

John Moore
848 Livingston Road
Suite 101, #62
Crossville, TN 38555

February 25, 2016

Tennessee Regulatory Authority
Chairman Herbert Hilliard
502 Deaderick Street
4th Floor
Nashville, TN 37243

RE: Docket 16-00012 and 12-00077

Chairman Hilliard:

I am writing this correspondence on behalf of the more than 130 customers of the Laurel Hills Water System that currently serves Renegade Mountain in Cumberland County. As you are intimately aware, the Authority denied a CCN to this entity under Docket 12-00030, approved a Receivership Agreement under Docket 12-00077 and is now being asked by the Receiver to approve rates in excess of \$100 per month in Docket 16-00012. Both the Tennessee Regulatory Authority (TRA) Compliance Division and the Consumer Advocate Division (CAD) have requested the "customers" define their position on challenging the rates for water service recommended by the Receiver in TRA Docket 16-00012.

We "Customers" and the Consumer Advocate Division were allowed to intervene in Docket 12-00030 and after spending in excess of \$28,000 in legal fees to do so, the "Customers", and subsequently the Consumer Advocate Division, were not allowed to intervene in Docket 12-00077 (Penalty Phase). On August 17, 2015, I wrote a letter to the TRA objecting to the standing policy of not allowing any group (Customers, CAD or anyone else) being allowed to intervene in Docket 12-00077, or to represent the interests of the users/rate payers (copy attached). At that time, we were told that intervening was not necessary as "nothing in this docket would affect the rate payers or their rates", yet here we are in Docket 16-00012 being asked to accept rate increases arising from the deficient Settlement Agreement negotiated in Docket 12-00077.

Unfortunately, several of the issues addressed in my August 17th letter have now come to fruition. Laurel Hills turned over the water system to the Receiver in shambles with significant outstanding vendor balances and with leaks totaling over 50% of the system's volume. To make matters even worse, the Authority relied on a promise by Laurel Hills to have another legal entity (Moy Toy, LLC), turn over the integral water tower to the Receiver, which to no one's surprise, did not happen. Had the Customers and/or the CAD been allowed to intervene in Docket 12-00077, it is very likely that these (and other) issues would have been exposed and addressed.

The Receiver, as part of the April 11, 2016 TRA session, in Docket 16-00012, has proposed emergency rate increases in excess of \$100 per month for each customer. They are asking the Authority to approve this rate increase to cover the water system's operation, to include the outstanding vendor debts, leak repair expense and legal bills associated with the flawed Settlement Agreement. The money that should have been used by Laurel Hills to remedy these deficiencies was obviously "milked" by the owners in the months leading up to the execution of the Settlement Agreement. This is confirmed in the Receiver's Petition (Footnote 4). Finally, the terms of the water tower transfer were vehemently opposed by the County Government, our State Representative and State Senator, at a time when the "Customers" desperately needed their support and assistance. As a result of all of the above, the water system's receivership and transfer process has become a quagmire of problems and costs. Most, if not all of these issues would have been addressed if the Customers, and/or the CAD, and/or anyone else were allowed to intervene in Docket 12-00077 to represent the rate payer's interests. In the absence of such representation, we, the "Customers" are now being asked to pay for these unnecessary costs through dramatically higher water rates, the exact point addressed in my August 17, 2015 letter.

To readdress these issues, the Authority has recently reopened Docket 12-00077, Show Cause Action against Laurel Hills, and it is understood that, again, the Customers, CAD or anyone else won't be allowed to intervene in the "redo" to represent the rate payers and their interests. It is the opinion of the Customers that Laurel Hills, through fines and penalties assessed in Docket 12-00077, should be held accountable for the Settlement Agreement quagmire it caused. This should include the costs and legal costs to make it whole, and that these costs to "get it right" should not be placed on the backs of the rate payers, especially since everyone was denied the ability to participate in the process. Regarding proposed water rates, on numerous occasions water rates were officially and unofficially calculated in the past, and in each instance, the appropriate rate has fallen somewhere between the \$40-\$45 range. We completely understand that we have a financial responsibility in this matter as well and are prepared for a reasonable rate increase as documented by actual water system operating costs.

While most of the line item costs filed by the Receiver in Docket 16-00012 are very reasonable, others are not. For instance, the \$2000 per month for water leak repairs (\$15.38/month) is very extreme. At times, we go 4-6 months without a leak in the system, and even a major leak equivocates to around a \$1000 repair. Another issue is the \$8000 per month management fee put forth by the Receiver. No one desires to deny the Receiver a fair profit, but the Receiver, like any other entity coming before the Authority should be required to document and prove why management fees are sixty (60) percent of the total proposed operating budget for a small water distribution system.

