

KIZER & BLACK, ATTORNEYS, PLLC

329 CATES STREET

MARYVILLE, TENNESSEE 37801-4903

TELEPHONE: (865) 982-7650

FACSIMILE: (865) 982-5776

BEN W. KIZER  
(1920-1996)

August 21, 2012

DAVID T. BLACK  
MARTHA S. L. BLACK  
JOHN T. MCARTHUR  
J. KEVIN RENFRO  
MELANIE E. DAVIS  
MATTHEW C. HARALSON  
SHERRI L. DECOSTA ALLEY  
G. KEITH ALLEY  
P. ANDREW SNEED  
KELLY LOVE MANNING\*  
SARAH SWANSON HIGGINS\*  
ANDREW S. TRUNDLE

LENOIR CITY OFFICE  
902 EAST BROADWAY  
LENOIR CITY, TENNESSEE 37771  
TELEPHONE: (865) 986-1660  
FACSIMILE: (865) 986-2609  
\*ADMITTED IN GEORGIA

Writer's Direct Dial: (865) 980-1625  
Writer's Direct Fax: (865) 980-1640

VIA E-MAIL TRANSMISSION: [sharla.dillon@etn.gov](mailto:sharla.dillon@etn.gov)

and

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 Supplemental Petition of Gary Haiser, et al, regarding the above-styled matter would I would appreciate you filing. I will be forwarding to you today by first class mail the original and four copies of this document.

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

August 21, 2012

With kindest regards, I am

Very truly yours,

  
Melanie E. Davis

MED:ps

Enclosures

BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

In Re:

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

Docket No. 12-00030

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SUPPLEMENTAL PETITION 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 TO INTERVENE IN DOCKET NO. 12-00030

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Comes Gary Haiser, John Moore, Gerald Nugent and others as listed above (herein "Customers"), and, pursuant to T.C.A 65-2-107, 65-4-104, 65-4-115, 65-4-117 and TRA Rules and Regulations 1220-1-2-08, move to provide supplementary information and data, for purposes of intervening in this Docket No. 12-00030 for the reasons set forth below:

1. The Customers filed an original Petition to Intervene with the Tennessee Resources Agency (TRA) on April 27, 2012 to intervene in the original Petition of Laurel Hills Condominiums Property Owners Association for a Certificate of Public Conveyance and Necessity (CCN), dated April 10, 2012.

2. The Customers are all owners of property within Renegade Resort in Cumberland County, Tennessee and are all current customers of, and receive water services from the Laurel Hills Condominiums Property Owners Association. These Customers are all members of the Renegade Mountain Community Club and collectively represent over ninety (90) percent of the total living units served by the Laurel Hills Property Owners' Association water system. The legal rights, duties, privileges, immunities or other legal interests of the Customers may be determined in these proceedings.

3. Renegade Mountain Community Club ("RMCC") is the designated master homeowners' association for all 1851 lots or living units in Renegade Resort. Laurel Hills Condominiums Property Owners Association and Cumberland Point Condominiums Property Owners Association are both homeowners' associations within Renegade Resort and are subordinate to the RMCC as recorded in the Covenants and Restrictions of Renegade Resort, and by deed.

4. The Laurel Hills Condominiums Property Owners Association ("Laurel Hills") is a Tennessee not-for-profit, mutual benefit corporation located in Cumberland County, Tennessee that is the property owners' association for the Laurel Hills Timeshares located within Renegade Resort. Laurel Hills operates a private water system that supplies customers within Renegade Resort. The overwhelming majority of Laurel Hills' water customers are not members of Laurel Hills Condominiums Property Owners Association.

5. Individuals Phillip Guettler and Michael McClung are the current officers and directors of Moy Toy, LLC., which owns most of the non-platted land lying within Renegade Resort. These same individuals are also current officers and

directors of the Laurel Hills Condominiums Property Owners Association and are former officers and directors of the Renegade Mountain Community Club.

6. Prior to 2000, the water system serving Renegade Mountain was owned and operated by the Renegade Mountain Community Club . In 2000, the water system was reportedly conveyed or sold to Renegade Resort LLC, then subsequently to Mountain Spring Water, LLC (a newly formed LLC owned by McClung and Guettler), subsequently to Moy Toy, LLC and then finally to Laurel Hills Condominiums Property Owners Association. Many unsuccessful attempts were made to access and review the corporate records to verify if these transactions and/or conveyances were ever properly documented or approved by the respective organizations. One such request, dated October 14, 2011 was attached as Exhibit 1 to the Customers original Petition to Intervene. While it remains questionable that the water system was ever legally conveyed in 2000, it remains a fact that the series of owners of the water system failed to comply with the requirement to apply for and obtain a CCN for the water system for a period exceeding twelve (12) years. Phillip Guettler and Michael McClung knew or should have known that a CCN was required, as this water system was an overall part of their business on Renegade Mountain. They are not operating this water system with any sort of charitable intent or purpose, but for the making of money. They should be charged with knowing and playing by the rules.

7. Crab Orchard Utility District is the authorized utility responsible for providing water service to all communities that border and surround Renegade Mountain. Laurel Hills currently purchases already treated water from Crab Orchard Utility District, pumps it up the mountain (elevation 2650') via two (2) alternating pumps located at the bottom of the mountain and then distributes the

water back down the mountain through a series of pipes for consumption by its customers that own approximately 120 living units. It is averred that Crab Orchard Utility District is currently willing to discuss the purchase and operation of the Laurel Hills water system if approached.

8. In January of 2012, during a legal dispute with certain Customers involving the RMCC, Michael McClung, acting as a Director and Officer of Laurel Hills approached the Manager of the Crab Orchard Utility District and requested that Crab Orchard Utility District cease supplying water to Laurel Hills due to non-payment of current and past water bills by Laurel Hills. This request was denied by Crab Orchard Utility District.

9. On January 19, 2012, Michael McClung, acting as a Director and Officer of Laurel Hills approached the Volunteer Electric Company (VEC) and effectively abandoned the water system by submitting a service order to pull the electric meter to the pump house on Mullinix Drive that houses the water system's only pumps, effective on Friday, January 20, 2012 "as late in the day as possible". Recognizing the negative impact to health and safety of this action, and not being able to contact Laurel Hills, McClung or Guettler, the VEC Manager contacted the Renegade Mountain Community Club in an effort to have the RMCC continue electric service to the pumps. Late on January 20, 2012, the President of the RMCC accepted responsibility for electric service and for the next ten (10) days provided all of the electric to operate the water system until Laurel Hills formally accepted responsibility for the electric service. If not for the quick actions of the VEC and the RMCC, the Laurel Hills water system would have ceased providing water.

