

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

September 12, 2017

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

Docket No. 17-00098

RE: *Filing of Petition of Receivership Management, Inc., solely in its capacity as Receiver of the Laurel Hills Water System in Receivership for a Limited Certificate of Public Convenience and Necessity*

HAND-DELIVERED & ELECTRONIC MAIL

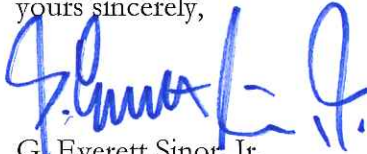
Dear Ms. Dillon:

Please find enclosed herewith an original and five (5) copies of the Petition of Receivership Management, Inc., solely in its capacity as Receiver of the Laurel Hills Water System in Receivership [hereinafter "LHWS"] for a Provisional Certificate of Public Convenience and Necessity, along with Mr. Robert E. Moore, Jr.'s Pre-Filed Direct Testimony. Please stamp file and return one (1) copy to me.

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

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

yours sincerely,



G. Everett Sinor, Jr.  
Attorney at Law

Enclosures

cc: Aaron Conklin, Esq.  
Scott D. Hall, Esq.  
Roger York, Esq.  
Vance Broemel, Esq.  
James L. Gass, Esq.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF THE LAUREL HILLS  
WATER SYSTEM IN RECEIVERSHIP

FOR A PROVISIONAL CERTIFICATE OF PUBLIC  
CONVENIENCE AND NECESSITY

DOCKET NO. 17-\_\_\_\_\_

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PETITION FOR GRANT OF PROVISIONAL CERTIFICATE OF  
PUBLIC CONVENIENCE AND NECESSITY

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COMES NOW, the Petitioner, Receivership Management, Inc. [hereinafter "RMI or the "Receiver" or the "Petitioner"], by Robert E. Moore, Jr., Attorney and Chief Operations Officer of RMI, the court appointed Receiver of the Laurel Hills Water System [hereinafter the "LHWS"] that was previously controlled by Laurel Hills Condominiums Property Owners Association [hereinafter the "Laurel Hills Condominiums POA"], and petitions the Tennessee Public Utility Commission [hereinafter the "Commission"], solely in its capacity as the Receiver of the LHWS, and on the LHWS's behalf, for a Provisional Certificate of Public Convenience and Necessity [hereinafter a "CCN"] to operate a water distribution system within a development in Cumberland County, Tennessee, known as Renegade Mountain.

Before setting out the particulars of the application, a very brief review of the recent history of the LHWS is in order. The LHWS, by order of the Cumberland County Chancery Court, was placed into receivership on October 26, 2015<sup>1</sup>, and the Receiver of the LHWS

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<sup>1</sup> *Tennessee Regulatory Authority v. Laurel Hills Condominiums Property Owners Association*, Docket No. 2012-CH-560, Cumberland County Chancery Court.

was appointed by the Chancellor at that time. Both the Commission and the owner of the LHWS at that time, the Laurel Hills Condominiums POA, consented to placing the LHWS into receivership, pursuant to and in accordance with what has become a contested settlement agreement (*see* footnote 3). The Laurel Hills Condominiums POA had owned and operated the LHWS since its conveyance from a related but distinct entity, Moy Toy, LLC, in May of 2011. In 2012, the Laurel Hills Condominiums POA had filed a petition with the Commission for a CCN to operate the LHWS.<sup>2</sup> That petition was denied by the Commission and the Commission ordered the Laurel Hills Condominiums POA to divest itself of the LHWS. The denial and divestment order was upheld upon appeal. At some time either during this dispute, or when the Commission Staff as a party and the Laurel Hills Condominiums POA were negotiating the settlement agreement to place the LHWS into receivership, Laurel Hills Condominiums POA conveyed at least portions of the LHWS back to Moy Toy, LLC in what was described in the conveyance documents as “in lieu of foreclosure”. Until the LHWS was placed into receivership in October of 2015, the LHWS had been owned and operated by the Laurel Hills Condominiums POA without a CCN.

Accordingly, pursuant to Order of the Chancery Court of Cumberland County and taking only that which was conveyed in the currently disputed settlement agreement, the Receiver took title and possession of the LHWS<sup>3</sup>, and commenced operations of the LHWS, without possessing a CCN issued by the Commission. Furthermore, consistent with, and as contemplated by, the Order Appointing Receiver, the Receiver filed a petition with the Commission in 2016, seeking the approval and/or recommendation of an adjustment of its

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<sup>2</sup> Petition of Laurel Hills Condominiums Property Owners Association for a Certificate of Public Convenience and Necessity, Commission Docket No. 12-00030, filed April 10, 2012; amended petition filed August 3, 2012.

<sup>3</sup> There have been questions raised about whether Laurel Hills Condominiums POA complied with the settlement agreement between it and the Commission, and whether it has conveyed (or caused others to convey) all the distinct property rights in and to the LHWS to the Receiver. These issues are currently being litigated as between Moy Toy, LLC, Laurel Hills Condominiums POA and the TPUC.

rates and charges.<sup>4</sup> That petition was granted by the Commission as a recommendation to the Cumberland County Chancery Court. A new rate and rating rules was eventually established by Chancellor Thurman, with the new rate and rating rules put in place as of July 1, 2016.