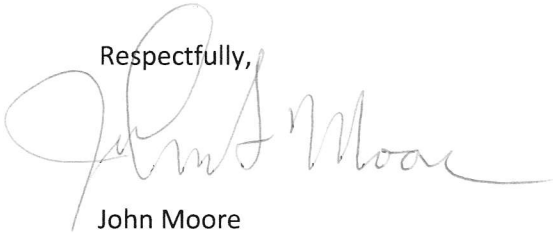
Renegade Mountain has added 38 new fulltime families since 2011, six in the last five months. New construction is now occurring and three new customers have been added to the water system. A proposed water rate in excess of \$100 would bring all this progress to a screeching halt, as well as reenergize the well drilling option for current customers. For all of the reasons cited above, the Customers request that the Consumer Advocate Division intervene on their behalf in TRA Docket 16-00012.

Finally, the solution to our 40 year old water system problem is relatively simplistic. Crab Orchard Utility District (COUD), the only real viable long term solution, has expressed an interest in taking the system if

1) asked to do so by the State and 2) is given some amount of financial assistance to repair the system and 3) is given some guarantee of assistance in case of a catastrophic expense being incurred. COUD knows exactly how to fix, upgrade, operate and integrate the Renegade system into the larger Utility District, will work with local governments and can deliver water to the residents of Renegade Mountain in a most effective and cost efficient manner due to their experience and economy of scale. We understand that this solution is "outside the box" and would require interagency cooperation, but that is what is demanded in this case, as we turn to our State and elected officials for dire assistance.

On behalf of the Customers, I stand ready to answer any further questions, or participate in any manner necessary to find a resolution to this 40 year old issue. I respectfully request that these comments be entered into TRA Docket 12-00077 and 16-00012.

Respectfully,

A handwritten signature in cursive script, appearing to read "John Moore". The signature is written in a dark ink and is positioned above the printed name "John Moore".

John Moore

attachment

Renegade Mountain Community Club
848 Livingston Road
Suite 101, #62 PMB
Crossville, TN 38555

August 17, 2015

Tennessee Regulatory Authority
500 Deadrick St., 4th Floor
Nashville, TN

RE: Public Comments for Docket 12-00077 Hearing

Mr. Chairman:

The Renegade Mountain Community Club represents the interests of over 530 owners on Renegade Mountain as well as virtually all the customers of the Laurel Hills water system, now the subject of this hearing in Docket 12-00077.

First, let me say, on behalf of the vast majority of our members, thank you for being proactive and getting involved in and concluding Docket 12-00030. The TRA has professionally and responsively addressed the issues that we brought forth over three years ago after our water was turned off. Equally responsive to our needs in this docket was the Consumer Advocate Division (CAD), the further focus of this correspondence.

The CAD was absolutely an instrumental and necessary party to the proceedings in Docket 12-00030, but has been repeatedly denied intervention authority in the penalty phase, Docket 12-00077. This was, and remains a serious flaw in the system, especially when it comes to the users of a governed utility, and here are some examples

On April 22, 2015 Laurel Hills filed a motion with the TRA to revise the schedule in Docket 12-00077 to allow time to "explore new options". In that filing, Laurel Hills cited several potential plans involving the Renegade Mountain Community Club (RMCC) and another plan involving "another developer". As current President of the RMCC, I can assure you that no such plans were being "explored" and that most of that letter was simply not true. The problem was/is, that without intervening authority by the "customers" (denied by the TRA) or the Consumer Advocate Division (repeatedly denied by the TRA), there was absolutely no legal method available to object to this motion or even to point out the false statements contained therein. Secondly, there were obvious issues in the Proposed Settlement Agreement before you, some of which were amended, that greatly affect the customers of the Laurel Hills water system, but again, there was/is no legal method to object to any of these legitimate concerns... all additional parties were denied intervention authority.

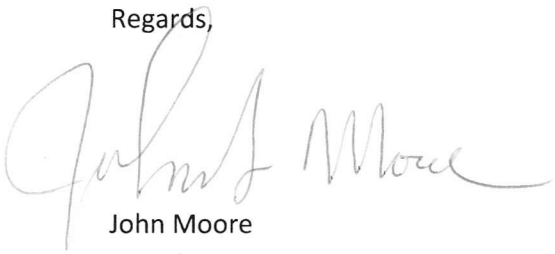
The customer's rights and the utility's responsibilities to its users, must be championed by someone during any TRA proceeding, in any docket, if not by third party interveners, then certainly by the Consumer Advocate Division. Will this make negotiations more difficult? Probably so, but the

consumer's rights and protections must be tantamount to any final decision. After all, they will be the ones most affected by the decision and will need to live with it for years to come. The bottom line is that the TRA needs to err on the side of the consumers/users and grant the Consumer Advocate Division intervention authority into all proceedings.

Again, without the assistance of the TRA, this critical water system would have gone another 42 years without resolution in regards to its user's needs; TRA intervention in this matter was absolutely critical to a final resolution.

I request that this correspondence be made a part of the public record in Docket 12-00077.

Regards,

A handwritten signature in cursive script, appearing to read "John Moore".

John Moore
President