10. On February 1, 2012, Phillip Guettler, a Director and Officer of Laurel Hills personally turned off the water service to 87 living units purportedly for non-

payment of water fees and without giving the proper sixty (60) day notice as required by the Safe Drinking Water Act and Tennessee Law.

11. On February 3, 2012, in the Chancery Court of Cumberland County (Docket No. 212-CH-513), certain of the Customers filed a legal complaint (original CCN Petition, Exhibit 4), against Laurel Hills, Michael McClung and Phillip Guettler averring, among other bad acts, that Laurel Hills was, in fact, required to be regulated by the Tennessee Regulatory Authority. The February 28, 2012 Order Granting a Temporary Injunction (original CCN Petition, Exhibit 6), signed by Chancellor Thurman and effective February 3, 2012 ordered: 1) Laurel Hills to immediately reinstate water service to all customers, 2) Laurel Hills to present itself to the TRA for oversight within twenty (20) days, and 3) all Customers to pay a monthly rate of \$43.20 to Laurel Hills (retroactive to June 2011) for water. If not for the legal actions pursued by the Customers, 87 customers would have been denied access to water, and Laurel Hills would still, to this date, be operating illegally and ignoring its responsibility and duty to be regulated by the TRA.

12. On February 6, 2012, after notice of Chancellor Thurman's TRO was legally served, Laurel Hills reinstated water service to all customers. Upon attempting to reengage the valve, workers found the thirty (30) inch valve box filled with sand and asphalt (attached as Exhibit 1). This act of sabotage resulted in two workers taking an additional thirty (30) minutes to completely dig up and remove the valve box and assembly.

13. On April 10, 2012, Laurel Hills filed a Petition for a CCN with the TRA and as a result, the Customers filed a Petition to Intervene on April 28, 2012.

14. On May 7, 2012, residents and Customers were notified by letter (attached as Exhibit 2) that Laurel Hills would be terminating water service to all

customers, less itself, on July 9, 2012, that Laurel Hills would no longer operate as a public utility, that Customers should seek alternate sources of water and that Laurel Hills would be withdrawing its Petition for a CCN from the TRA (which it did via letter to the TRA dated May 7, 2012).

15. On May 11, 2012, the TRA issued a Show Cause Notice for Laurel Hills to appear before the TRA on May 21, 2012. On May 18, 2012, Laurel Hills responded that it would not appear before the TRA on May 21, 2012 citing that it was not in violation of Tennessee law and that it did not have the funds to defend itself.

16. On May 21, 2012, at the TRA Show Cause Hearing referenced in paragraph 15 above, the Directors, by a 3-0 vote adopted a motion that would, among other actions, allow the TRA to take whatever legal measures necessary, to include injunctive relief, to ensure Laurel Hills continued to provide water service and to open a show cause investigation on why Laurel Hills should not be charged and/or fined for infractions of Tennessee state law.

17. On July 2, 2012, the TRA filed for injunctive relief in the Chancery Court of Cumberland County to prevent Laurel Hills from terminating water service to all Customers (less itself) on July 9, 2012. On July 12, 2012 a hearing was held before Chancellor Ronald Thurman who issued an order: 1) that Laurel Hills was a public utility and therefore must continue to provide water service, 2) that the monthly rate would remain at \$43.20 for all customers, 3) that Laurel Hills' avenue to adjust water rates was through application to the TRA, and 4) that Customers who were not current in their water bills within twenty (20) days could have their service terminated.



18. Laurel Hills filed an Amended Petition for a CCN on August 3, 2012 and as a result, the Customers are filing a Supplementary Petition to Intervene.

19. In review of the Amended Petition of Laurel Hills Condominiums Property Owners' Association for a Certificate of Public Conveyance and Necessity (CCN), dated August 3, 2012, the Customers noted multiple errors and omissions in the facts as presented by the Petitioner. These are detailed below.

20. For example: "Moy Toy, LLC did not assume the operation of the water system after it purchased it from Renegade Mountain development but transferred the water system to Laurel Hills" (paragraph 4 of the Amended CCN Petition). By purchase on December 28, 2010, Moy Toy, LLC assumed operation of the water system either intentionally or by default or through Mountain Spring Water, LLC, and operated the water system from date of purchase (December 28, 2010) through May 1, 2011 when Laurel Hills assumed operational control (see paragraph 3 of the Amended CCN Petition). If not Moy Toy, LLC or Mountain Spring Water, LLC, who was operating the Renegade Mountain water system (and collecting revenues) between December 28, 2010 and May 1, 2011?

21. Many of Laurel Hills customers have not paid the \$86.40 monthly rate since Laurel Hills implemented this rate." (Amended CCN Petition, para 8)

a. This rate is disputed because it was never properly adopted. Moy Toy, LLC as the admitted purchaser and default operator of the water system from December 28, 2010 to May 1, 2011 was required to receive TRA approval to operate a water system (see paragraph 20 above). Upon the sale of the water system to Laurel Hills on or about May 1, 2011, and because Laurel Hills was selling water to customers outside of its scope of membership, Laurel Hills was also required to receive approval from the TRA before operating a water system. TCA 65-4-201

states that no public utility may operate without first making application for and receiving a CCN issued by the TRA. Laurel Hills clearly admits to operating a water system (May 1, 2011) before any rate increases were contemplated, developed or published (June 1, 2011). Laurel Hills is clearly a public utility as determined by Chancellor Thurman's ruling following the July 11, 2012 hearing on the TRA's request for injunctive relief. Laurel Hills accordingly was in violation of Tennessee Regulatory Agency requirements as early as June 6, 2011. Any rate increase promulgated by a public utility operating without a CCN (Laurel Hills) should be null and void and have no effect on its customers.

b. Laurel Hills attempted to raise the monthly water rate for all customers in June 2011 from a flat, un-metered rate of twenty-five (25) dollars to a flat, un-metered rate of eighty-six (86) dollars and forty (40) cents without any prior notice, without TRA approval and without identifying any specific factors warranting such an increase. The Petitioner, both in the Original CCN Petition and the Amended CCN Petition omitted the fact that Darrell McQueen, an agent of Laurel Hills, on or about July 3, 2011, negotiated a 2011 (June to December) monthly flat, un-metered rate of forty-three dollars and twenty cents (\$43.20) per month for all customers, which has been paid by the overwhelming majority of customers. A copy of Darrell McQueen's Affidavit is attached as Exhibit 3.

c. Chancellor Thurman's ruling of February 28, 2012 set forth a court ordered monthly rate of forty-three dollars and twenty cents (\$43.20) per month for all Customers.

d. Chancellor Thurman's ruling following the Injunctive Relief Hearing held on July 11, 2012 reconfirmed the court ordered rate of forty-three dollars and twenty cents (\$43.20) per month for all customers.

e. Based on the above criteria and facts, a rate of eighty-six (86) dollars and forty (40) cents per was never legally established or recognized and should not be considered, nor have any effect on the outcome of any proposed tariff.