Thus, the Receiver currently is operating the LHWS without a CCN and with a rate and rating rules established by the Cumberland County Chancery Court under that court's supervision. Accordingly, this petition is different in character from most all of the Commission's other CCN petitions, in that the Petitioner is seeking a CCN relative to a water system that it currently operates as Receiver, and for which a rate and rating rules have already been established.

The Receiver would also note that the request set forth herein seeks a grant of a provisional CCN because, at this juncture, the entire property rights and interests, which the Receiver understands would be necessary for a CCN, are in dispute – i.e. the litigation on-going as to the purported settlement agreement as between Laurel Hills Condominium POA and the Commission (see footnote 3) and also a petition for condemnation or declaration of property rights being pursued by the Receiver in Cumberland County Circuit Court (LHWS, in Receivership v. Moy Toy, LLC and Terra Mountain Holdings, LLC, Docket CCI-2016-CV-6201). The Receiver seeks this provisional CCN as to the existing water utility without prejudice to any position it is taking as to the ability or necessity to claim a service area or service rights beyond any now-existing infrastructure of the water utility. The Receiver so reserves these positions due to the obligations it has under the orders issued by Chancellor Thurman in the pending receivership proceeding. Dependent upon being able to secure the necessary property interests in the above-referenced litigation, the

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<sup>4</sup> Petition for Emergency Relief of Laurel Hills Water System in Receivership for Approval of Adjustment of its Rates and Charges, Commission Docket No. 16-00012, filed January 28, 2016.

Receiver reserves the ability to relinquish any provisional CCN obtained, all pursuant to proceedings before Chancellor Thurman in the Chancery Court of Cumberland County.

With that as background, the Commission has provided an informational document designed to assist applicants for CCNs. Here follows information recommended in that document. The pre-filed direct testimony of Mr. Moore will be filed contemporaneously with this petition and is incorporated herein by reference.

1. **A Description of the Service the Applicant Proposes to Render.** The LHWS currently provides water service only, and that is the only service the LHWS proposes to render.
2. **A Description of the Territory to be Served and a Map Showing the Territory.** The LHWS currently provides water service for the residents of Renegade Mountain, a mountain located just East of the City of Crab Orchard, Tennessee, and just South of Interstate 40. This is the territory to be served, but this application focuses upon the LHWS's currently existing pipes and infrastructure and attendant areas from which water service would be convenient in relation to exiting pipes and infrastructure, without waiver to assert in the on-going litigation referenced above that the service area and/or service rights are greater. A map of the territory will be submitted as late filed Exhibit A, and is incorporated herein by reference.
3. **A Copy of the Franchise Granted by the City, if Applicable.** Not Applicable.
4. **A Description of Any Proposed Franchise Fee.** None.
5. **If Applicable, Information Regarding Existing Franchises for the Same Type of Utility Service in the Same Municipality or County.** To the Petitioner's knowledge, there are only two (2) water systems in the same municipality or county—the City of Crossville water system, and the Crab Orchard Utility

District. To the Petitioner's knowledge, both of these water systems are utility districts that are not subject to Commission regulation. The Crab Orchard Utility District currently provides on a wholesale basis the water used by the LHWS.

6. **A Statement of Public Need for the Service, Which Includes an Estimate of the Number of Customers to be Served Initially and any Estimates for Growth.** The only available water system/utility district that could own and operate a viable water system for the residents of Renegade Mountain is the Crab Orchard Utility District [hereinafter the "COUD"]. The COUD is unwilling to assume this service at this time, and this has been conveyed to the Petitioner on numerous occasions. A letter from the COUD to this effect will be provided as a late filed exhibit if needs be, or if required by the Commission. There are currently 48 billed residential customers, 1 of which is Cumberland Pointe condominiums, which has 84 units, for a total of 131 customers being served by the LHWS.<sup>5</sup> There is an ongoing development on Renegade Mountain (the Eagles' Nest development) that does not have houses currently under construction. Further estimated development is dependent upon there being a reliable on-going source of potable water available for such development.
7. **If Applicable, Documentation Indicating that Other Public Utilities, Utility Districts, or Governmental Units In or Near the Affected Area are Unable or Unwilling to Provide Service to the Affected Area.** See answer to Number 6.

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<sup>5</sup> It should be noted that, just prior to this petition being filed, one of the Cumberland Pointe condominium buildings burnt to the ground. The building had 8 units; on information and belief, only 1 unit was occupied, but each of those 8 units is considered a "customer" by LHWS and is counted towards the total customer base of 131, and thus it is likely that the LHWS's customer base has now dropped to 123.

