

**G. Everett Sinor, Jr.**  
**Attorney at Law**

March 28, 2016

Ms. Sharla Dillon  
Dockets and Records Manager  
Tennessee Regulatory Authority  
Andrew Jackson Building  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

RE: *Filing of Response to Consumer Advocate's Statement of Position*

DELIVERY BY UNITED STATES FIRST CLASS MAILS AND ELECTRONIC MAIL

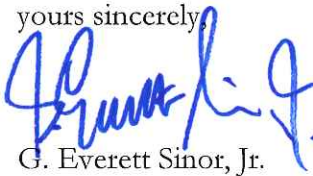
Dear Ms. Dillon:

Please find enclosed herewith an original and four (4) copies of the Laurel Hills Water System in Receivership's Response to the Consumer Advocate's Statement of Position, for filing in docket number 16-00012.

Should you have any questions, please do not hesitate to contact me.

Thanking you for your consideration of this matter, I remain,

yours sincerely

A handwritten signature in blue ink, appearing to read "G. Everett Sinor, Jr.", written over the typed name.

G. Everett Sinor, Jr.  
Attorney at Law

Enclosure

cc: Shiva K. Bozarth, Esq.  
Donald Scholes, Esq. and Benjamin Gastel, Esq.  
Melanie Davis, Esq.  
Vance Broemel, Esq.  
Roger York, Esq.

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF LAUREL HILLS WATER  
SYSTEM IN RECEIVERSHIP FOR  
APPROVAL OF ADJUSTEMENT OF ITS  
RATES AND CHARGES

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) Docket No. 16-00012  
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PETITIONER'S RESPONSE TO THE CONSUMER ADVOCATE DIVISION OF THE  
ATTORNEY GENERAL & REPORTER OFFICE'S STATEMENT OF POSITION

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COMES NOW, the petitioner, Laurel Hills Water System in Receivership, and provides this, its response to the Consumer Advocate Division of the Tennessee Attorney General and Reporter Office's [hereinafter the "Attorney General"] statement of position in the above-styled matter.

The Petitioner would first acknowledge and thank the Attorney General for his kind words about the good faith of the Petitioner in filing its petition with the Tennessee Regulatory Authority [hereinafter the "Authority"] and in the conduct of the receivership. Both the Attorney General and the staff of the Authority have been of great assistance to the Petitioner generally in the conduct of the receivership of the Laurel Hills Water System [hereinafter the "LHWS"].

In response to request number 2 of the Attorney General in his first discovery request to the Petitioner, the Petitioner responded as follows:

2. *When the receiver agreed to take on this receivership, did he believe that the Tennessee Regulatory Authority ("TRA") would pay your receivership fees and costs if the receivership did not have sufficient assets? If yes, please*

*state the basis of that belief and provide all documents, if any, relied upon in forming that belief.*

**RESPONSE:** *The receiver, Receivership Management, Inc. (hereinafter the "Receiver"), understood that its fees and expenses would be paid out of the funds or assets of the Laurel Hills water system, if such funds were available. If such funds were not available, the Receiver understood that the TRA would be taxed for those fees and expenses on an interim basis, with the TRA having the ability to "recoup amounts so paid if later there are assets or funds available for such recoupment". The Receiver relied solely on the Order Appointing Receiver, para. 10, to inform its understanding on this point, specifically, the language quoted in discovery request number 1, supra.*

In response to request number 1 of the Attorney General in his second discovery request to the Petitioner, the Petitioner responded as follows:

1. *Please state whether there is any provision in the Order Appointing Receiver that empowers the Receiver to petition the TRA or other appropriate tribunal for an increase in rates to recover "Receivership fees and costs," as defined in the Order Appointing Receiver. If so, cite that provision.*

**RESPONSE:** *The Order Appointing Receiver provides that "[t]he Receiver is empowered to petition the appropriate regulatory authority or tribunal to address changes in the rates charged for Laurel Hills' water system's services." Order Appointing Receiver, ¶ 13, p. 6. The Order Appointing Receiver further provides that the Receiver "conserve and administer [water system properties] under the general supervision of the Court. Id., ¶ 3, p.2. The Order Appointing Receiver further provides that the Receiver "shall have all powers of the directors, officers and managers ...". Id., ¶ 13, p.5. The*

*Order Appointing Receiver further provides that the Receiver “shall have full power to ... deal with the property and business of Laurel Hills’ water system.” Id., ¶ 13, p.6. The Order Appointing Receiver further provides that “[i]n addition, the Receiver shall have any other powers given by state law.” Id., ¶ 13, p.6.*

The Petitioner intends to file a response in opposition to the Attorney General’s Motion to Dismiss options (a) and (b), filed on March 21, 2016. Pursuant to the Amended Procedural Schedule established in this matter, that response is due to be filed with the Authority on or before April 1, 2016.

