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September 27, 2012

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FIRST CLASS MAIL

Sharla Dillon, Clerk
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

In Re: Petition of Laurel Hills Condominiums Property Owners Association for
a Certificate of Public Conveyance and Necessity
Docket No. 12-00030

Dear Ms. Dillon:

Please find attached hereto the Direct Testimony of Ronnie Hill, Certified Public Accountant on Behalf of Gary Haiser, et al, in the above-styled matter.

Should you have any questions, please give me a call at the direct dial number above.

With kindest regards, I am

Very truly yours,



Melanie E. Davis

MED:ps

September 27, 2012

Enclosure

cc: David Foster, Chief-Utilities Division
Jean Stone, General Counsel
John J. Baroni, Esq.
Donald L. Scholes, Esq.
Benjamin A. Gastel, Esq.
Gary Haiser, et al

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

In Re:

PETITION OF LAUREL HILLS
CONDOMINIUMS PROPERTY
OWNERS ASSOCIATION
FOR A CERTIFICATE OF PUBLIC
CONVEYANCE AND NECESSITY.

Docket No. 12-00030

DIRECT TESTIMONY OF RONNIE HILL, CERTIFIED PUBLIC ACCOUNTANT ON BEHALF OF GARY HAISER; JOHN MOORE; GERALD NUGENT; ROY PERRY; JOHN PETERS; JOEL MATCHAK; ROBERT ADKINS; JOE GARNER; TERRY COPE; ROBERT SCHWARTZ; ONUS WILLIAMS; GENE MANERS; MICHAEL KRABOUSANOS; WENDELL BLAIR; LUKE DUNN; DAVID BREG; KENT LATHAM; CORTEZ INVESTMENT GROUP, INC.; JIMMY DOUGLAS; THOMAS BAUER; DONALD SANDLIN; JUDY SCALES PATTERSON; ISAAC GAMBLE; RENEE TODD; RICHARD KNAPP; JOHN CHAMBERS; JOHN P. PETERS REVOCABLE TRUST; AND CUMBERLAND POINT CONDOMINIUM OWNERS ASSOCIATION, OR THE ("CUSTOMERS")

Q. What is your complete name and address?

A. My full name is Ronnie Eugene Hill and I reside at 850 Captain Kell Drive, Macon, GAS 1204.

Q. In what capacity will you testify and identify how it will affect the Amended Petition for a Certificate of Public Convenience and Necessity (CCN) currently before the Tennessee Regulatory Authority (TRA)?

A. I am a Certified Public Accountant, currently practicing as a partner in Hill, Wingate and James, LLC Certified Public Accountants located at 2451 Ingleside

Avenue, Macon, GA 31204. My expertise will be used to review and comment on the financial documents submitted by Laurel Hills Response to the TRA Staffs Data Request, and other related documents, and to identify omissions and irregularities in the accounting practices.

Q. What certifications and experience do you have that will qualify you to deliver this testimony?

A. I am a Certified Public Accountant licensed to practice in the State of Georgia since 1983 and am currently the managing partner in Hill, Wingate & James, LLC, Certified Public Accountants.

Q. Do you have any accounting experience with clients who operate utilities?

A. No.

Q. Do you have any accounting experience with clients operating as nonprofit organizations?

A. Yes my firm performs accounting services, including Certified Audits for a number of large non-profit organizations.

Q. In full disclosure, do you have any connections or relationships with Renegade Mountain, Laurel Hills or any residents?

A. I own a condominium in Cumberland Point, Renegade Mountain and am a current member of the Cumberland Point Condominium Association (CPCA). I am also a current Director and Treasurer of the CPCA. I also own a separate building

lot within Renegade Resort. Lansford and Stevens, LLC currently provides accounting services for both the CPCA and Laurel Hills.