8. **If Applicable, Documentation of Notice, to be Provided in Conjunction with the Filing of the Petition, to any Public Utility Operating in the Municipality or Territory Affected Whose Route, Plant, Line, or System may be in Competition with the Proposed Route, Plant, Line, or System.** Not Applicable; however, a copy of this petition is being provided to counsel for the Crab Orchard Utility District as a courtesy, given its proximity to the LHWS and the fact that it provides water on a wholesale basis to the LHWS.
9. **Engineering and Construction Plans.** The Petitioner has engineering plans regarding the anticipated development of Eagles' Nest. Otherwise, the existing pipes and infrastructure of the water system have been in place for many years. If feasible, and dependent upon issues being litigated in the referenced, on-going litigation, the Petitioner will obtain engineering plans regarding the rehabilitation of the water tower located on Renegade Mountain and other needed repairs, replacements and extensions. As noted herein, the Petitioner reserves the position in the on-going litigation that it has water utility service rights that extend beyond that which is currently being served.
10. **A Current Financial Statement of the Company.** Current financial statements for the LWHS, taken from the Petitioner's 18<sup>th</sup> Receiver's Report, are attached hereto as Exhibit B and are incorporated herein by reference.
11. **A Detailed Estimate of the Cost of Construction of the System.** Not applicable as the water system is in place (without waiver of the position that service rights exist beyond that which is currently being served). See ¶ 9 above.

12. **Pro Forma Statement of the Cost of Operating the System for the First Five Years.** See the response to paragraph 10, above, for the LHWS's current financial statement. A pro forma statement for the next year will be submitted as late filed exhibit C.
13. **An Analysis of Projected Customer Growth for the First Five Years.**  
Information as to projected customer growth is not available as the plans for future development by any developer are unknown, but such growth will be dependent upon the ability to provide a reliable source of potable water.
14. **Details of any Proposed Financing.** None at this time.
15. **A List of the Rates the Company Proposes to Charge its Customers and How the Rates were Determined.** As stated above, the LHWS filed an emergency petition with the Commission to establish a new rate and rating rules. With a recommendation of the Commission, and by order of the Cumberland County Chancery Court, the new rate and rating rules were established, effective July 1, 2016. A copy of the order entered by Chancellor Thurman is attached hereto as Exhibit D and is incorporated herein by reference. No modification to this rate and rating rules is being sought by the instant petition.
16. **A Description of the Type of Entity which will Own the System Together with Proof of the Existence of the Utility.** A receivership estate, the Laurel Hills Water System in Receivership, owns the LHWS, that estate having been created by the Cumberland County Chancery Court. A certified copy of the Order Appointing Receiver is attached hereto as Exhibit E and is incorporated herein by reference, which provides proof of the existence of the



utility and the receivership estate, the entity which owns the LHWS, as well as the Petitioner, RMI, the entity appointed to administer the estate.<sup>6</sup>

17. **If the Entity is a Corporation, Partnership, or Limited Liability Corporation, a Copy of Certificate of Good Standing from the State of Tennessee.** Not Applicable. RMI is filing this petition solely in its capacity as the receiver of the LHWS. RMI does not own the LHWS, but merely administers the receivership estate. If requested by the Commission, a certificate of good standing for RMI will be provided as a late-filed exhibit.
18. **The Names and Addresses of the Owners of the Company and the Percentage of Ownership of Each.** The LHWS is owned by a receivership estate, an estate created by order of the Cumberland County Chancery Court, and without traditional "owners" as one might expect from a corporation, LLC or similar type of entity.
19. **(Gas Companies Only). Acknowledgment of Requirements with respect to the Gas Pipeline Safety Act.** Not Applicable.
20. **Any Other Relevant Information.** Any other relevant information sought by the Commissioner will be provided upon request.

Here follows the name, title address, and telephone number of the person who should be contacted in connection with the following:

**General management duties and customer relations (complaints):** Mr. Robert E. Moore, Jr.; Chief Operating Officer of Receivership Management, Inc., the court appointed Receiver of the Laurel Hills Water System; 1101 Kermit Drive, Suite 735, Nashville, Tennessee 37217; Telephone Number: 615.370.0051.

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<sup>6</sup> This order was amended on April 21, 2016, but Receivership Management, Inc. continues to be the court-appointed receiver for the Laurel Hills Water System.

**Engineering operations, meter tests and repairs, and emergencies during non-office hours:** Mr. Gerald Williams; Contract Engineer for the LHWS; 2089 East First Street, Crossville, Tennessee 38555; Telephone Number: 931.261.4583

**WHEREFORE, PREMISES CONSIDERED,** the Petitioner requests the following:

1. that the Commission issue a Provisional Certificate of Public Convenience and Necessity to operate the Laurel Hills Water System in areas where it is now located on Renegade Mountain in Cumberland County, without waiver of position that the service rights of the water system are beyond the areas currently being serviced;
2. that the Commission expedite review of this petition, given that the LHWS is already being operated by the Receiver in accordance with the Order Appointing Receiver entered by the Chancellor Thurman of the Cumberland County Chancery Court; and,
3. that the Commission grant to the Petitioner such other, further or different relief to which it is entitled.

