky, as well as an apartment complex in Morristown, Tennessee. By purchase in January 2011, Dean became a one-third owner of a marina and associated real estate near Maynardville, Tennessee, along with related water and sewer utility systems.