22. Reference Amended CCN Petition, paragraph 9. Using Laurel Hills admitted customer count of 135 (Amended CCN Petition, para 8) and payments received of \$43.20 per customer per month, it is inconceivable that with respect to receiving approximately \$5,800.00 of income each month that Laurel Hills could make no payment whatsoever to the Crab Orchard Utility District for purchased water. Nevertheless, Crab Orchard has not been paid for eleven (11) months. It has now threatened to turn off the water sold to Laurel Hills for use by the Customers. What happened to the money paid by the Customers for water? Apparently Laurel Hills has been receiving the Customers money but not paying the bill for water with those funds. This is fraudulent, bordering on criminal. (See Exhibit 4, letter from York with attachment).

23. Reference Amended CCN Petition, paragraph 10. "Revenue from water sales is Laurel Hills only source of income to operate the water system." This statement is blatantly false.

a. With reference to Exhibit 8 (Laurel Hills POA 2011 Tax Return) to the Original Petition for a CCN, it is clear that taxable income and allowable expenses for the operation of the both the timeshare buildings and the water system are combined into a single legal and taxable entity. The water system is not identifiable as a separate entity from normal, on-going timeshare operations. For example, see referenced document Schedule K, items 1,2,3; Depreciation Schedule (Form 4652) Items 17 and 19e; and Federal Supporting Statements 2011 (Page 1) where water testing and cable TV expenses are listed on the same schedule.

b. With reference to Exhibit 8 (Laurel Hills POA 2011 Tax Return) to the Original Petition for a CCN, Laurel Hills reported \$63,652.00 in revenue. This figure far exceeds the revenue that could have been generated by operating the water system from June to December (7 months) of 2011

c. In 2011 the Laurel Hills Condominiums POA, by BOD approval, raised the annual maintenance fees for each timeshare unit week from approximately \$300.00 per year to approximately \$1300.00 per year, presumably to pay for the purchased water system. Considering approximately 350 unit weeks, Laurel Hills Condominiums POA would realize revenues in excess of \$455,000.00 dollars per year.

24. Reference Amended CCN Petition, paragraph 10. "Because Laurel Hills...it borrowed money to pay for the water system improvements and for the implementation of new operating requirements mandated by TDEC." With reference to Exhibit 8 (Laurel Hills POA 2011 Tax Return) to the Original Petition for a CCN, Form 1120, Line 18 lists a total of \$6.00 in interest expense. How much money could it have borrowed if it only has \$6.00 in interest expense for 2011?

25. Reference Amended CCN Petition, paragraph 10. "Most of the customers of Laurel Hills have not paid...at the \$86.40 per residential unit rate." (See paragraph 21 above)

26. Reference Amended CCN Petition, paragraph 10. "Beginning in October...stopped making any payments for water service to Laurel Hills altogether." Per Chancellor Thurman's court order dated February 28, 2012 all Customers (representing 109 living units) were required to pay Laurel Hills, within 20 days, a rate of \$43.20 per month retroactive to June 2011. All Customers are

presently current with all court ordered payments. Documentation is available. Laurel Hills provides no proof of its false claim.

27. “The water system operated by Laurel Hills is not metered.” (Amended CCN Petition, para 11). The officers and directors of Laurel Hills, in providing due diligence for their members, knew, or should have known and considered the absence of meters, valves, etc. and other stated deficiencies of the water system prior to the time of purchase. Laurel Hills’ plan, described in the referenced December 30, 2011 customer notice, to terminate water service to all customers’ because Laurel Hills’ failed to perform their due diligence with respect to missing meters and valves, constitutes gross mismanagement of a public utility and total disregard for the customers dependent upon it for water. In June 2011, Laurel Hills marked all meters, valves, hydrants and other devices associated with the current water system. Shortly thereafter, John Moore, President of the RMCC identified each marked location by type of device and its associated GPS location. Contrary to Laurel Hills statement, it should be noted that there are currently 13 meters and numerous shutoff valves installed within the water system.

28. Reference Amended CCN Petition, para 13. The referenced order by Chancellor Thurman and dated February 28, 2012 did not require any Customer to pay “one-half of the customer’s outstanding balance”, it stated that each Customer was required to pay a flat monthly rate of \$43.20 retroactive to June 2011 and that any overpayments made by any Customer would be credited as future payments. The statement in the Petition is blatantly false.

29. Reference Amended CCN Petition, para 15:

a. Prior to the year 2000, the water system was owned by the RMCC who provided water service only to its members which met the TRA HOA exemption requirements as written; once sold to a private entity this exemption dissolved.

b. The prior bad acts of previous owners of the water system in not making application to the TRA for a CCN is not a valid legal defense for Laurel Hills' failure to research, know and follow Tennessee State laws.

c. Laurel Hills BOD, in providing due diligence to its members, was responsible to research and fully understand all applicable Tennessee State laws and exemptions from Tennessee State laws.

30. Reference Amended CCN Petition, para 16. After careful review of the referenced document, the Customers assert that Public Chapter 430 has no bearing on the date and circumstances when Laurel Hills was required to be regulated by the TRA (see paragraph 21a above). This is a red herring. There was no change in the applicable law.

31. Reference Amended CCN Petition, para 17. The low number of full time residents in homes and condominiums within the system is incorrect as well as irrelevant, and in actuality is a positive factor on Laurel Hills' behalf because fewer people mean less water use. The water is billed on a flat rate, not per gallon. The more relevant number is the total number of paid connections. Currently, there are at least 122 connections paying a flat rate of \$43.20 per month to Laurel Hills (84 Condominiums and 38 single family homes). Of these 122 paid connections, only 31 consume water on a full time basis, so 75% of the time, Laurel Hills receives \$43.20 in revenue from customers each month who use little or no water. Taken literally, Laurel Hills' statements seem to imply that customers are not using enough water,

even though Laurel Hills indicates it cannot pay its current water usage bills. Its arguments make no sense.