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DATED: September 12, 2017

Respectfully Submitted,

Receivership Management, Inc., the Court-  
Appointed Receiver of the Laurel Hills  
Water System

By:

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

Chief Operations Officer

1101 Kermit Drive, Suite 735

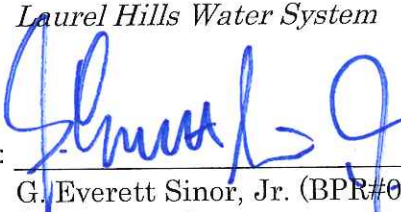
Nashville, Tennessee 37217

615-370-0051 (Phone) / 615-373-4336 (Facsimile)

rmoore@receivermgmt.com (Email)

*Court Appointed Receiver for  
Laurel Hills Water System*

By:

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

Attorney at Law

3504 Robin Road

Nashville, Tennessee 37204

615-969-9027 (Phone)

Everett.Sinor@gmail.com (Email)

*Counsel for Receivership Management, Inc.*

Certificate of Service

The undersigned hereby certifies that a true and correct copy of the foregoing Petition has been served upon the parties hereto and the other persons listed below, at:

Aaron Conklin, Esq.  
Staff Attorney  
Tennessee Public Utility Commission  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

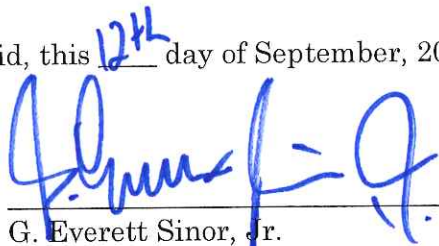
James L. Gass, Esq.  
Ogle, Gass & Richardson  
Counsel for Laurel Hills Condominiums  
Property Owners Association  
103 Bruce Street  
Sevierville, Tennessee 37862

Scott D. Hall, Esq.  
Counsel for Moy Toy, LLC  
Counsel for Terra Mountain, LLC  
374 Forks of the River Parkway  
Sevierville, TN 37862

Vance Broemel, 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 Mail, postage prepaid, this <sup>12<sup>th</sup></sup> day of September, 2017.

  
\_\_\_\_\_  
G. Everett Sinor, Jr.

**A MAP OF THE TERRITORY**  
**RELATIVE TO THE PETITIONER'S REQUEST FOR A**  
**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**TO BE LATE FILED AS EXHIBIT A**

## LHWS Balance Sheet (as of 7/31/2017) - Modified Accrual Basis\*

### Current Assets

Cash	\$14,142.54
Receivable - TPUC/RMI/Laurel Hills - April RMI/Sinor F&E	\$1,152.83
Prepaid Expense - CNA Insurance (deposit)	<u>\$2,297.33</u>

<b>Total Current Assets</b>	<b>\$17,592.70</b>
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### Liabilities

Payable - Lansford & Stephens (July Billing)	\$300.00
Payable - Gerald Williams (July Billing)	\$750.00
Payable - March 2017 F&E RMI & Sinor (deposit correction)	\$640.74
Payable - May 2017 F&E RMI & Sinor	\$4,143.93
Payable - June 2017 F&E RMI & Sinor	\$2,695.51
Payable - July 2017 F&E RMI & Sinor (estimated)	\$3,000.00
Payable - Volunteer Electric Service	\$600.00
Payable - R&R Asphalt Paving (estimate on grading work)	\$2,800.00
Reserve (Lansford & Stephens Tax Bill - 2016 Tax Form Prep.)	\$400.00
Reserve (Lansford & Stephens Tax Bill - 2017 Tax Form Prep.)	\$99.99
Reserve (TDEC Fees)	\$325.00
Reserve (MicroBac)	\$67.00
Reserve (Repair)	<u>\$1,500.00</u>

<b>Total Liabilities</b>	<b><u>\$17,322.17</u></b>
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<b>Surplus (Deficit)</b>	<b>\$270.53</b>
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\* Only current assets are included. This balance sheet does not reflect fees previously taxed to the Tennessee Public Utility Commission on an interim basis and does not show Mr. Matherne's fees and expenses due (which it is presumed will be taxed to the TPUC).



## Cash Flow Projected for August 2017

<b>Starting Balance (7/31/2017)</b>		<b>\$14,142.54</b>
Projected Deposits in August 2017	\$11,400.00	
Receivable - TPUC/RMI/Laurel Hills - April RMI/Sinor F&E	<u>\$1,152.83</u>	
Projected Cash Inflows		<u>\$12,552.83</u>
Current Assets PLUS Projected Cash Inflows		\$26,695.37
CNA Insurance	\$1,148.00	
Crab Orchard Utility District	\$3,400.00	
Volunteer Electric Cooperative	\$600.00	
Gerald Williams	\$750.00	
Lansford & Stephens	\$300.00	
R&R Asphalt Grading	\$2,800.00	
Rental of Backhoe and Time on Repairs	\$800.00	
May 2017 RMI & Sinor Fees & Expenses	<u>\$4,143.93</u>	
Projected Cash Outflows		<u>\$13,941.93</u>
<b>Projected Ending Balance (7/31/2017)</b>		<b>\$12,753.44</b>

