

STATE OF TENNESSEE

Office of the Attorney General



**JONATHAN SKRMETTI**  
ATTORNEY GENERAL AND REPORTER

P.O. BOX 20207, NASHVILLE, TN 37202  
TELEPHONE (615) 741-3491  
FACSIMILE (615) 741-2009

Electronically Filed in TPUC Docket  
Room on May 16, 2023 at 2:03 p.m.

May 16, 2023

Ms. Katherine Barnes  
Butler Snow LLP  
The Pinnacle at Symphony Place  
150 Third Avenue South, Suite 1600  
Nashville, TN 37201

Re: Tennessee Public Utility Commission, Docket No. 21-00055 - *Application of Limestone Water Utility Operating Company, LLC, for Authority to Sell or Transfer Title to the Assets, Property and Real Estate of a Public Utility, Shiloh Falls Utilities, Inc. and for a Certificate of Public Convenience and Necessity*

Dear Ms. Barnes:

We are in receipt of the April 19, 2023, submission in the above captioned docket and have reviewed the information for compliance with the Tennessee Public Utility Commission's ("TPUC" or the "Commission") order of December 2, 2022. After review of the April 19 Filing and the *Order Approving Settlement Agreement*, it appears that Limestone did not timely file required documents within thirty days of closing.<sup>1</sup> More importantly, accounting entries were to be provided to the Commission for review and approval, with a copy provided to this office,

---

<sup>1</sup> *Order Approving Settlement Agreement and Transfer of Systems, And Granting a Certificate of Convenience and Necessity*, Exhibit A, pp. 3-4, ¶ 9, TPUC Docket No. 21-00055 (December 2, 2022). Specifically, the Settlement Agreement states:

Within thirty (30) days of closing, Limestone shall file a balance sheet and supporting general ledger in the Uniform System of Accounts ("USOA") format and in accordance with Commission Rule 1220-04-01-.11 showing Chapel Woods' ending and beginning balances of the assets acquired by Limestone as of the closing date.

The Bill of Sale was effective [REDACTED], and the first Compliance filing was April 19, 2023. *Report Demonstrating Compliance with the Filing Requirements Approving Settlement Agreement and Transfer of Systems and Granting Certificate of Convenience and Necessity*, Confidential, Exhibit 3, Purchase and Sale Agreement, TPUC Docket No. 21-00055 (April 19, 2023).

prior to closing.<sup>2</sup> We do not see evidence, on the Docket Page or in the April 19 Filing, that this process occurred. If the process had occurred, the Consumer Advocate was not copied on the submission to the Commission. Certain financial information, including the initial accounting entries were provided on April 19, but there was not an opportunity to review such information prior to closing.

Our office respectfully requests the following information which will allow us an opportunity to evaluate whether the initial Shiloh Falls entries made on the books of Limestone were appropriate:

- a. Provide a Balance Sheet and Income Statement of Shiloh Falls immediately prior to closing;
- b. Have the initial entries made to account 353; Sewer – Land and Land Rights been made based upon the market value of Land? Describe how the initial value of land associated with the Shiloh properties was determined and provide support for the initial accounting entries recorded to account 353.000;
- c. Provide the support for the approximate \$175k balance of Accumulated CIAC Amortization recorded on the books of Limestone as part of the acquisition accounting; and
- d. Identify the amount paid for the “approved” expenditures to reimburse the seller for soil sampling and other costs related to TDEC compliance. Please cite the reference in the initial Sales Agreement provided to TPUC which supports such payments. Further, indicate how such costs were accounted for.

I appreciate your prompt review of this request.

Sincerely,



Karen Stachowski  
Senior Assistant Attorney General

cc: Monica-Smith Ashford  
Kelly Cashman-Grams  
David Foster

---

<sup>2</sup> *Order Approving Settlement* at Exhibit 1, p. 5, ¶ 13. Specifically, the Settlement Agreement states that “Limestone shall submit for approval prior to closing all accounting entries related to the acquisition. The Consumer Advocate shall be copied on this submission to the Commission.”