32. Reference Amended CCN Petition, para 20. In reference to Exhibit 8, while the request is for payment in full, counsel does state that he will attempt to work out a viable plan for payment of current and future charges. Again, it is inconceivable that Laurel Hills receives at least \$5,000.00 per month in revenue and cannot make any payment of any kind to Crab Orchard Utility District.

33. Reference Amended CCN Petition, para 21. The Customers vehemently oppose a proposed rate of \$134.26 per month for water service and state with authority that the proposed expenses in the referenced Exhibit 10 are overinflated and contemptuous. The following data table compares the expenses listed at Exhibit 10 (Current Budgeted Expenses) to the Laurel Hills 2011 Federal Tax Return (listed actual expenses). A worst case scenario is assumed that all actual listed expenses are attributable to only the cost to operate the water systems (no expense attributable to the timeshare operations whatsoever) and all expenses prorated over just the eight months of 2011 that Laurel Hills owned the water system.

<u>Item</u>	<u>Exhibit 10 (Proposed)</u>	<u>2011 Tax Return (Actual)</u>
Eng and Labor	2500	524 (50% of 1048)
Construction	1400	0
Water Test	600	456
Depreciation	500	186
Real Estate Tax	200	0
Telephone	125	60
Permits and Penal	1200	232

Interest Exp	1900	1
Legal	2500	524 (50% of 1048)
Acct/Manage	1550	2029
Office	200	27
Insurance	700	612
Postage	50	12
Equip Rent	150	13
Maint/Repair	2000	612
Water	1750	1563 (13 month average)
Electricity	800	? (800 est)
TOTALS	18125 (134.26)	7651 (56.67)

a. A 2012 Tax Return, income statement and balance sheet prepared by an independent auditor for review by the TRA is warranted and requested by the Customers.

b. The proposed budget assumes an absolute worst case scenario: Management fees are excessive by any standard; Water usage projections include payment for a 1.3 million gallon leak in August and September 2011.

c. With respect to the statement about rehabilitation and bringing back on line the 250,000 gallon water tank, the estimate of \$200,000.00 is grossly overestimated. Pittsburgh tank and Tower Company prepared an estimate in 2008 (attached as Exhibit 4) to bring the tower into compliance with all agency requirements for a total of \$123,530. It is acknowledged that this estimate is 4 years old and that the price may have increased (though likely much due to the recession). The work can be done in phases and some of the expenses are desirable, but not required. There may be additional possibilities by collaborating with Crab Orchard



Utility District to add this tower to their inventory of 9 existing towers they maintain to create an economy of scale and possibly drop the total repair costs as much as 40-50 percent.

34. Reference Amended CCN Petition, para 22, the Customers vehemently oppose any expedited or temporary issuance of a CCN until the Petitioner, its prior bad acts, records and books have been thoroughly examined by the TRA so that the appropriate level of supervision and reporting will be conditional upon the issuance of any CCN, if the TRA so chooses to even issue a CCN to Laurel Hills. The Customers are prepared to assist in any manner necessary, financial or otherwise, to ensure that a thorough investigation and inspection of the Petitioner is concluded before any decision is made by the TRA to issue a CCN.

35. Reference Amended CCN Petition, para 23. The Customers stringently oppose any type of temporary surcharge being proposed by laurel Hills to pay down its debt and/or creditors. Based on the previous cursory analysis of the accounts and accounting practices of Laurel Hills, the Customers attribute Laurel Hills' debts and creditor issues to be a function of budget manipulation, failed prioritization of paying expenses and gross mismanagement of funds that Laurel Hills has already received. Again, the Customers vehemently oppose any temporary surcharge or issuance of a CCN until the Petitioner, their prior bad acts, records and books have been thoroughly examined by the TRA so that all records and books are examined and conditional upon the issuance of any CCN, if the TRA so chooses to even issue a CCN to Laurel Hills. Again, the Customers are prepared to assist in any manner necessary, financial or otherwise, to ensure that a thorough

investigation and inspection of the Petitioner's books and accounting records are thoroughly examined before any decision is made by the TRA to issue a CCN.

36. Reference Amended CCN Petition, para 24. The Customers concur that customers not paying their approved rates for water service after an appropriate time should be terminated from further usage of water, however, the language used in the request is too general and vague. Request is made that Laurel Hills elaborate on this policy before implementation is allowed. Because Laurel Hills adopted an unauthorized, unapproved rate prior to their Petition being filed, the rate used to calculate anyone's overdue balance should be the only rate that was confirmed by any outside agency, or the \$43.20 rate per month fixed by Chancellor Thurman after two different hearings and resulting orders issued. No customer should be terminated for failure to pay the unauthorized and unapproved rate of \$86.40 per month. In addition, the outstanding balance that "triggers" termination needs to be established as well as the documented notification procedures (time and method) prior to termination.

37. Reference Amended CCN Petition, para 25. Again, the Customers agree in theory with the Petitioner that a reconnect fee must be sufficient to deter part-time users from abusing it, however, the reconnect fee should be a function of the final monthly rate for water service and not a flat fee as proposed. For example, the \$500 fee currently proposed by Laurel Hills would be equivalent to almost one year of water service should the \$43.20 rate be confirmed by the TRA. The reconnect fee would be better expressed as four or six times the approved monthly rate for water service.

38. Reference Amended CCN Petition, Exhibit 9 (Tariff). The monthly rate for water service and the reconnection fee for restoring water service are disputed and analyzed in paragraphs 33 and 37 respectively.

39. The Customers have reviewed the proposed Schedule of Rates, Terms and Conditions for Water Service (Amended CCN Petition, Exhibit 9), herein “Schedule”, proposed by Laurel Hills and notes many areas of concern and incompatibility with TRA Rule 1220-4-3.

40. Laurel Hills lists its address in the Schedule as 17 Laurel Mountain Drive, Crab Orchard, Tennessee. This structure is a vacant timeshare property. While it may be technically classified as an “office”, there are no markings to designate it as the Laurel Hills office; the office is not staffed; the office has no posted or available operating hours and has no mail delivery. In addition, a listing of contact persons and numbers were not submitted as required and are not available for review. Laurel Hills has no assigned telephone number to call for complaints, service or emergencies; no emergency numbers are published for water outages or main breaks. Laurel Hills’ single source of contact is an email address where many documented emails have been addressed without a single reply.

41. The Schedule of Rates, Terms and Conditions for Water Service is not in compliance with TRA Rule 1220-4-3-05 (ii) making adjustments for wastage of water and (iii) minimum number of days allowed for payment before service is disconnected for non-payment. In addition, a copy of the proposed customer contract was not submitted, nor available for review.