\* Mr. Matherne's fees and expenses do not run through the estate

## Estimated Monthly Income Statement - LHWS\*

### Income

Average Deposits	<u>\$11,400.00</u>	
<b>Average Income</b>		<b>\$11,400.00</b>

### Expenses

CNA Insurance	\$1,148.00	
Crab Orchard Utility District (Wholesale Water)	\$3,400.00	
Volunteer Electric Company (Electric)	\$600.00	
TDEC	\$25.00	
Gerald Williams (Contract Operator)	\$750.00	
Lansford & Stephens (Accountants)	\$333.00	
MicroBac	\$67.00	
Repair Reserve	\$500.00	
RMI & Sinor fees and expenses	<u>\$6,000.00</u>	
<b>Average Expenses</b>		<b>\$12,823.00</b>
<b>Projected Monthly Income (Deficit)</b>		<b>-\$1,423.00</b>

\* This does not include projected legal fees and expenses for Mr. Matherne



**PRO FORMA FINANCIAL STATEMENT**

**TO BE LATE FILED AS EXHIBIT C**

IN THE CHANCERY COURT FOR CUMBERLAND COUNTY  
THIRTEENTH JUDICIAL DISTRICT  
AT CROSSVILLE, TENNESSEE

TENNESSEE REGULATORY AUTHORITY

v.

LAUREL HILLS CONDOMINIUMS  
PROPERTY OWNERS ASSOCIATION

Docket No. 2012-CH-560  
Chancellor Thurman

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ORDER INSTITUTING NEW RATE STRUCTURE AND NEW RATE


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At argument conducted on or about the 9<sup>th</sup> day of June, 2016, the petition of movant, Receivership Management, Inc. [hereinafter the Receiver], to modify this Honorable Court's October 16, 2013 order and institute a new rate structure and new rate for the Laurel Hills Water System in Receivership was heard.

The Receiver's motion being well taken, it is **ORDERED, ADJUDGED**, and **DECREED** that this Honorable Court's October 16, 2013 Order in the above-styled matter is **MODIFIED**, and a new rate structure and new rate **APPROVED** for the Laurel Hills Water System in Receivership, as follows:

SCHEDULE OF RATES AND CHARGES

Customer Use Rate: \$114.24 per month

~~Pump Repair Special Assessment: \$6.55 per month for 4 months~~ 

Customer Tap Fee: \$1000.00 per connection

Connection Charge/Reconnection Charge: Previous unpaid Customer Use Rate Amounts

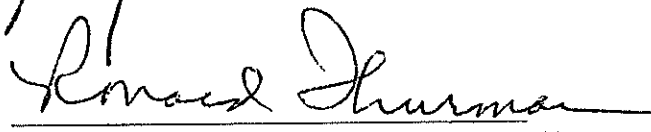
RATE STRUCTURE & RULES

- The tap fee will apply only to those new customers who physically tap onto the current main line of the LHWS.

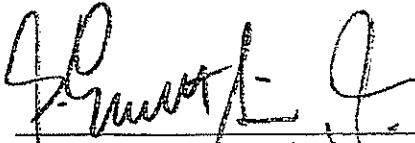
- All improved lots with a physical tap onto the LHWS shall be billed for LHWS service and shall be required to pay the newly instituted rate, starting as of the date when the new LHWS rate is instituted, no matter the amount of LHWS water utilized.
- Any reconnection to the LHWS after institution of the new rate shall only be permitted when all past due balances owed to the LHWS are cleared, starting as of the date when the new LHWS rate is instituted.

It is further **ORDERED, ADJUDGED, and DECREED** that such new rate structure be implemented to be effective on July 1, 2016, and that such new rates be applied to all new and existing customers of the Laurel Hills Water System in Receivership, effective upon that date.

ENTERED this 9<sup>th</sup> day of July, 2016.

  
The Honorable Ronald Thurman, Chancellor

PREPARED FOR ENTRY:



G. Everett Sinor, Jr. (BPR #017564)  
Attorney at Law  
Counsel for Receivership Management, Inc.  
3504 Robin Road  
Nashville, Tennessee 37204  
615.969.9027  
Everett.Sinor@gmail.com

Certificate of Service

The undersigned hereby certifies that a true and correct copy of the foregoing order 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  
227 Second Avenue North, Fourth Floor  
Nashville, Tennessee 37201

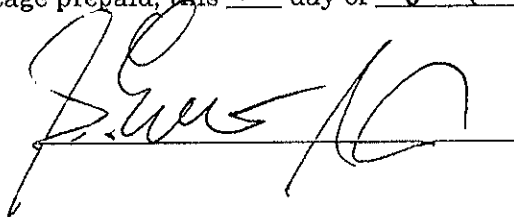
Melanie Davis, Esq.  
Kizer & Black  
329 Cates Street  
Maryville, Tennessee 37801

Vance Broemel, 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

G. Everett Sinor, Jr., Esq.  
Counsel for Receivership Management, Inc.  
3504 Robin Road  
Nashville, Tennessee 37204

via the United States Mails, postage prepaid, this 9<sup>th</sup> day of June, 2016.