For purposes of this response to the Attorney General’s Statement of Position, the Petitioner would state its position as follows:

- a. Receivership costs and expenses incurred in the matter before the Cumberland County Chancery Court [hereinafter the “Receivership Court”] that established the receivership estate are to be taxed to the Authority if the receivership estate itself is unable to pay such receivership costs and expenses;
- b. The Authority is permitted to recoup monies it expends on such receivership costs and expenses, as contemplated and delineated by the Order Appointing Receiver, and pursuant to the terms of such order.
- c. The Petitioner is empowered by the Order Appointing Receiver to petition the Authority for a modification of its rates. It did so on January 28, 2016, thus initiating this matter;
- d. This matter for a modification of the Petitioner’s rates was instituted for the purpose of seeking a recommendation from the Authority on the appropriate rate to be applied to the customers of the Petitioner. As the Petitioner is currently subject to the jurisdiction of the Receivership Court, that court has the power to

establish a rate and to tax costs, including receivership costs and expenses, to any person it chooses, consistent with its inherent judicial authority;

- e. Options (a) through (c) in the petition filed in the above-styled matter set out three (3) different rate proposals to take into account the payment of receivership costs and expenses. Each of these rate proposals can legitimately be considered by the Authority as a recommendation to the Receivership Court. Nothing in the Order Appointing Receiver entered by the Receivership Court prohibits the Authority from making any recommendation to such court. Accordingly, no rate proposal should be dismissed prior to the Authority's consideration of this matter;
- f. No objection has been raised by the Attorney General as to the amount of the costs and expenses filed by the Receiver, only the method, if any, by which the Authority is able to recoup amounts it is required to pay to the Receiver. Furthermore, no objection has yet been raised by the Attorney General as to any other rate component in the Petitioner's filing in this matter. The Petitioner would reserve the right to amend this response if any such objection is raised by the Attorney General or any subsequent intervenor.

*[intentionally blank]*

DATED: March 28, 2016.

Respectfully submitted,

Laurel Hills Water System in Receivership

By: Robert E. Moore, Jr.

Robert E. Moore, Jr. (BPR #013600)

Chief Operations Officer

Receivership Management Inc.

1101 Kermit Drive, Suite 735

Nashville, Tennessee 37217

615.370.0051 (Phone)

615.373.4336 (Facsimile)

rmoore@receivermgmt.com (Email)

*Court Appointed Receiver for*

*Laurel Hills Water System*

G. Everett Sinor, Jr.

G. Everett Sinor, Jr. (BPR #017564)

Attorney at Law

Counsel for Receivership Management, Inc.

3504 Robin Road

Nashville, Tennessee 37204

615.969.9027 (Phone)

Everett.Sinor@gmail.com

Certificate of Service

The undersigned hereby certifies that a true and correct copy of the foregoing Response to the Consumer Advocate's Statement of Position has been served upon the parties hereto and the other persons listed below, at:

Shiva K. Bozarth, Esq.  
Chief of Compliance  
Counsel for Tennessee Regulatory Authority  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

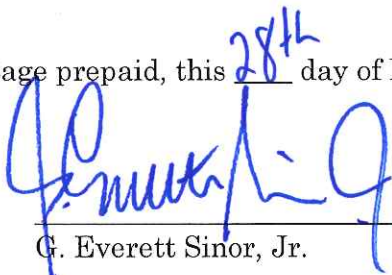
Donald Scholes, Esq.  
Benjamin Gastel, Esq.  
Branstetter, Stranch & Jennings  
Counsel for Laurel Hills Condominiums  
Property Owners Association  
223 Rosa L. Parks Boulevard, Suite 200  
Nashville, Tennessee 37203

Melanie Davis, Esq.  
Kizer & Black  
329 Cates Street  
Maryville, Tennessee 37801

Vance Broemel, Esq.  
Erin Merrick, Esq.  
Consumer Advocate and Protection Division  
Tennessee Attorney General and Reporter  
Post Office Box 20207  
Nashville, Tennessee 37202

Roger York, Esq.  
York & Bilbrey  
456 North Main Street, Suite 201  
Crossville, Tennessee 38555

via the United States Mails, postage prepaid, this 28<sup>th</sup> day of March, 2016.

  
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G. Everett Sinor, Jr.