42. The Schedule does not contain general meter procedures or a Tariff Schedule for those living units currently possessing a meter. No plan is set forth to address future meter installations to meet the requirements of TRA Rule 1220-4-3-

06 (3) with respect to Cumberland Point Condominiums (combined billing). No meter installation requirements are set forth during water line reconstruction. No meter installation requirements for new construction are provided.

43. The Schedule does not set forth an adopted and established water pressure goal as required by TRA Rule 1220-4-3-41(3). Further, the Schedule disavows Laurel Hills responsibility to provide a minimum water pressure of twenty-five (25) psig as required by TRA Rule 1220-4-3-41(1) under any conditions. The referenced Rule allows only four (4) acceptable conditions for failure to maintain minimum water pressure. In addition, the Schedule includes a false general disclaimer for failure of Laurel Hills to provide adequate water pressure under any conditions.

44. The Schedule disavows Laurel Hills' responsibility to notify any customer, under any conditions of any type of interruption in water service. TRA Rule 1220-4-3-42 (3) clearly provides for the notification of customers prior to any planned or scheduled outages of water service. In addition, the Schedule includes a false general disclaimer for failure of Laurel Hills to provide adequate notification of customers under any circumstances or conditions.

45. Additional errors and omissions of the Schedule are listed at Exhibit 5.

46. The Schedule of Rates, Terms and Conditions for Water Service provided by the Laurel Hills, and as currently written, is not in general or specific compliance with TRA Rule 1220-4-3, fails to list, describe or even consider any of Laurel Hills responsibilities to its customers and fails to list, describe or even consider any of its customer's rights or recourses with respect to water quality and

continuity of service; in totality it is a one-sided document drafted with the intent to set forth, in writing, as little as possible to secure a CCN.

47. In contradiction to the Good Engineering Requirements of TRA Rule 1220-4-3-25, Laurel Hills disconnected a two hundred and fifty thousand (250,000) gallon water storage tank from the revised water system design, thereby circumventing the requirement to maintain a twenty-four (24) emergency storage capability for drinking water within the Laurel Hills water system. The current approved water system design cannot maintain the pressure or interruption requirements as required by TRA Rule 1220-4-3-41 and 1220-4-3-42 respectively, without the use of a water storage device. The quality of water does not meet the requirements of TRA Rule 1220-4-3-40. Further, the system does not meet the Standards of Construction as outlined in TRA Rule 1220-4-3-26, specifically with reference to Depths of Mains, Dead Ends and Segmentation of the System. The Customers request that this essential part of the water system be placed back into service.

48. The Schedule states "The Company's water system is not designed to provide water for public fire protection." Prior to Laurel Hills removal of the water tower from the water system design, the public water distribution system did have sufficient pressure and storage capabilities to provide adequate, pressurized fire hydrants for fire protection. Water customers who purchased property in Renegade Resort and obtained property insurance did so based on knowledge of their proximity to a system of working fire hydrants. Based solely on the absence of properly pressurized, working hydrants, the cost of property insurance will increase by hundreds of dollars for every one of the 120 living units within Renegade Resort as each is moved from fire department classification code six (6) to classification code

nine (9). Laurel Hills' current hydrants, if not approved for fire protection, are required to be taken out of service, marked and proper notification delivered in accordance with the Safe Drinking Water Act and TDEC Rule 1200-5-1-17(18).

49. The capacity of the Laurel Hills water system should be considered when determining any rate structure. The system currently serves approximately 120 living units and 1176 additional building lots through approximately seven (7) miles of established water mains. Eighty-four (84) of the 120 living units are served by a single connection. The only water system cost associated with adding additional customers is the incidental cost of installing a service line to the new customer. The capacity of the water system should be verified (the capacity was reported to be approximately 800 homes prior to the removal of the water tank from the system's design).. Any rate determination should be based on the current customer count, but also based on the overall capacity of the system and the ease and low cost of adding additional customers, thus ensuring Laurel Hills has a vested interest in seeking out and adding new customers.

50. Just by virtue of its elevation, geography and aging condition alone, the Renegade Resort water system will be a challenge to operate and maintain now and in the future, even for a technically competent and experienced management team. Since its inception in May 2011, Laurel Hills, and its directors and officers, have illegally operated an unregulated and unauthorized public utility, have attempted to abandon or shut down the water system three times, have demonstrated an inability to provide technically adequate and acceptable solutions to the problems at hand, have failed to employ ethical, efficient or industry acceptable management practices, have failed to work with, or earn the trust of even one customer, have put forth the absolute minimum effort required to operate a

utility, and above all else, have failed in the basic premise of a utility to deliver an uninterrupted supply of quality drinking water to its customers; in short, to act as a responsible utility. Crab Orchard Utility District, who has expressed interest in discussing water service to Renegade Resort, currently has the necessary resources, technical experience and proven management capabilities to plan, upgrade, operate and maintain the current Renegade Mountain water system, now and into the future.

51. Because of the prior bad acts initiated by Laurel Hills and their incessant desire to eliminate water service, the Customers are wary, and rightfully so, of any issuance of a CCN by the TRA to Laurel Hills to operate as a public utility. The Customers desire that the investigation of Laurel Hills, as authorized by the TRA Directors at the May 21, 2012 Show Cause Hearing, be thoroughly conducted and concluded before the process to grant a CCN begins. The Customers submit that a thorough review of the corporate, financial and accounting records will reveal additional bad acts, errors and omissions that need to be considered by the TRA in their totality before any decision is made to grant laurel Hills a CCN.

PREMISES CONSIDERED, Petitioner Gary Haiser, John Moore, Gerald Nugent and others as listed above (“Customers”) prays for the following relief:

1. That the Tennessee Regulatory Authority (TRA) grant its Petition and Supplementary Petition to Intervene in Docket 12-00030.
2. That, throughout these TRA proceedings, no Laurel Hills’ customer’s water service be disconnected without the express permission of the TRA.

3. That the TRA deny Laurel Hills' request for an expedited hearing in favor of conducting and completing the authorized Failure to Appear/ Show Cause investigation of Laurel Hills prior to the start of any CCN process.

4. That based on the investigative outcome of laurel Hills by the TRA, that the TRA deny the Laurel Hills Condominiums Property Owners' Association Petition for a Certificate of Public Conveyance and Necessity (CCN) if the TRA determines that Laurel Hills cannot operate a public utility in the best interests of its customers.