A handwritten signature in black ink, appearing to read "G. Sinor", is written over a horizontal line.

IN THE CHANCERY COURT OF CUMBERLAND COUNTY, TENNESSEE  
THIRTEENTH JUDICIAL DISTRICT  
AT CROSSVILLE

TENNESSEE REGULATORY AUTHORITY )

Petitioner, )

v. )

LAUREL HILLS CONDOMINIUMS )  
PROPERTY OWNERS ASSOCIATION )

Respondent. )

No. 2012-CH-560  
Chancellor Thurman

FILED 10:25 AM  
Date 10-26 2015 at PM  
Entered: 10-26-15  
SUE TOLLETT, CLERK & MASTER  
Cumberland County, Crossville, TN

**ORDER APPOINTING RECEIVER**

1. Pursuant to the motion filed on October 26, 2015, by the Petitioner, Tennessee Regulatory Authority ("Authority"), pursuant to T.C.A. § 65-3-105<sup>1</sup> and T.C.A. § 29-1-101, and upon good cause shown, the Court appoints Receivership Management, Inc. of Brentwood, Tennessee as Receiver for the water system controlled by Respondent, Laurel Hills Condominium Property Owners Association ("Laurel Hills").

2. The appointment of Receivership Management, Inc. as Receiver of Laurel Hills' water system is based upon, arises out of and/or is derived from the activities described in the Petition for Appointment of Receiver. Through this appointment, the Court deems the Receiver as a party to these proceedings.

3. Receivership Management, Inc., as Receiver, is directed forthwith to take exclusive custody, control and possession of all bank accounts, goods, chattels, causes of action,

<sup>1</sup> The provisions of T.C.A. § 65-3-105 are made applicable to public utilities regulated by the Petitioner pursuant to T.C.A. § 65-4-105.



STATE OF TENNESSEE, COUNTY OF CUMBERLAND  
I, THE UNDERSIGNED, CLERK & MASTER OF SAID  
COUNTY AND STATE, DO HEREBY CERTIFY THAT  
THIS IS A TRUE AND CORRECT COPY OF THE  
ORIGINAL OF THIS INSTRUMENT.

THIS 26 DAY OF October, 2015.

Sue Tollett  
CLERK & MASTER

credits, monies, investments, stocks, shares, effects, books and records of account and other papers and property or interests owned or held by the Respondent relating in whole or in part to the water system, with full power to sue for, collect, receive and take possession of such properties and to conserve and administer them under the general supervision of the Court.

4. Receivership Management, Inc., as Receiver of Laurel Hills' water system, shall forthwith contact all financial, agency, trust or depository institutions ("financial institutions") maintaining accounts on behalf of Respondent, Laurel Hills relating in whole or in part to the water system and employ whatever lawful means necessary to secure the funds in these, and any other accounts, for the Receivership, and to amend the signature cards so that only those persons approved by the Receiver shall be permitted to withdraw upon such accounts.

5. Receivership Management, Inc., as Receiver of Laurel Hills' water system, shall secure from any financial institution, wherever located, where Laurel Hills maintains property or accounts, the funds within financial institution accounts and all financial information concerning all such accounts. Said financial institution shall provide those funds and the information to the Receiver.

6. All persons, firms, corporations and associations, including but not limited to Respondent, Laurel Hills, and its officers, directors, stockholders, members, subscribers, agents and all other persons in active concert or participation with it, are prohibited and enjoined from the transaction of further business of the Respondent's water system; from the waste, transfer or disposition of property of the Respondent's water system; from doing any act or thing whatsoever to interfere with the taking control, possession and administration by the Receiver of the receivership properties or to in any way interfere with the Receiver, or to harass or interfere with the Receiver, or to interfere in any manner with the exclusive jurisdiction of this Court over

the receivership properties; from the institution or further prosecution of any actions or proceedings, except within this receivership itself; from the making of any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of the Respondent; from the withholding from the Receiver of books, accounts, documents or the records relating to the business of the Respondent; from any other threatened or contemplated action that might lessen the value of the Respondent's assets or prejudice the rights of investors, creditors or any proceeding under the Receivership; or the obtaining of preferences, judgments, attachments or other liens, or the making of any levy against the Respondent or against its assets or any party thereof or from enforcing any lien upon, or taking or attempting to take possession of, or retaining possession of, any receivership property or attempting to foreclose, forfeit, alter or terminate any interests of the Respondent, in any property, whether such acts are part of a judicial proceeding or otherwise, until further order of this Court; from accelerating the due date of any obligation or claimed obligation; and that this Court further authorizes the Receiver to apply outside of Tennessee for the relief above described.

