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June 1, 2012

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

General Robert E. Cooper, Jr.
Attorney General and Reporter
State of Tennessee
425 5th Ave. N. #2
Nashville, TN 37243

Re: Laurel Hills Condominiums Property Owners Association- Cessation of Service

Dear General Stone and General Cooper:

I represent the Laurel Hills Condominiums Property Owners Association ("Laurel Hills"), a non-profit property owners association that operates a water system on Renegade Mountain near Crossville, Tennessee. Pursuant to T.C.A. § 68-221-711(9), Laurel Hills has given the requisite notice to its customers and the Tennessee Department of Environment and Conservation (TDEC) that effective July 9, 2012, it will no longer use its water system to serve anyone but itself and will cease providing water service to other persons connected to its water system.

My office has been advised by Sheeva Bozar with the Tennessee Regulatory Authority (TRA) that it intends to take actions to see that Laurel Hills continues to provide water service and to mandate that it is a "public utility" under T.C.A. 65-4-101(6) from this point forward regardless of the actions of Laurel Hills or the consequences to it. As previously explained to the TRA, neither Laurel Hills nor any other prior owner of the water system has operated under a certificate from the TRA or requested a certificate from the TRA to operate a water utility. Laurel Hills has no franchise from Cumberland County to operate a water utility and has not used any public right-of-way to supply water to the residents on Renegade Mountain. Therefore, Laurel Hills has never dedicated the water system to public use. Laurel Hills has never entered into any contract in which it obligated itself to provide water service to the residents of Renegade

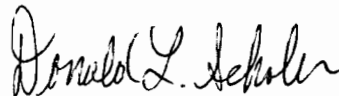
Mountain. Any attempt by the TRA to mandate the continued operation of the water system for the benefit of the residents of Renegade Mountain is an unconstitutional taking of Laurel Hills' property under Article I, Section 21 of the Constitution of the State of Tennessee and Amendment 5 of the United States Constitution.

Moreover, approximately 100 individual unit week owners of the Laurel Hills Condominiums will be adversely affected financially if Laurel Hills must continue to provide water service after July 9, 2012. Many of these unit week owners are Tennessee residents who are no longer willing to continue to subsidize the cost of providing water service to the other residents of Renegade Mountain through paying higher maintenance assessments so its property can be used to supply water to the other residents. Nevertheless, the TRA has issued an order that it will take all necessary action, including filing a motion in Cumberland County Chancery Court, to ensure that Laurel Hills continues to serve all residents of Renegade Mountain indefinitely. Such action by the TRA is an unconstitutional confiscation and the deprivation without due process of the private property of the unit week owners of the Laurel Hills Condominiums.

I have been contacted by the majority owner of the unit weeks of the Laurel Hills Condominiums about the adverse impact upon its property based upon the TRA's Order. I have been advised that this owner intends to communicate with you its strong objections to the planned action of the TRA. This owner intends to take all actions necessary, including filing suit, to protect its personal property from being used for the benefit of others to its detriment.

Therefore, Laurel Hills requests that the TRA reconsider the consequences of its planned action and its legal authority to somehow clothe Laurel Hills with permanent status as a public utility thereby mandating the use of its private property for a public purpose.

Sincerely yours,



DONALD L. SCHOLES

c: Michael McClung
Robert Schwerer
Melanie Davis