5. That in the event the TRA grants the Amended Petition of Laurel Hills Condominiums Property Owners' Association for a Certificate of Public Conveyance and Necessity (CCN), that the TRA consider imposition of additional stringent oversight controls to ensure the proper and ethical management of Laurel Hills.

6. That the current monthly, flat rate of \$43.20 per customer, per month, imposed previously by judicial order, and paid to Laurel Hills for water service, remain in effect throughout these TRA proceedings.

7. That the TRA impose appropriate penalties upon Laurel Hills which did illegally operate an unauthorized and unapproved public utility within the State of Tennessee.

8. That the TRA reinstate the water storage tower as part of the water system's design to ensure continuity of water delivery, pressure and fire protection.

9. That Laurel Hills' complete financial documentation, tax returns and budget calculations be made available to all parties for review and analysis prior to any rate determination by the TRA.



10. That Laurel Hills submit a Schedule of Rates, Terms and Conditions for Water Service that is compliant with TRA Rule 1220-4-3 and that same be made available to all parties for review and analysis prior to any issuance of a CCN by the TRA.

11. That the TRA require Laurel Hills provide a meter installation plan and timetable for all customers as part of its Petition for a Certificate of Public Conveyance and Necessity (CCN).

12. That the TRA deny Laurel Hills request for a supplementary charge to customers to pay the outstanding balance owed to Crab Orchard Utility District.

13. That the authority grant the Petitioner any other relief to which it is entitled.

14. That the Authority consider remedies and penalties against the individual directors of Laurel Hills.

Respectfully submitted this 21 day of August, 2012

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:

By Counsel:



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 SUPPLEMENTAL PETITION 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 TO INTERVENE IN DOCKET NO. 12-00030 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

Cynthia Kinser  
Consumer Advocate Division  
Office of the Attorney General  
P.O. Box 30207  
425 5<sup>th</sup> Avenue North, 2<sup>nd</sup> Floor  
Nashville, TN 37243-0500

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

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

by mailing a true and accurate copy via U.S. Mail, postage prepaid, this the 21<sup>st</sup> day of August, 2012

Kizer & Black Attorneys, PLLC:

By:   
Melanie E. Davis





EXHIBIT  
1

02/06/2012



**LAUREL HILLS CONDOMINIUMS  
PROPERTY OWNERS ASSOCIATION**

**P.O. BOX 288  
CRAB ORCHARD, TN 37723**

**NOTICE TO CUSTOMERS AND INTERESTED PERSONS**

**DATE:** May 07, 2012

**TO:** Water Customers of Laurel Hills Condominiums Property Owners  
Association, Tennessee Department of Environment and All Interested  
Persons

**VIA:** Mailed with Monthly Water Bills and Posted On-Site

**RE:** Cessation of Water Service by Laurel Hills Condominiums Property Owners  
Association

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Pursuant to T.C.A. § 68-221-711(9), Laurel Hills Condominiums Property Owners Association (Laurel Hills) hereby gives notice to its water customers, the Tennessee Department of Environment (TDEC) and other interested persons that effective July 09, 2012, Laurel Hills will no longer use its water system to provide water service to any person other than itself. Laurel Hills will continue to operate its water system to provide water service only to the Laurel Hills Time Shares.

Please be advised that Laurel Hills will be installing a valve box at each customer connection to its water distribution system. Water service will not be available during the installation of the valve box. The customer will need to have a plumber reconnect the customer's service line to the valve box after the valve box has been installed.

Because Laurel Hills will not be providing service to the public located on its existing water system, Laurel Hills will withdraw its pending Petition for a Certificate of Public Convenience and Necessity.

Laurel Hills encourages persons currently served by its water system to make every effort to find another water source no later than July 09, 2012.

**POSTED AT: GUARD SHACK AND RENEGADE TIME SHARES LOCATED  
AT 17 MOUNT LAUREL, CRAB ORCHARD, TN 37723.**





IN THE CHANCERY COURT OF CUMBERLAND COUNTY, TENNESSEE

---

GARY HAISER; JOHN MOORE;  
GERALD NUGENT; ROY PERRY;  
JOHN PETERS AND JOEL MATCHAK

Plaintiffs

vs.

NO. 2012-CH-513

LAUREL HILLS CONDOMINIUMS  
PROPERTY OWNERS ASSOCIATION INC;  
MICHAEL MCCLUNG AND PHILLIP  
GUETTLER INDIVIDUALLY AND AS  
DIRECTORS OF THE LAUREL  
HILLS CONDOMINIUMS  
PROPERTY OWNERS ASSOCIATION INC.

FILED  
Date 2-14 2012 8:30  
Entered: 8:30  
SUE TOLLETT, CLERK & MASTER  
Cumberland County, Crossville, TN  
BY G

Defendants

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AFFIDAVIT OF DARRELL MCQUEEN

---

STATE OF TENNESSEE     )  
COUNTY OF CUMBERLAND )

I, DARRELL MCQUEEN, after being duly sworn, hereby make oath of my own personal knowledge

as follows:

I am a resident of Cumberland Point Condominiums in Renegade Resort, Cumberland County and a Laurel Hills Condominiums POA water system (Laurel Hills) customer. Since the water supply line (pump station to the top of the mountain) and the pump station froze and burst in December 2008, I have spent 30 to 40 hours every week in the planning and construction of the water system/line improvements. A major portion of these 30-40 hours per week was the physical labor involved in the repair and maintenance of the water system. It should be noted that during this period, my time, transportation, gas and other miscellaneous expenses were provided at no cost to the previous owners of the water system or to Laurel Hills. In June 2011, Laurel Hills mailed new water bills to all customers which indicated a large rate increase in the



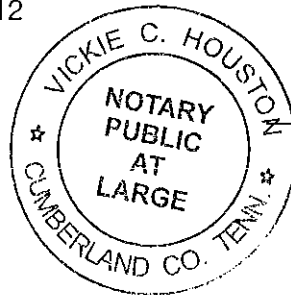
June/July 2011 rate (\$86.40 per month) from the previous May 2011 water rate of \$25.00 per month. Michael McClung, a Director with Laurel Hills, and I had a major disagreement over this large increase to the \$86.40 water rate. As a result of this disagreement, Michael McClung agreed that all water customers could pay a water rate of \$43.20 per month through December 2011, when he would look at and review the expenses going forward. He also stated that at the end of December 2011 he would have a Certified Public Accountant prepare a rate study and that the 2012 rate would be set in accordance with the that study. The secretary for the Laurel Hills water system, Laura Juarez and I contacted most of the water customers and advised them of the 2011 \$43.20 per month water rate.

FURTHER, AFFIANT SAITH NOT.