7. Pursuant to Tenn. Code Ann. § 65-3-105 and Tenn. Code Ann. §§ 29-1-101 *et seq.*, the officers, managers, directors, trustees, owners, employees or agents of Respondent, Laurel Hills, and any other persons with authority over or in charge of any segment of the Respondent's affairs and persons in control of assets, books and records of the receivership entities, or their physical locations, including but not limited to any offices of the Respondent, are required to cooperate with the Receiver in the carrying out of the Receivership. The term "person" shall include any person who exercises control directly or indirectly over activities of the Respondent through any holding company or other affiliate of the Respondent. "To cooperate" shall include, but shall not be limited to, the following: (1) to reply promptly in



writing to any inquiry from the Receiver requesting such a reply; (2) to make available to the Receiver any books, bank and investment accounts, documents or other records or information or property of or pertaining to the Respondent and/or in possession, custody or control of the Respondent, which relate to, arise out of or are derived from the activities described in the Petition for Appointment of Receiver, Restraining Order, and Temporary and Permanent Injunction Complaint. No person shall obstruct or interfere with the Receiver in the conduct of this Receivership.

8. All customers of and vendors/suppliers to Laurel Hills are hereby ordered to cooperate with reasonable requests of the Receiver regarding information and documentation concerning services received from Laurel Hills or services or goods provided to Laurel Hills.

9. No person shall obstruct or interfere with the Receiver in the conduct of this Receivership, and efforts to obstruct will be dealt with by the Court upon the Receiver's filing for contempt.

10. Receivership Management, Inc., as Receiver, is authorized to employ such counsel, professional advisors, clerks or assistants as deemed necessary. The persons employed under this section shall serve at the direction of the Receiver. The compensation of the Receiver, counsel, clerks and assistants and all expenses of taking possession of Laurel Hills' water system and conducting the proceeding (hereinafter "Receivership fees and costs") shall be submitted monthly, shall be approved by the Court and shall be paid out of the funds or assets of Laurel Hills' water system, if such funds are available. If, through the progression of the Receivership, funds or assets of Laurel Hills' water system are not available to pay Receivership fees and costs, then those fees and costs will be taxed as court costs to be paid by the Authority to the Receiver. In such instance(s), the Receiver will present the Receivership fees and costs to the Court for

approval as a request for interim taxing of costs while simultaneously invoicing the Receivership fees and costs to the Authority, who will pay the Receivership fees and costs upon approval of the Court. The Authority reserves the ability to recoup amounts so paid if later there are assets or funds available for such recoupment. The Receivership fees and expenses will generally consist of services rendered by the Receiver's president, Jeanne B. Bryant, billed at \$163/hour, expenses and costs of other staff employed by the Receiver, normal overhead costs of the Receiver and professional fees and expenses incurred by the Receiver, the hourly billing rate of its principal counsel. The Receiver will present motions monthly to the Court for approval of the Receivership fees and costs. If the motions are unopposed after being on file for ten (10) calendar days, then the Court shall order their approval, absent question raised by the Court upon its review. If a motion for approval of Receivership fees and costs is opposed, it will be set for hearing at the next available time on the Court's docket in Cumberland County, Tennessee or elsewhere if circumstances so dictate.

11. If the taxation to, and payment of, Receivership fees and costs by the Authority becomes onerous to the Authority, it may move the Court to relieve it of the obligation of such taxation and payment. The Receiver reserves the ability to move the Court to be relieved of its position if payment of Receivership fees and costs is jeopardized or not otherwise provided for.

12. The Receiver is ordered to make an accounting to the Court no less frequently than semi-annually. The report shall include the Receiver's opinion as to the likelihood that additional action under T.C.A. § 65-3-105 and/or §§ 29-1-101, *et seq.* will be necessary.

13. The Receiver may take such action as it deems necessary or appropriate to reform, revitalize and/or rehabilitate Laurel Hills' water system. It shall have all the powers of the directors, officers and managers, whose authority shall be suspended, except as such is

re-delegated by the Receiver. It shall have full power to direct and manage, to hire and discharge employees, subject to any contract rights they may have, and to deal with the property and business of Laurel Hills' water system. The 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. The Receiver may consult and cooperate with other state and federal authorities who may have jurisdiction over any parts of the property and business of Laurel Hills' water system, including, but not limited to, any ancillary liquidator who may be appointed. In addition, the Receiver shall have any other powers given by state law.

14. If it appears to the Receiver that there has been criminal or tortious conduct, or breach of any contractual or fiduciary obligation detrimental to Laurel Hills, by any officer, manager, agent, broker, employee or other person, it may pursue all appropriate legal remedies on behalf of Laurel Hills's water system, including, but not limited to, the making of criminal referrals to the appropriate state and/or federal authorities/law enforcement agencies and the institution of civil actions on behalf of Laurel Hills' water system or on behalf of Laurel Hill's water system's creditors and claimants.

15. If the Receiver determines that reorganization, consolidation, conversion, merger, dissolution, liquidation or other transformation of Laurel Hills' water system is appropriate, it shall prepare a plan to effect such changes, including, if necessary, the liquidation and sale of all of Laurel Hill's water system assets. Upon application of the Receiver for approval of the plan, and after such notice and hearing as the Court may prescribe, the Court may either approve or disapprove the plan proposed, or may modify it and approve it as modified. Any plan approved under this section shall be, in the judgment of the Court, fair and equitable to all parties concerned. If the plan is approved, the Receiver shall carry out the plan.

