

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

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IN RE:

PETITION TO SHOW CAUSE WHY A CEASE AND
DESIST ORDER AND CIVIL PENALTIES &
SANCTIONS SHOULD NOT BE IMPOSED
AGAINST LAUREL HILLS CONDOMINIUM
PROPERTY OWNERS ASSOCIATION

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DOCKET NO. 12-00077

PETITION TO SET ASIDE SETTLEMENT AGREEMENT
AND REOPEN SHOW CAUSE PROCEEDINGS

Comes now Tennessee Regulatory Authority (“TRA” or “Authority”) Staff acting as a Party (“Party Staff”) appointed in Docket No. 12-00030 and respectfully requests that this Authority set aside the Settlement Agreement approved by the TRA on September 25, 2015. In support of this Petition to Set Aside Settlement Agreement and Reopen Show Cause Proceedings (“Petition”) Party Staff would show as follows:

Procedural History

1. On April 10, 2012. Laurel Hills filed a Petition for a Certificate of Public Convenience and Necessity (“CCN”) to operate a water system on Renegade Mountain in Cumberland County, Tennessee.¹
2. On July 7, 2012, the Authority issued an Order requiring Laurel Hills to show cause why a cease and desist order, civil penalties, and other sanctions should not be levied against

¹ *Petition of Laurel Hills Condominiums Property Owners Association for a Certificate of Public Convenience and Necessity*, Docket No. 12-00030, April 10, 2012.

them for violations of state law.²

3. On April 18, 2013, after a full hearing the Authority issued an Order Denying Certificate of Public Convenience and Necessity and Requiring Divestiture of Water System (“April 18th Order”) denying Laurel Hills’ petition for a CCN and ordered that Laurel Hills divest itself of the water system.³
4. The Authority determined that Laurel Hills lacked the managerial and financial capability to operate the water system.⁴
5. On June 14, 2013, Laurel Hills appealed the April 18th Order to the Tennessee Court of Appeals.
6. On April 14, 2014, the Tennessee Court of Appeals upheld the Authority’s April 18th Order.⁵
7. The Court of Appeals found that the TRA had the authority to order Laurel Hills to divest itself of the water system.⁶
8. Party Staff entered an agreement with Laurel Hills to place the water system into receivership. As part of this settlement Laurel Hills agreed to obtain and transfer to the receiver irrevocable licenses to the water lines and the land they sit in. Laurel Hills additionally, agreed to obtain and transfer to the receiver clear title to the water tower and parcel of land that the water tower sits upon.⁷

² *Order Requiring Laurel Hills Condominiums Property Owners Association to Appear and Show Cause why a Cease and Desist Order and Civil Penalties & Sanctions Should not be Imposed Against it for Violations of State Law*, July 7, 2012.

³ *Order Denying Certificate of Public Convenience and Necessity and Requiring Divestiture of the Water System*, April 18, 2013.

⁴ *Id.* at pp 9 - 16

⁵ *Laurel Hills Condominiums Property Owners Assoc. v. TRA*, 2014 WL 1494126, *1 (Middle Dist., 2014).

⁶ *Id.* at p. 6.

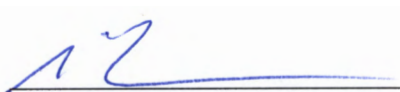
⁷ *Petition to Adopt First Addendum to Settlement Agreement and Release*, August 13, 2015.

9. This Settlement Agreement was approved by the Authority on September 25, 2015.⁸

10. Laurel Hills has failed to provide the irrevocable license and title to the water tower and parcel to the land the water tower sits upon.

Wherefore, Party Staff respectfully requests that the Authority set aside the Settlement Agreement and its addendum and reopen the Show Cause Proceeding against Laurel Hills so that Party Staff may pursue enforcement action against Laurel Hills for its violations of state law.

Respectfully Submitted,



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⁸ *Order Approving Petition to Adopt Settlement Agreement and Release, as Amended by the First Addendum*, September 25, 2015, at p. 7.