  
\_\_\_\_\_  
DARRELL MCQUEEN

Subscribed and sworn to before me  
This 13<sup>TH</sup> day of February, 2012

My Commission Expires:  
5-3-12



  
\_\_\_\_\_  
Notary Public



S. Roger York  
Susan H. Bilbrey



Phone 931-484-2929  
Fax 931-456-1078

*York & Bilbrey*  
*Attorneys at Law*  
456 North Main Street  
Crossville, Tennessee 38555

August 15, 2012

Honorable Ben Gastel  
227 Second Avenue North  
4<sup>th</sup> Floor  
Nashville, Tennessee 37201-1631

Honorable Donald L. Scholes  
227 Second Avenue North  
Fourth Floor  
Nashville, Tennessee 37201-1631

Honorable Shiva Bozarth  
Tennessee Regulatory Authority  
460 James R. Parkway  
Nashville, Tennessee 37243

Honorable Melanie E. Davis  
329 Cates Street  
Maryville, Tennessee 37801

**Re: Laurel Hillls Condominium Property Owners Association; JL Welcher Company, LLC; Old South Renegade, LLC; Renegade Mountain Water Systems, LLC; and Joseph L. Welcher, individually**

Ladies and Gentlemen:

This law firm represents Crab Orchard Utility District. I have been notified by Crab Orchard Utility District to notify each of you that Crab Orchard Utility District will turn the water off to what is known as Laurel Hills Condominiums, Renegade Mountain, on September 15. I am attaching to this letter a printout of a bill where Crab Orchard Utility District has not been paid in eleven months.

The Board of Directors of Crab Orchard Utility District, and the manager Mr. Everett Bolin, wish for me to send to each of you our condolence in having to take this action. COUD can not furnish water free of charge to any individual, or any corporation. I have been instructed



to do this since payment has not been made, nor has anyone attempted to work out a payment that would be satisfactory with COUD. Please understand that COUD Board of Directors has to protect all of the people in the utility district.

I will be glad to speak with each of you, or all of you, in regards to any reasonable solution in getting this bill paid and to keep water flowing for the residents of Renegade Mountain and Laurel Hills Condominiums.

Sincerely,



S. Roger York  
Attorney at Law

SRY/tb

Enclosure

C: Crab Orchard Utility District

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0001-00900-001

09/15/12 19,062.91  
97.43  
09/15/12 19,160.34



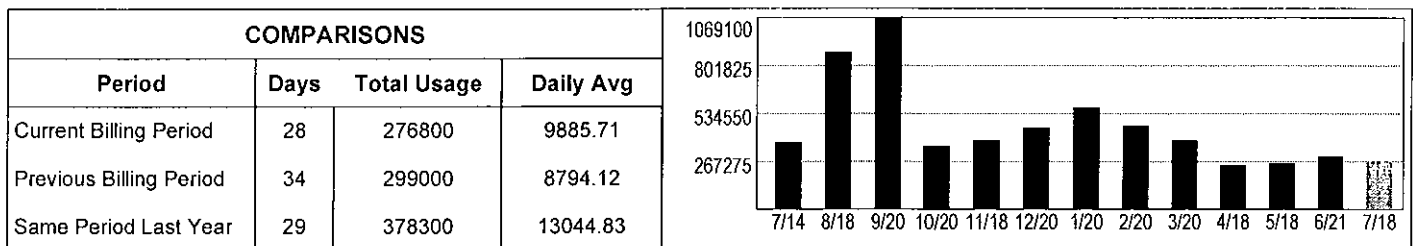
OLD SOUTH GOLF-RENEGADE  
CUMBERLAND GARDENS  
PO BOX 288  
CRAB ORCHARD TN 37723-0288



0001-00900-001 OLD SOUTH GOLF-RENEGAD 284 MULLINAX DR

AR Arrears								17,993.65
WA	USS7952	06/21	07/18	10910700	11187500	276800		974.27
ST Sales Tax								94.99

09/15/12 19,062.91  
97.43  
09/15/12 19,160.34



Arrears are amounts that are past due and are due immediately.  
Credits also show up in the arrears as a negative amount and are not due.  
Bank Drafts are deducted between the 10th and 15th of each month.  
Visa and Master Card are accepted.

***"This institution is an equal opportunity provider, and employer."***

VISIT OUR WEBSITE AT [craborchardutility.com](http://craborchardutility.com)

**PLEASE BE AWARE OF CROSS-CONNECTION DANGERS-FOR MORE INFORMATION REFER TO OUR WEBSITE**



**RECOMMENDATIONS**

**NUMBERS REFER TO REPORT PAGES**

**00. INDICATES THERE WAS NO PHOTOGRAPH AVAILABLE TO DEMONSTRATE**

- 00. Post a Tampering With This Facility Is a Federal Offense sign ..... \$25
- 00. Water in upper level of tank may lose proper chlorination due to extended periods of poor circulation or low water usage. We recommend installing (2) frost proof sampling taps approximately 3' above the base of the riser pipe, complete with standoffs every 10' on centers, extending into the container, one extending 5' above the low water level of the container and the second pipe extending to 2' below high water level. The sampling system will be in compliance with AWWA ..... \$8,798
- 00. Water in the tank may lose proper chlorination due to extended periods of poor circulation or low water usage. If needed, we recommend extending the fill pipe to 48" below the high water level for better circulation of the water. The fill pipe will also be equipped with a drain back hole to prevent water from standing in the pipe. The fill pipe system should be positioned a minimum of 90 degrees from the overflow pipe and will be in compliance with AWWA ..... \$8,976
- 00. Inspector reports trouble with sludge buildup in mud sump in ball interior. We recommend installing a 6" drain pipe from the bottom of the mud sump complete with shutoff valve and tying into the overflow pipe to permit flushing of the mud sump ..... \$7,500
- 3. Remove restrictive plate, install a flapper valve and screen to prevent the ingress of contaminants into the water supply in accordance with TSS..... \$950
- 5. Post a Confined Space Entry sign as required by OSHA..... \$25  
Post a Fall Protection Required signs as required by OSHA..... \$25
- 6. Install a cable type ladder safety climb device ..... \$1,850
- 8. Replace damaged pipe insulation, as needed, to prevent pipes from freezing ..... \$1,289
- 12. Install a cable type ladder safety climb device ..... \$1,850