16. The Receiver shall have the power to avoid fraudulent transfers. Every transfer made or suffered and every obligation incurred by Laurel Hills within one (1) year prior to the filing of a successful Petition for Receivership is fraudulent as to then existing and future creditors, if made or incurred without fair consideration, or with actual intent to hinder, delay or defraud either existing or future creditors. Transfers which are considered fraudulent may be voided by the Receiver, except as to a person who, in good faith, is a purchaser, lienholder or obligee, who, in good faith, has given a consideration less than fair for such transfer, lien or obligation, may retain the property, lien or obligation as security for repayment. The Court may, on due notice, order any such transfer or obligation to be preserved for the benefit of the estate, and, in that event, the Receiver shall succeed to and may enforce the rights of the purchaser, lienholder or obligee.

17. Laurel Hills and/or its counsel will immediately inform the Receiver of all legal proceedings to which Laurel Hills is a party or in which Laurel Hills is involved (e.g., receipt of a subpoena, etc.). Any court in this State before which any action or proceeding in which Laurel Hills is a party, or is obligated to defend a party, shall stay the action or proceeding for one hundred twenty (120) days and such additional time as is necessary for the Receiver to obtain proper representation and prepare for further proceedings. The Receiver shall take such action respecting the pending litigation as it deems necessary in the interest of justice and for the protection of creditors, investors and the public. The Receiver shall immediately consider all litigation pending outside this State and shall petition the Courts having jurisdiction over that litigation for stays whenever necessary to protect the estate of Laurel Hills.

18. No statute of limitations or defense of laches shall run with respect to any action by or against Laurel Hills's between the filing of the Petition for Order directing Receivership

Management, Inc. to serve as Receiver for Laurel Hills's water system and the entry of the Order granting or denying this Petition. Any action against Laurel Hills that might have been commenced when the Petition was filed may be commenced for at least sixty (60) days after this Order Appointing Receiver is entered. Any such action filed against Laurel Hills, as well as actions pending against Laurel Hills, may be subject to dismissal if the Court approves, as part of any plan recommended to it (as referenced in Paragraph 14 above), that all claims as against Laurel Hills' water system be handled through a unified proof of claim process within the Receivership. The Receiver may, upon entry of this Order, within one (1) year, or such other longer time as applicable law may permit, institute an action or proceeding on behalf of Laurel Hills' water system upon any cause of action against which the period of limitation fixed by applicable law has not expired at the time of the filing of the Petition upon which this Order is entered.

19. The Receiver, and its employees, agents, representatives or counsel, shall not be held personally responsible for any claims against Laurel Hills' water system which existed, arose, matured or vested prior to the Receiver's appointment.

20. The Receiver, and its employees, agents, representatives or counsel, shall not be held personally responsible for amounts of funds, goods or services already provided or extended to Laurel Hills' water system, or which will be provided or extended to Laurel Hills' water system in the future.

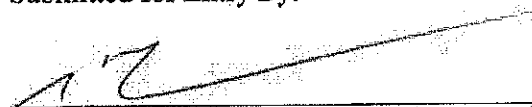
21. Pursuant to T.C.A. § 29-1-104, the Receiver will post a bond of \$ Waived <sup>no</sup> with the Cumberland County Clerk & Master within five (5) business days of the entry of this Order. This Order will be effective, however, during the five (5) day period and will be effective thereafter. The beneficiary of the bond will be the Laurel Hills' water system Receivership

estate and, therefore, the costs of the bond will be paid with funds available to Laurel Hill's Receivership estate or will be taxed as costs and paid by the Authority as outlined in Paragraph 10 above.

It is so ORDERED, this the 26<sup>th</sup> day of October, 2015.

  
RONALD THURMAN, CHANCELLOR

Submitted for Entry By:



Shiva K. Bozarth, BPR No.22685  
Chief of Compliance  
Tennessee Regulatory Authority  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, Tennessee 37243

*Counsel for Tennessee Regulatory Authority*

**CERTIFICATE OF SERVICE**

I certify that I have served a copy of the forgoing document on the following persons by depositing a copy of same in the U.S. Mail, postage prepaid, addressed to them at the addresses shown below:

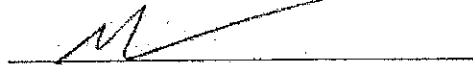
Donald Scholes  
Benjamin Gastel  
227 Second Avenue North  
Fourth Floor  
Nashville, Tennessee 37201

Melanie Davis  
329 Cates Street  
Maryville, Tennessee 37801

Vance Broemel  
Consumer Advocate and Protection Division  
Tennessee Attorney General and Reporter  
P.O. Box 20207  
Nashville, Tennessee 37202

Roger York  
456 North Main Street, Suite 201  
Crossville, Tennessee 38555

This the 21<sup>st</sup> day of October, 2015.

  
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Shiva K. Bozarth