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May 11, 2012

Donald L. Scholes, Esq.  
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227 Second Avenue North  
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Nashville, TN 37201-1631

filed electronically in docket office on 05/11/12

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

Dear Mr. Scholes:

The Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate") recently learned that Laurel Hills Condominiums Property Owners Association ("Laurel Hills") has withdrawn its Petition on May 7, 2012, for a Certificate of Public Convenience and Necessity ("CCN") filed at the Tennessee Regulatory Authority ("TRA"). However, Laurel Hills' Petition for a CCN at paragraph 16 states that "[a]s a result of the enactment of Public Chapter 430 of the 2011 Tennessee Public Acts it appears that Laurel Hills became a public utility as defined in Tenn. Code Ann. § 65-4-101 and became subject to regulation by the TRA on the effective date of Public Chapter 430, June 6, 2011." In light of the withdrawal of its Petition, the Consumer Advocate, therefore, is requesting whether Laurel Hills is now taking the position that it does not need a CCN. If so, we ask that you provide the grounds for that position including applicable state statutes and case law.

In addition, the Order Granting Temporary Injunction issued by Chancellor Ronald Thurman in the Chancery Court for Cumberland County, Tennessee on February 27, 2012, provides as follows:

Meanwhile, counsel for the Plaintiffs and the Defendants shall promptly contact the Tennessee Regulatory Agency to determine whether or not the water system operated by Defendant, Laurel Hills Condominiums Property Owners Associations, Inc., is subject to oversight by the Tennessee Regulatory Agency. If so, the process for such regulation must be commenced.

In light of Chancellor Thurman's Order, has Laurel Hills so contacted the TRA regarding whether Laurel Hills is subject to regulation and if so what was the TRA's response? Please also provide any written response you received.

The Consumer Advocate is also alarmed by Laurel Hills' statement that it plans to terminate service to the public effective July 9, 2012. Thus, the Notice of Voluntary Dismissal and Withdrawal announced that "effective July 9, 2012, [Laurel Hills] will cease providing water service with its system to any person other than itself....Because the Petitioner will only be using its water system to serve itself, the Petitioner will no longer be serving members of the public...."

The Consumer Advocate would note that public utilities have a general duty to provide service within their territory. Thus, Tenn. Code Ann. § 65-4-115 provides as follows:

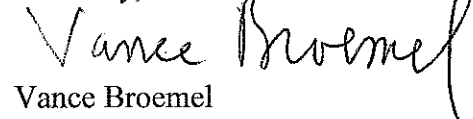
No public utility shall adopt, maintain, or enforce any regulation, practice, or measurement which is unjust, unreasonable, unduly preferential or discriminatory, nor shall any public utility provide or maintain any service that is unsafe, improper, or inadequate, *or withhold or refuse any service which can reasonably be demanded and furnished when ordered by the authority.* [Emphasis added.]

*See also, Peoples Te. Co. v. Tenn. Pub. Serv. Comm'n*, 393 S.W.2d, 285 (Tenn. 1965) (the word "territory" .... includes all the area within the territory a public utility had offered and became liable to serve, whether the public utility had their physical facilities in every part thereof or not)

We ask, therefore, your position as to Laurel Hills' obligation to serve the public and how it plans to service those in its territory. Lastly, please let us know when and how you notified the ratepayers that you will allegedly not be providing services and how much time you provided them to make alternate arrangements. Provide copies of any notices and/or scripts used by Laurel Hills to respond to questions.

We ask you to respond to our questions as soon as possible by no later than May 17, 2012, due to the emergency situation proposed by your filing for ratepayers cut off from water service in your territory. We would also propose that a meeting be set up to discuss these issues with the Consumer Advocate and TRA staff as soon as possible. .

Sincerely,



Vance Broemel  
Senior Counsel  
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CC: TRA Directors  
Jean Stone  
Melanie Davis