**RECOMMENDATIONS CONTINUED**  
**NUMBERS REFER TO REPORT PAGES**

- |     |  |          |
|-----|--|----------|
| 16. | Post Confined Space Entry sign .....   | \$25     |
|     | Handrails around all roof openings .....   | \$6,500  |
|     | Platform for rescue tripod, complete with tripod and winch .....   | \$5,000  |
| 17. | Replace the existing roof vent with a vacuum-pressure, frost proof vent and screen in compliance with AWWA, NFPA and TSS .....   | \$4,810  |
| 20. | Install a cable type stainless steel ladder safety climb device as preventive maintenance .....  | \$2,400  |
| 00. | Perform earthquake analysis to determine if tanks meets the seismic zone requirements for which it is located. This will include recommendations to bring tank into compliance with tank seismic zone 1, 2A.....   | \$5,500  |
| 13  | INTERIOR DRY AREA PAINT SYSTEM: Sandblast the tank interior dry area to SSPC #6 (commercial grade), then apply one coat of epoxy-mastic.....   | \$16,920 |
| 18. | EXTERIOR PAINT SYSTEM: Sandblast all rusted and abraded areas of the tank exterior to an SSPC #6 (commercial) blast, brushblast all remaining areas, apply one (1) full coat of epoxy-mastic and one (1) finish coat of polyurethane.....                  | \$24,012 |
| 21  | INTERIOR PAINT SYSTEM: Sandblast all rusted and abraded areas of the tank interior to SSPC #10 (near white blast), brushblast all remaining areas, stripe coat all seams and welds, then apply an epoxy liner to achieve 8-10 mils dry film thickness..... | \$27,075 |

The recommendations listed above can be incorporated into a 3-5 year program.

Exhibit 5 to the SUPPLEMENTARY PETITION OF GARY HAISER; JOHN MOORE; GERALD NUGENT, ET AL TO INTERVENE IN DOCKET NO. 12-00030

This information and analysis is provided in addition to any errors and omissions identified as part in the Supplementary Petition to Intervene.

General: (Meters)

There are no rules and regulations promulgated for currently installed meters or future meter installations including, but not limited to, meter testing standards, accuracy requirements, "as found" tests, sealing, repairing, replacing, maintenance, storing, installation, registration and other routine testing. These rules and regulations need to be identified now so that they are reviewed and accepted as customers are changed from a flat water rate to a metered system.

Section (Water Service Connections and Applications for Service)

1. Should state "New" water service.... as existing customer's water service should remain intact. If water service is to be a function of an application process, existing customers should be given a minimum time of 90 days from notification to complete the application procedure and contract before service may be terminated for non-compliance.
2. Does not comply with the exceptions listed in TRA Rule 1220-4-3-22, specifically subparagraph (c). The "outstanding balance" needs to be defined for existing customers or a statement needs to be inserted to exempt them from this clause. Previous unapproved and unauthorized water service charges, over and above the recognized fee of \$43.20 per month should not be included in any definition of "outstanding balance".
4. If the "owner" is responsible for paying the water bill (it is included in the lease or rent) the owner does not need to make a new application or sign a new contract upon each change in tenancy. Statement contains no set and reasonable timeframe for a new customer to apply for service, nor does it establish a reasonable and set time required to review and approve an application, and to establish/reestablish water service.

Section (Billing and Payment):

1. Customers should not be penalized for Laurel Hills' failure to mail an invoice each month or to mail an invoice on time.
2. The due date of the 15<sup>th</sup> of the month, when the bill is mailed at the beginning of that same month is too short and insufficient to allow for reaction time to receive, review and analyze the bill as well as mailing time to and from Laurel Hills. In addition, it does not allow for an emergency, vacation, mail forwarding, etc. Most utilities give you a grace period of 30 days to pay any current invoice. Atual example, Laurel Hills April 2012 water invoices were mailed on April 11<sup>th</sup>, received on April 14<sup>th</sup> and due on April 15<sup>th</sup>.
3. A 5% penalty for non-payment is reasonable, provided there is a thirty (30) day grace period to pay the bill before any penalty is imposed (reference sub paragraph #2 above).

EXHIBIT

6



4. Should be changed to read "Failure to receive a water bill, due to an insufficient or incorrect mailing address, will not relieve..." Customers should not be penalized for Laurel Hills' failure to mail an invoice each month or to mail an invoice on time. The statement indirectly indicates that billing may not be necessary to obligate the customer. Given possible interest charges and other charges, especially in metering situations, a reasonable person (customer) would not be able to calculate their obligated charges without an invoice.

#### Section (Discontinuance of Service)

General: No notification timeframes or methods of notification are set or identified prior to a discontinuance action taking place.

1(a). Statement does not identify a timeframe or total amount in arrears to trigger a discontinuance action. As written, a customer's water may be discontinued on the 16<sup>th</sup> day of the any month, as little as one day after the initial bill was due. The utility industry standard is 60-90 days (see above example). "Any other charges" need to be defined; some minor charges do not warrant disconnection of service, for example a late check fee.

1(b). Statement is vague and excessive in that it does not identify the difference between major and minor violations; it does not allow for arbitration or resolution of disagreements; and again, does not set forth a timeframe before discontinuance to allow time for a customer to react. Some minor infractions do not warrant disconnection of service, for example watering your lawn.

1(c). Statement is vague and excessive in that it does not identify any specific TDEC regulations for which discontinuance is required. As written, a violation of TDEC's erosion rules and regulations could result in a customer's water being disconnected; again, it does not allow for arbitration or resolution of disagreements; and again, it does not set a timeframe before discontinuance to allow time for a customer to react.

1(d). Statement is vague and excessive in that it does not identify the difference between major and minor violations; it does not allow for arbitration or resolution of disagreements; and again, does not set a timeframe before discontinuance to allow time for a customer to react. It is noted that this document is not currently published, nor has it been reviewed for content.

3. No maximum timeframe is established between satisfaction of all requirements and the actual reconnection of a customer's water supply by Laurel Hills.

4. Statement is dependent upon the changes and language of items 1(a) through 1(d) above.

#### Section (General Conditions of Service):

1. This statement should apply to new construction connections only as the easements associated with past installations were already established and accepted by Laurel Hills predecessors and were known or should have been known at the time of purchasing the water system.

4. Statement is vague in that it does not allow for small or planned leakage (prevent freezing) or define leakage in terms of psi or gallons over time; no time limit is



established for the repairs to be concluded once the customer is notified of an actual or potential leakage situation.

7. This is a violation of individual and customer rights and is not standard practice among other public utilities. This statement should be stricken in its entirety or changed to include reasonable suspicion of a problem and with the owner's consent.

Section (Public Contact):

The contact information provided is not in compliance with TRA Rule 1220-3-4-05(d).