Q. In reviewing the documents provided by Laurel Hills did you notice and irregularities in their accounting records?

A. Yes, when Laurel Hills purchased the water system from Moy Toy, LLC the purchase was recorded by crediting a Notes Payable and debiting Owners Equity. Normally when an asset is purchased the fair market value of the asset is recorded as a debit to fixed assets and any excess is recorded as Goodwill. The fixed assets are depreciated over their useful life and the Goodwill is amortized over a period of 15 years. It could be concluded from the way in which Laurel Hills recorded the purchase of the water system that either 1. Laurel Hills was fully aware that there was no value related to the assets purchased or 2. The purchase had no economic basis and the recording of the transaction was only intended to book the \$400,000 owed to Moy Toy without the actual transfer of any assets with monetary value.

Q. Are there additional documents that might shed additional light on the economic reality of this transaction?

A. Yes, a copy of the Moy Toy corporate tax return for the year of sale of the water utility would allow the reader to determine if Moy Toy properly recorded the transfer of the water system as a sale of trade or business assets as required by IRS regulations and conversely if Laurel Hills recording of the assets purchased was an intentional attempt to distort the facts or simply an inadvertent accounting error.

Q. Are there other areas of the documents presented by Laurel Hills that raise questions about the proposed rate increase?

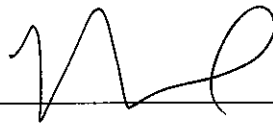
A. It appears there are numerous expenses recorded in the books of Laurel Hills that are questionable as to their relevance to the operation of a small water utility. However, even with these many questionable expenses the records indicate that Laurel Hill actually operated at a breakeven point during the years covered by the accounting documents presented. This leads the reader to question the reasoning behind Laurel Hills proposed rate increase of approximately 300% of the current monthly rate.

Q. Does this conclude your direct testimony?

A. Yes, but I reserve the right to submit additional testimony based on my review of additional information and data submitted in the future.

Gary Haiser, John Moore, Gerald Nugent
and others as listed above.

By Counsel:

A handwritten signature in black ink, appearing to be 'ME', is written over a horizontal line.

MELANIE E. DAVIS,
Tennessee Bar No. 017947
Kizer & Black Attorneys, PLLC
329 Cates Street
Maryville, Tennessee 37801
Telephone: (865) 980-1625

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing of DIRECT TESTIMONY OF RONNIE HILL, CERTIFIED PUBLIC ACCOUNTANT ON BEHALF OF GARY HAISER; JOHN MOORE; GERALD NUGENT; ROY PERRY; JOHN PETERS; JOEL MATCHAK; ROBERT ADKINS; JOE GARNER; TERRY COPE; ROBERT SCHWARTZ; ONUS WILLIAMS; GENE MANERS; MICHAEL KRABOUSANOS; WENDELL BLAIR; LUKE DUNN; DAVID BREG; KENT LATHAM; CORTEZ INVESTMENT GROUP, INC.; JIMMY DOUGLAS; THOMAS BAUER; DONALD SANDLIN; JUDY SCALES PATTERSON; ISAAC GAMBLE; RENEE TODD; RICHARD KNAPP; JOHN CHAMBERS; JOHN P. PETERS REVOCABLE TRUST; AND CUMBERLAND POINT CONDOMINIUM OWNERS ASSOCIATION, OR THE ("CUSTOMERS") has been served upon the following:

David Foster, Chief-Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Jean Stone, General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

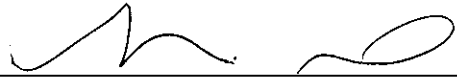
John J. Baroni, Esq
Consumer Advocate Division
Office of the Attorney General
P.O. Box 20207
425 5th Avenue North, 2nd Floor
Nashville, TN 37243-0500

Donald L. Scholes, Esq
Branstetter, Stranch and Jennings, PLLC
227 Second Avenue North, 4th Floor
Nashville, TN 37201-1631

Benjamin A. Gastel, Esq
Branstetter, Stranch and Jennings, PLLC
227 Second Avenue North, 4th Floor
Nashville, TN 37201-1631

by mailing a true and accurate copy via U.S. Mail, postage prepaid, this the 27 day of September, 2012

Kizer & Black Attorneys, PLLC:

A handwritten signature in black ink, appearing to read 'Melanie E. Davis', is positioned above a horizontal line.

Melanie E. Davis